2023 ANNUAL REPORT

SBM OFFSHORE

NOTES TO THE READER

DISCLAIMER

This document is the printed/pdf or 'website version' and is not the official annual financial reporting, including the audited financial statements thereto pursuant to article 2:361 of the Dutch Civil Code. The official annual financial reporting, including the audited financial statements and the independent auditor's report thereto, are included in the single report package ('ESEF package') which can be found in the download center of the 2023 Annual Report website. In case of any discrepancies between this document and the ESEF package, the latter prevails. Note that the independent auditor's opinion included in this document does not relate to this document but only to the ESEF package. No rights can be derived from using this document, including the unofficial copy of the independent auditor's report. Our independent auditor did not determine (nor do they need to) that the printed/pdf or website version is identical to the official version.

MANAGEMENT REPORT

The management report ('bestuursverslag') within the meaning of section 2:391 of the Dutch Civil Code comprises of the chapters Business Environment up to and including Governance (excluding the Report of the Supervisory Board and the Remuneration Report), section 4.1 of the chapter Financial Information 2023, and section 5.3 of the chapter Non-Financial Information.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this report that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. These statements may be identified by words such as 'expect', 'should', 'could', 'shall' and / or similar expressions. Such forward-looking statements are subject to various risks and uncertainties. The principal risks which could affect the future operations of SBM Offshore N.V. are described in the 'Risk Management' section of this 2023 Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results and performance of the Company's business may vary materially and adversely from the forward-looking statements described in this report. SBM Offshore N.V. does not intend and does not assume any obligation to update any industry information or forward-looking statements set forth in this report to reflect new information, subsequent events or otherwise.

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TRUE. BLUE. TRANSITION.

CHAPTER 1
BUSINESS ENVIRONMENT

1 BUSINESS ENVIRONMENT

1.1 AT A GLANCE

1.1.1 MESSAGE FROM THE CEO

> “Reducing emissions requires resourcefulness, demanding that we align our efforts to the evolving needs of the market with efficient solutions.
> This approach ensures that our resources are allocated across the lifecycle of our products, aligning our core competencies to our overall growth.”

Bruno Chabas
Chief Executive Officer

In 2023, at SBM Offshore, we delivered value to our stakeholders, adapted the organization to serve the energy transition in a pragmatic way, and remained on track to meet our 2050 net zero target. We take a holistic view of the energy trilemma and understand the benefits of strategic partnering in this complex world energy environment.

Our expertise in traditional oil and gas deepwater floating systems can be applied to alternative energies, such as floating offshore wind, hydrogen and ammonia. Nevertheless, we remain selective in project pursuit, targeting the ones bringing value to all involved. We see the importance of prudent decision-making, focusing not just on immediate outcomes but on the long-term value each project brings. Reducing emissions requires resourcefulness, demanding that we align our efforts to the evolving needs of the market with efficient solutions. This approach ensures that our resources are allocated across the lifecycle of our products, aligning our core competencies to our overall growth.

The slow progression of the floating offshore wind market, for example, does not minimize the innovation we are undertaking and the things we are learning in order to open new horizons for floating wind and sustainable energy solutions. The Provence Grand Large pilot windfarm, where three floating wind units were successfully hooked up in October, is a testament to our thoughtful advancement of the offshore energy transition, our capacity to make innovative ideas come true and our EPCI capabilities.

The transition also includes transforming our conventional business of Floating Production Storage and Offloading

(FPSO) assets. Through our emissionZERO® program, our new FPSOs are operating with reduced carbon intensity – achieving between 8-12 kg of CO_2/barrel of oil equivalent (boe) by reducing carbon emissions. Likewise, the Mitsubishi Heavy Industries partnership signed in September permits FPSO carbon capture technology developments to be onboarded to our future units estimated to bring a further direct reduction in carbon emissions of up to 70%. These new-generation solutions will take us and the industry to the next level of decarbonization, reducing greenhouse gas emissions and minimizing the impact our activities have on the climate.

Active in both alternative energy developments and decarbonization efforts, SBM Offshore is on track to meet our 2030 targets, cutting our CO_2 emissions intensity/bopd by 50%. These ambitions are founded upon the challenges set out in the Paris Agreement for decarbonization of the world economy. When considering energy security, fossil fuels are needed and new investments are essential to offset production decline in aging assets. It is not a question of what kind of energy sources we develop, but how – especially when looking at new oil supply.

Within the oil and gas industry, deepwater developments are both economical and environmentally resilient. Offshore deepwater developments are considered the lowest in average GHG intensity, at 10 kg/boe, and amongst the most competitive, at an average breakeven price of US$40 per barrel. As such, deepwater field developments should be the preferred future supply of oil going forward. Project financing remains challenging, but we secured the full US$3.2 billion required for *FPSOs Almirante Tamandaré* and *Alexandre de Gusmão*, de-risking their execution and paving the way for new financing models to emerge. In short, there is a strong market for FPSOs, the core product of our company's own transition, because this is where energy demand meets reliability and greenhouse gas efficiency, evidenced by a strong Pro-forma Directional backlog of US$30.3 billion at year end.

We navigated several challenges in 2023, such as supply chain disruptions, cost overruns caused by delays, and lingering COVID-19 impacts. I thank our teams for their many actions to mitigate these challenges, demonstrating our company value of ownership to keep us on track to deliver. A new, centralized multi-disciplinary Corporate & Business Solutions Center (CBSC) was launched to improve synergies, reduce costs and reinforce innovation and continuous improvement. Rightsizing our organization has led to sustained efforts in knowledge transfer and has demonstrated our agility as our support functions adopted new ways of working. Continuous improvements in Turnkey offered opportunities for lessons learned to be directly applied to concurrent projects under execution across our network of yards. Specifically on our Target Excellence commitments, we will never become complacent in protecting our people or the environment. Even though we had strong safety performance in 2023, we continue to focus on any incidents with potential for serious injury or fatality.

In our Operations, we celebrated the first oil of both FPSO *Prosperity* and *FPSO Sepetiba*. As demonstrated by FPSO *Prosperity*'s gas system commissioning less than a month after first oil, the product vision of Fast4Ward® has proven to be best-in-class, accelerating our time-to-market abilities and incorporating industry-leading environmental management systems. The overall performance of the fleet continues to be good from an efficiency, uptime and emissions standpoint, drawing on our digital know-how and reaping the rewards of our digital journey, with our recently launched data platform, SBM+. I am especially proud of the success of our Guyanese operations, with production levels above nameplate capacity, the progress of our forth unit FPSO *ONE GUYANA,* the sale of FPSO *Liza Unity* and the FEED award for the Whiptail development project. It is a privilege to accompany the growth there and the integrated operations ambition shared with our client, ExxonMobil Guyana, and other industry partners.

There are numerous complexities and perspectives on the challenges and the appropriate solutions to address the energy transition. By sharing our experience, SBM Offshore is achieving visible progress in our industry, executing pacesetting projects through our expertise and innovation. Our resolve is to navigate these challenges with integrity and transparency, demonstrating responsible stewardship in our operations and reporting. With the trust and confidence of our stakeholders, and the steadfast commitment of our people, I am confident that SBM Offshore will continue to build a future of sustained success, providing responsible energy solutions for generations to come.

It has been a huge privilege to serve the company as CEO for the last 12 years. I have had the honor of leading a team of dedicated people who supported me in transforming this organization. Today, the Group has a well-established vision, purpose and structure, with a leading market position and strong growth prospects in the industry. I am especially proud that SBM Offshore has a leadership team which makes an internal succession possible, and am extremely pleased to hand over my responsibilities to Øivind Tangen, who, I am sure, will successfully guide the company to achieve its ambitious energy transition targets.

COMPANY HIGHLIGHTS

16
ASSETS LEASED
AND/OR OPERATED

0.08
TOTAL RECORDABLE
INJURY FREQUENCY RATE
(per 200,000 hours)

95.6%
FLEET PRODUCTION
UPTIME

7,416
PEOPLE

40
TRAINING HOURS
PER EMPLOYEE

91%
COMPLETION OF COMPULSORY
COMPLIANCE TASKS (ONSHORE)

DIRECTIONAL TOTAL ASSETS
US$11.2 billion

MARKET CAPITALIZATION
US$2.49 billion

DIRECTIONAL EBITDA
US$1,319 million

PROPOSED CASH RETURN
TO SHAREHOLDERS
c. US$220 million

DIRECTIONAL NET PROFIT
US$524 million

EBITDA BASED ON
IFRS ACCOUNTING POLICY
US$1,239 million

PRO-FORMA
DIRECTIONAL BACKLOG
US$30.3 billion

IFRS NET PROFIT ATTRIBUTABLE
TO SHAREHOLDERS
US$491 million

2023 IN BRIEF

FIRST QUARTER

- Full Year 2022 Earnings: Directional revenue was US$3,288 million. Directional EBITDA was US$1,010 million, in line with guidance. Backlog was at a record year-end level of US$30.5 billion. A dividend of US$1.10 per share was proposed, a 10% increase compared to the dividend paid in 2022.
- Completed project financing of *FPSO Almirante Tamandaré* for a total of US$1.63 billion. The project financing is provided by a consortium of 13 international banks with insurance cover from four international Export Credit Agencies (ECA).

SECOND QUARTER

- During the Annual General Meeting, Allard Castelein was appointed as member of the Supervisory Board.
- Signed a 10-year Operations and Maintenance Enabling Agreement with Esso Exploration & Production Guyana Ltd (aka 'ExxonMobil Guyana') for the Operations and Maintenance of FPSOs *Liza Destiny, Liza Unity, Prosperity* and *ONE GUYANA*. This framework agreement establishes the new terms related to the operations of the Guyana FPSO fleet for a period of 10 years up to 2033.
- First Quarter 2023 Trading Update: Year-to-date Directional revenue of US$742 million, in line with expectations and full year 2023 Directional Revenue and Directional EBITDA guidance on track. ~US$3 billion pro-forma Directional backlog increase following 10-year Operations and Maintenance Enabling Agreement signed with ExxonMobil Guyana. Eight Fast4Ward® MPF hull ordered. Cash dividend of US$1.10 per ordinary share paid.
- Completed project financing of *FPSO Alexandre de Gusmão* for a total of US$1.615 billion. The project financing is provided by a consortium of 12 international banks with insurance cover from three international Export Credit Agencies (ECA).

THIRD QUARTER

- Half-Year 2023 Earnings: pro-forma Directional backlog increased to a new record level of US$32.2 billion.
- Directional revenue was US$1,491million. Directional EBITDA was at US$457 million. 2023 Directional revenue and EBITDA guidance maintained. Over US$3.2 billion project financing secured.
- Signed partnership agreement with MHI that will offer a CO_2 capture solution for FPSO vessels.

FOURTH QUARTER

- Awarded contracts to perform a FEED for an FPSO for the Whiptail development project in Guyana.
- Third Quarter Trading Update: Directional revenue was US$2,247 million. Directional EBITDA guidance increased to around US$1.3 billion compared to US$1 billion previous guidance. Directional revenue guidance increased to around US$4.4 billion above US$2.9 billion compared to previous guidance. Increased guidance in 2023 from client purchase of FPSO *Liza Unity*.
- MSCI upgraded the ESG rating of SBM Offshore from A to AA (with scores ranging from AAA to CCC), recognizing SBM Offshore's environmental management systems and its industry leadership in managing carbon emissions.
- Successful installation of three floaters for the Provence Grand Large offshore wind project.
- ExxonMobil Guyana Limited, an affiliate of ExxonMobil Corporation, commenced and completed the purchase of FPSO *Liza Unity*.
- FPSO *Prosperity* delivered and first oil produced in Guyana.
- Secured a US$210 million Revolving Credit Facility (RCF) for the financing of the construction of Fast4Ward® Multi-Purpose Floater (MPF) hulls.
- *FPSO Sepetiba* delivered and first oil produced in Brazil. The FPSO was formally on hire as of January 2, 2024.

1.1.3 OVERALL VIEW

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. SBM Offshore shares its experience to make it happen.

The challenge in delivering safe, sustainable and affordable energy is well recognized, particularly by SBM Offshore's stakeholders, with whom SBM Offshore works on the energy transition – teaming up on areas important to them, called material topics. These topics are the basis for SBM Offshore's objectives and strategy, and are the criteria against which it measures its performance. The table below shows the connection between these elements and where they are explained in the rest of the Annual Report.

CONNECTIVITY TABLE

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come.
We share our experience to make it happen.

Business Context (section 1.2)	Strategy and Value Creation (section 1.3)		Performance Review and Impact (sections 2.1 & 2.2)		
Material Topics	**Key Objectives**	**Management Approach & Key Strategic Elements**	**Key Outputs**	**Key Outcomes**	**SDGs**
1. Ethics and Compliance	• **Zero tolerance** for bribery, corruption, fraud or any other form of misconduct • 2023: >92% completion of compulsory compliance tasks	Internal Risk and Control System and Compliance Program, with focus on data-driven compliance	• 91% completion of compulsory compliance tasks (onshore) • 7,613 of compliance training • 194 reports received under SBM Offshore's Speak Up Policy • 0 confirmed cases of corruption	• No negative impact to SBM Offshore's license to operate • Credibility and reputation for trustworthiness	8
2. Employee Health, Safety and Security	• **No Harm, No Defects, No Leaks** • 2023: Total Recordable Injury Frequency Rate (TRIFR) <0.12	HSSE and Process Safety Management system, Target Excellence; adopting industry best practices and leading standards	• TRIFR: 0.08 • LTIFR: 0.02 • SIF: 0 • Tier 1: 1 • Tier 2: 5	• 6 Tier 1 and 2 incidents with follow-up actions in progress • 0 Fatalities • Actions for continuous improvement	3, 8
3. Human Rights	• **Fully embed human rights and social performance within SBM Offshore to achieve no harm** • 2023: Deliver two human rights/ worker welfare initiatives per region that contribute to remedy	Execution and improvement of due diligence cycle and taking action through human rights program governance	• 90.4% of suppliers screened on human rights • 100% of new suppliers qualified signed supply chain charter • 8 yards have completed desktop screening • 0 new worker welfare audits • 91% e-Learning completion	• Action plans in progress on human rights – including salient issues of forced labor, accommodation, overtime and mental health and wellbeing • Over two remedy initiatives per region. • 9 ESG audits.	8
4. Operational Excellence and Quality	• **No Harm, No Defects, No Leaks** • 2023: Uptime at or above 99%	Target Excellence program, Quality Management System and Process Safety Management approach	• 95.6% uptime • Maintained ISO certifications • 1 significant operational fine • 0 oil spills	• Safe, predictable operations • Compliance with regulations • Project delivery	8

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Material Topics	**Key Objectives**	**Management Approach & Key Strategic Elements**	**Key Outputs**	**Key Outcomes**	**SDGs**
5. Employee Wellbeing	• Hire, retain and develop a **diverse workforce** with a wide range of competencies • 2023: People Development Cycle	HR learning and development process, systems and teams	• 1,178 new hires • 13% employee turnover rate • 40 average training hours per employee • 99% of performance appraisals completion • 0.96 gender pay gap • 75% under collective bargaining • 81% engagement score and 82% satisfaction score	• A diverse, learning and developing workforce able to deliver energy-supply-related projects and activities • Taking action on employee wellbeing and engagement in time of high workload	4, 8
6. Economic Impact	• **Ambition: grow free cash flow** • 2023: Directional EBITDA > US$1 billion	Backlog and cash preservation and grow in line with FPSO and FOW growth ambitions	• EBITDA US$1,319 million • Proposed cash return to shareholders c. US$220 million	• Resilient returns in volatile times • Long-term viability • Investment capability for innovation	8, 9
7. Emissions	• **Ambition:** net zero by 2050 and intermediate targets for 2030 • 2023: ◦ 1.48 MMSCF/D average operational excellence flaring; ◦ Carbon Capture Module readiness; ◦ Manage oil-in-water discharge to 50% below IOGP average ◦ Validated Investment for Climate Neutral office Energy	• Operational excellence to reduce flare emissions in Scope 3 • Implementation of emissionZERO® Program • Managing targets with a science-based approach	• 1.18 MMSCF/D average flaring • Scope 1, 2, 3 emissions: 5.9 million tonnes • GHG intensity 98.95 tonnes of CO_2 Eq/ 1,000 tonnes HC Production • 64.3 million GJ energy use – Scope 1, 2 and 3 • Oil-in-water discharge to 66% below IOGP average • Other significant air emissions *(non-GHG emissions):* 17.6k tonnes	• Emission reduction trend • Industry benchmark performance • New business • Addressing climate change-related risk • Carbon capture solution development	7, 9, 13, 14
8. Digitalization	• Leveraging data and digital technology to **increase lifecycle value** • 2023: digitalization milestones – e.g. ERP, project management, operations tooling	Digital Transformation program	• 56% increase in data signals	• Business continuity • Improved efficiencies • Key milestones delivered • New business opportunities	8, 9

1 BUSINESS ENVIRONMENT

CONNECTIVITY TABLE

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Business Context (section 1.2)	Strategy and Value Creation (section 1.3)		Performance Review and Impact (sections 2.1 & 2.2)		
Material Topics	**Key Objectives**	**Management Approach & Key Strategic Elements**	**Key Outputs**	**Key Outcomes**	**SDGs**
9. Innovation	• Develop and introduce new technologies in line with net zero and energy transition ambitions of SBM Offshore • 2023: 26 Technology Readiness Level (TRL) qualifications	Technology development, open innovation	• 22 TRL qualifications • 9 innovations reached TRL 4	• Contribute to the energy transition • Long-term sustainability	7, 9, 13, 14
10. Energy Transition	• **Ambition:** net zero by 2050 and intermediate targets for 2030 • 2023: ◦ 50% of R&D budget allocated to EU Taxonomy eligible activities; ◦ Deliver on FOW growth	New Energies and Services development, emissionZERO®	• 52.3% of R&D budget allocated to EU Taxonomy eligible activities	• FOW project progress • Support climate change mitigation, in line with 2050 ambitions	7, 9, 13
11. Market Positioning	• **FPSO business growth** • 2023: sustainability performance (SDG score card) • 2023: participation in key ESG ratings	FPSO competitiveness through Fast4Ward®, Digitalization, emissionZERO® Embedding SDG targets in the business and participation in key ESG ratings	• 5 FPSO projects under construction • 16 assets in the fleet • US$30.3 billion directional pro-forma backlog • 95th percentile[1] S&P Global ESG rating	• Business growth • Progress on local content and impact • SDG related performance	3, 4, 7, 8, 9, 13, 14
12. Decommissioning[2]	• Recovery of metals and re-use of machinery – and application of EU Ship Recycling Regulation (or equivalent) • 2023: Progress of Deep Panuke recycling, yard selection for *FPSO Capixaba*	Recycling policy SBM operations decommissioning processes and teams	• Completion of Deep Panuke decommissioning and recycling	• Ensuring safe and sustainable recycling of asset	8, 13, 14

Overall Impact

Alongside climate change, one of the major challenges of our time, geopolitical events continued and intensified. This led to continued higher energy prices after periods of strong inflation, impacting the world at large. SBM Offshore's material topics reflect SBM Offshore's impacts – both positive and adverse – and the effects SBM Offshore's business has on the economy, the environment and society. SBM Offshore's vision, mission and strategy are framed by climate change mitigation – with net zero commitments and a mission to reduce carbon intensity and increase alternative energy. This business brings value to its stakeholders, whilst minimizing potentially adverse impacts to people and the environment.

SBM Offshore has been able to balance 'business as usual' against a back-drop of a continued turbulent geopolitical environment, making progress on **safe, sustainable and affordable energy for generations to come**.
SBM Offshore takes pride in being able to leverage SBM Offshore's people capabilities to deal with complexity, develop technologies for the energy transition, deliver projects on time and within budget and operate assets safely and sustainably.

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[1] As per January 22, 2024.

[2] New Material topic as per August 2023. Details can be found in section 2.1.12.

1.2 BUSINESS CONTEXT

1.2.1 MARKETS AND ACTIVITIES

SBM Offshore is committed to a strategy that is compatible with the transition to net zero by 2050. SBM Offshore provides floating production solutions to the offshore energy industry, both in hydrocarbon and renewable market segments. SBM Offshore's main activities to date are the design, supply, installation, operation and life extension of Floating Production Storage and Offloading (FPSO) vessels. These are either leased to clients or supplied on a turnkey sale basis. SBM Offshore is also active in the alternative energy market and the research and development of products for future energy markets.

In order to maintain its leading position in its core markets, SBM Offshore focuses on:
- Leveraging SBM Offshore's experience and business model to manage sustainable business and address material topics.
- Transformation programs to increase return for customers: emissionZERO®, focusing on the decarbonization of products; and Digital Transformation, to optimize SBM Offshore's ways of working and create new services.
- Innovation in line with energy transition ambitions: renewable energy, ammonia, hydrogen, carbon capture and sustainable energy storage.

MARKET SEGMENTATION

Hydrocarbon Energy

FPSO

SBM Offshore delivers FPSOs that process well fluids into stabilized crude oil for temporary storage on board, before being transferred to a shuttle tanker for export from the field. Oil and gas enhanced recovery systems – such as water injection, gas injection, chemical injection and gas lift systems – are used to improve efficiency and production levels. SBM Offshore's latest FPSO designs include CO_2 removal from gas streams for reinjection into the well offshore.

SBM Offshore always takes a disciplined and selective approach to market opportunities, focusing on the main FPSO markets of South America and West Africa that provide both relatively low break-even prices and low GHG-emission intensity. SBM Offshore is also looking to develop business in other adjacent regions.

Key to sustainable growth, enabling affordable and sustainable hydrocarbon energy, are SBM Offshore's Fast4Ward® and emissionZERO® programs, of which further detail is provided in sections 2.1.4 and 2.1.7.

Other Products and Services

SBM Offshore delivers tailored solutions for the mooring of floating assets: flexible flowline and subsea structure installation works. SBM Offshore, together with its joint venture partner, owns and operates a dedicated multi-purpose deepwater construction vessel, the Normand Installer. SBM Offshore also has dedicated product lines to provide specific floating equipment and products, such as Turret Mooring Systems (TMS) and offshore (off)loading terminals.

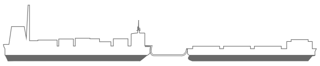
Turrets and Mooring Systems

SBM Offshoreis the recognized technology provider for Turrets and Mooring Systems (TMS). SBM Offshore provides the offshore industry with a complete range and variety of solutions delivered through a full EPCI product lifecycle.

Terminals

The Catenary Anchor Leg Mooring (CALM) or Single Point Mooring (SPM) terminal is a floating buoy that performs the dual function of keeping a tanker moored and transferring fluids while allowing the ship to weathervane.
SBM Offshore provides full lifecycle solutions for terminals, including design, engineering, construction, installation and aftersales services.

DEEPWATER EXPERIENCE BY WATER DEPTH



		bpd	
475m	*FPSO Serpentina*	110k	Equatorial Guinea
720m	*FPSO Saxi Batuque*	100k	Angola
728m	*FPSO Mondo*	100k	Angola
960m	*FPSO Aseng*	80k	Equatorial Guinea
1,221m	*FPSO Cidade de Anchieta*	100k	Brazil
1,250m	*N'Goma FPSO*	100k	Angola
1,365m	*FPSO Kikeh*	120k	Malaysia
1,485m	*FPSO Capixaba*	100k	Brazil
1,525m	FPSO *Liza Destiny*	126k	Guyana
1,600m	FPSO *Liza Unity*	220k	Guyana
1,780m	*FPSO Espirito Santo*	100k	Brazil
1,790m	FPSO *ONE GUYANA**	250k	Guyana
1,850m	*Thunder Hawk*	60k	USA
1,900m	FPSO *Prosperity*	220k	Guyana
1,900m	*FPSO Alexandre de Gusmão**	180k	Brazil
2,000m	*FPSO Sepetiba**	180k	Brazil
2,000m	*FPSO Almirante Tamandaré**	225k	Brazil
2,100m	*FPSO Cidade de Paraty*	120k	Brazil
2,120m	*FPSO Cidade de Maricá*	150k	Brazil
2,130m	*FPSO Cidade de Saquarema*	150k	Brazil
2,140m	*FPSO Cidade de Ilhabela*	150k	Brazil

** under construction*

SHALLOW WATER
< 500m

DEEP WATER
500m to 1,500m

ULTRA DEEP WATER
>1,500m

New Energies

Floating Offshore Wind (FOW)

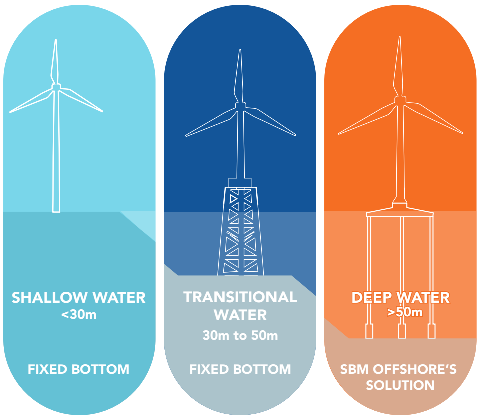
Floating Offshore Wind provides for new possibilities for wind power production locations. Floating offshore wind turbines enable access to deeper water than conventional fixed-bottom wind turbines. This reduces visibility from shore and expands the viable area for wind energy development, potentially to areas with higher and steadier wind characteristics. The FOW market is developing worldwide, in anticipation of future commercial projects. SBM Offshore has successfully delivered Provence Grand Large, its first pilot project in 2023, leveraging its experience in EPCI for floating solutions and mooring systems. SBM Offshore is also co-developing floating offshore wind projects and securing seabed rights and relevant permits, together with partners.

Future Energy Markets

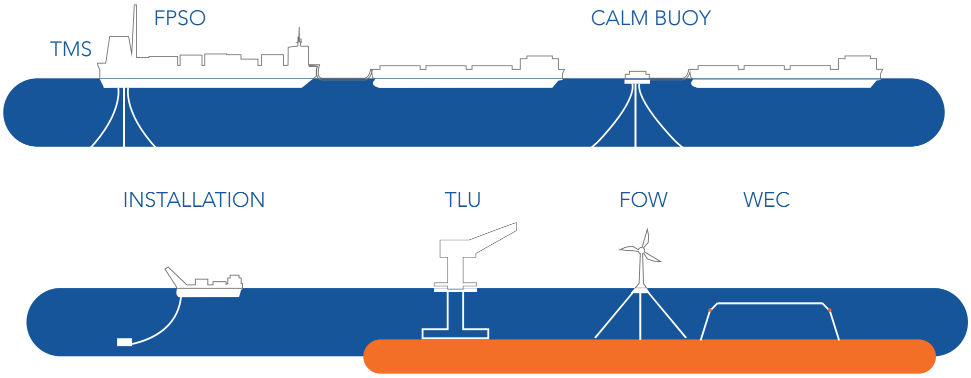
New technologies are developing to facilitate the energy transition. Solar PV, wind energy, hydrogen-based technology, bio-fuels and Carbon Capture Utilization and Storage (CCUS) are recognized and envisioned as the frontiers of development. SBM Offshore is investing in the research and development of products within selected segments that support the energy transition. For example, SBM Offshore is working on providing offloading solutions for carbon dioxide and the development of terminals to adapt for future fluids such as ammonia.

SBM Offshore has continued the development of its wave energy conversion technology. The technology has been developed and tested in SBM Offshore's own R&D Laboratory in France. The next step is to identify opportunities to commercialize the technology.

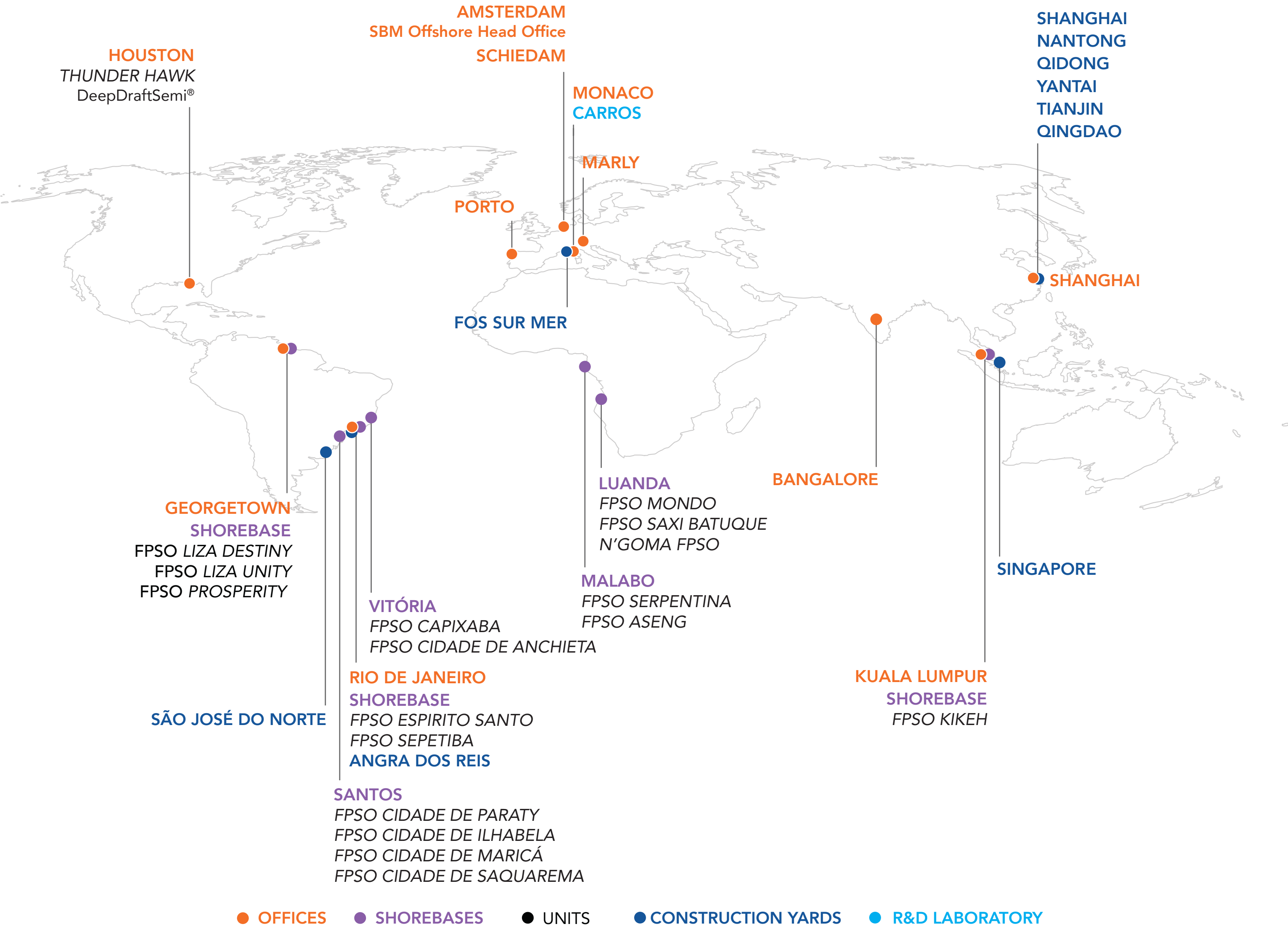
SEGMENTATION OF OFFSHORE WIND ENERGY SOLUTIONS



SBM OFFSHORE ACTIVITIES



CALM Buoy
Catenary Anchor Leg Mooring Buoy
FOW
Floating Offshore Wind
FPSO
Floating Production Storage and Offloading
TLU
Tower Loading Unit
TMS
Turret Mooring System
WEC
Wave Energy Converter


HOUSTON
THUNDER HAWK
DeepDraftSemi®
AMSTERDAM
SBM Offshore Head Office
SCHIEDAM
MONACO
CARROS
MARLY
PORTO
FOS SUR MER
SHANGHAI
NANTONG
QIDONG
YANTAI
TIANJIN
QINGDAO
SHANGHAI
BANGALORE
GEORGETOWN
SHOREBASE
FPSO LIZA DESTINY
FPSO LIZA UNITY
FPSO PROSPERITY
VITÓRIA
FPSO CAPIXABA
FPSO CIDADE DE ANCHIETA
RIO DE JANEIRO
SHOREBASE
FPSO ESPIRITO SANTO
FPSO SEPETIBA
ANGRA DOS REIS
SÃO JOSÉ DO NORTE
SANTOS
FPSO CIDADE DE PARATY
FPSO CIDADE DE ILHABELA
FPSO CIDADE DE MARICÁ
FPSO CIDADE DE SAQUAREMA
LUANDA
FPSO MONDO
FPSO SAXI BATUQUE
N'GOMA FPSO
MALABO
FPSO SERPENTINA
FPSO ASENG
SINGAPORE
KUALA LUMPUR
SHOREBASE
FPSO KIKEH
● OFFICES
● SHOREBASES
● UNITS
● CONSTRUCTION YARDS
● R&D LABORATORY

SBM OFFSHORE – PART OF THE ENERGY INDUSTRY AND LOCAL COMMUNITY

SBM Offshore aims to be an energy transition company, reducing carbon in its operations and developing alternative energy solutions. SBM Offshore embraces the Paris Agreement and strives to be a leader in transparency. Along the way, there are many questions that SBM Offshore cannot answer on its own, thus it is working with, and listening to, others.

SBM Offshore has been actively involved in technology development in the energy industry by cooperating with its value chain business partners and working with other companies, universities, class societies, etc. For instance, SBM Offshore is among the 24 participants in the Joint Industry Projects (JIP) for Anchoring and Mooring Design of Floating Photovoltaics.

Moreover, SBM Offshore is seeking to understand and contribute to the mitigation of the challenges faced by local communities and has carried out social activities in the respective regions where it operates, (see section 2.2).

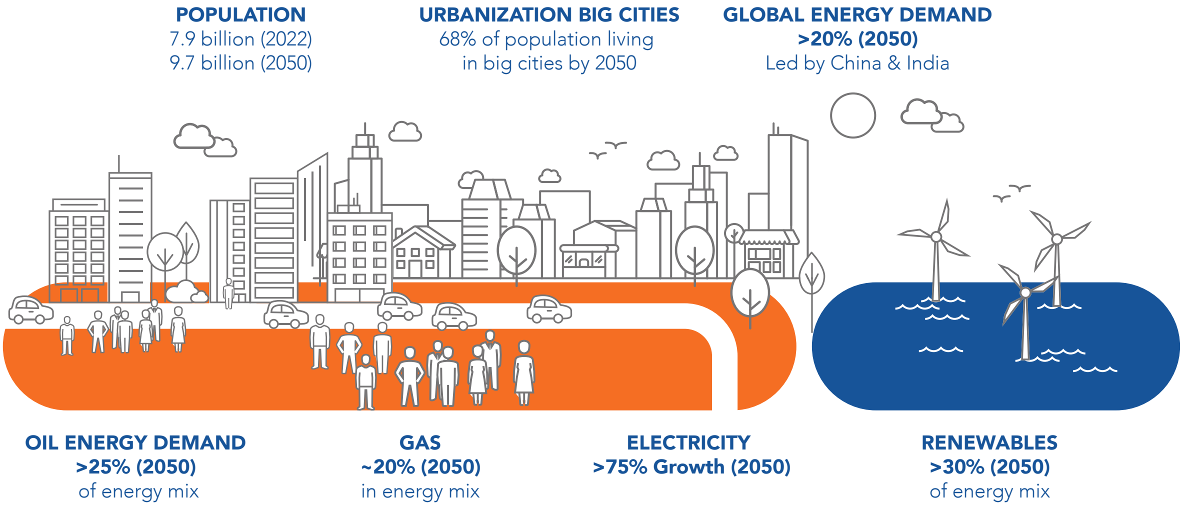
CURRENT, NEAR-TERM AND FUTURE IMPACTS ON SBM OFFSHORE'S ACTIVITIES

In 2023, the global macro-economic fundamentals remain challenging, with core inflationary pressures and geopolitical tensions on the rise. Amidst geopolitical strife and rapid technological advancement, the energy transition and the demand for lower-emission solutions have been accelerating. More and more countries are focusing on energy source diversification and self-sufficiency. Many structural measures are being taken, especially in the EU, to accelerate renewable development. For floating offshore wind, up to 2023, the installed capacity is around 275MW globally. The forecast for the cumulative installed capacity by 2030 is in the range of 6-12GW. Given the most intensive construction activities will mainly come in the last three years of the decade, the lower part of the range is the most likely scenario at this stage.

In addition, there is an increasing focus across most sectors on Environmental, Social and Governance (ESG) targets. Companies are repositioning and adjusting their strategies towards operating in a carbon-neutral environment, using the ESG framework.

Moreover, the importance of energy availability, security and affordability came to the forefront during the recent energy crisis, highlighting the need to maintain the supply of hydrocarbons. During 2023, there were seven FPSO awards in the market, four of which were in SBM Offshore's key regions of South America and West Africa.

OUTLOOK OF WORLD ENERGY DEMAND



Sources: STEPS Scenario, IEA World Energy Outlook, 2023
United Nations World Urbanization Prospects, worldometers.info

MACRO TRENDS

According to the United Nations' world population projection, by 2050, world population will surpass 9.7 billion people, with around 68% of the total population living in big cities close to the oceans. Global energy demand is set to grow in the coming decades. While oil and natural gas will still play a key role in the primary energy mix, renewable energy is increasing its share and governments are raising their decarbonization targets. The demand for new oil and natural gas projects is expected to continue to grow until the end of the decade, as geopolitical tensions have underlined fragilities and dependencies in the energy system, after which it should slightly decline until 2050. Geopolitical events make energy supply and demand inherently volatile. Section 1.4.3 presents climate change scenarios which provide insight into various possible developments relating to decelerated and accelerated energy transition paths. Section 1.4.2 provides further detail on geopolitical risks.

SBM Offshore expects that, in the coming years, there will be a need for its capabilities to deliver sizeable deepwater projects across the energy mix. GHG emissions of deep water is highly competitive compared to the rest of the oil supply. As such deepwater oil should be part of the energy transition set of solutions.

SBM Offshore's success will depend on partnering with other companies similarly committed to its energy transition strategy and activities, with a focus on the lifecycle value of projects, from early client engagement to the end of field recycling phases.

1.2.2 STAKEHOLDERS AND MATERIAL TOPICS

SBM Offshore takes an inclusive approach to stakeholder engagement, as per its stakeholder engagement policy. It recognizes its main stakeholders as: employees, clients, suppliers, shareholders and lenders (banks), regulators, class society organisations, yards, partners, local communities and non-governmental organizations (NGOs).

Conscious of the importance of a consistent and effective interaction with its stakeholders, SBM Offshore engages and listens to their feedback. Example engagements and outcomes are mentioned in the table below. In order to provide a comprehensive identification, evaluation and management of SBM Offshore's material impacts, stakeholder engagement is a key part of its due diligence and its materiality assessment.

Example engagements during 2023

Stakeholder Group	Engagement
Clients	Key Account meetings
Suppliers	Strategic Sourcing meetings. Vendor Days
Employees	Pulse Survey, Wellbeing Survey, Management Calls and Townhalls
Shareholders	Annual General Meeting. Engagement with representative groups – e.g. VBDO (Dutch Association of Investors for Sustainable Development)
Lenders	Ongoing environmental and social due diligence during project financing and the definition of actions for further improvement. 2023 Sustainability Day
NGOs	Engagement with representatives regarding business transparency and social impact projects
Peers	Discussion session about new European regulations and best practices
Class Society	Engagement on further development of Sustainability notations for FPSOs
Yards	Human Rights Day 2023, Emissions Management monitoring and Human Rights action tracking

MATERIALITY ANALYSIS

In 2023, SBM Offshore updated the materiality assessment in compliance with the GRI Standard and ran a double materiality assessment to anticipate the European Sustainability Reporting Standard (ESRS) requirements, mandatory for Annual Report 2024.

In this assessment, two dimensions of materiality were considered. Firstly, the Impact Materiality in accordance with GRI Standard, in which the actual, potential, positive and adverse impacts of SBM Offshore's business on people and the environment were assessed to determine material topics. Secondly, the Financial Materiality, i.e. assessing how environmental, social and governance topics generate risks or opportunities with (potential) material financial effects for SBM Offshore.

Management and supervisory board members are consulted on the outcomes of this process, with the management board validating the outcomes of the materiality assessment and using them as the basis for SBM Offshore's strategy and performance management. Furthermore, the topics are addressed in the risk management approach of SBM Offshore, with information on significant risks to the business explained in section 1.4.2. Definition of the impacts are described in chapter 2 and the materiality process and topic definitions are explained in section 5.1.2.

The impact materiality brought changes compared to 2022: the material topic 'Decommissioning' was added; 'Retaining & Developing Employees' changed into 'Employee Wellbeing' and 'Economic Performance' into 'Economic Impact', reflecting the broader stakeholder approach and the focus on impact that SBM Offshore has taken. Definitions of the Material Topics are mentioned in section 5.1.2.

The **Energy Transition** is critical in the light of climate change. At the same time, it can provide a source of future economic value. **Emissions**, both air and ocean-related, and particularly greenhouse gas (GHG) emissions, dominate concerns on this topic. In this report, any content related to Energy Transition and Emission material topics cover Climate Change-related disclosures. SBM Offshore considers these topics as foundational in its strategy and business model. There are further explanations in the strategy and climate sections of this report.

The industry has inherent safety and compliance risks owing to the physical nature of the business (safety) and geographical location (compliance)**. Ethics and Compliance** and **Employee Health, Safety and Security** are therefore material and are prerequisites to being in business. Process Safety Management and Occupational Safety Management are critical topics in ensuring high safety standards and mitigating the risk of hazardous accidents.

Human Rights are considered material to SBM Offshore considering its global presence, including in countries with potential exposure to Human Rights risks.

When it comes to **Economic Impact**, SBM Offshore's integrated business model is seen as a strength. At the same time, it allows SBM Offshore to fund a responsible energy transition and impact projects in countries of operation.

Operational Excellence and Quality drive predictability, which is especially sought after in CAPEX- and resource-intensive projects with a global footprint. The same applies for fleet operation services and managing a global supply chain.

Employee Wellbeing is a material topic because large resource-intense projects such as offshore field developments rely heavily on employee engagement and experience. Experienced staff increase efficiency and reduce risk in projects. In times of high work-load, during the execution of several large energy infrastructure projects simultaneously, attention must be paid to employees' physical and mental health, as well as work-life balance.

Market Positioning is seen as a driver for future economic performance and is a key enabler in attracting and retaining talent. Strong ranking in ESG ratings are supportive of this.

Innovation matters as a source of future value-enabling alternative energy transition technologies. **Digitalization** brings efficiency, new businesses and ways of working and mitigates the challenge of attracting talent to the industry.

Decommissioning is about the safe and sustainable shutting down of end-of-life assets and responsible recycling. The associated waste streams and potential financial impacts of responsible recycling make this a new material topic as per August 2023. SBM Offshore expects disclosures to grow in the coming period.

The financial materiality assessment confirmed the topics that were material from an impact perspective.

DETERMINING ‘DOUBLE’ MATERIALITY OF TOPICS

LIST OF TOPICS ASSESSED

E

- Energy transition
- Emissions
- Innovation
- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Waste management and circularity
- Decommissioning

S

- Employee wellbeing
- Health, safety & security
- Human rights
- Market positioning
- Diversity & inclusion
- Equal treatment in the value chain
- Local communities
- Rights of indigenous

G

- Ethics & compliance
- Operational excellence & quality
- Economic impact
- Digitalization
- Organizational change management
- Tax

▼

DOUBLE MATERIALITY APPROACH

IMPACT MATERIALITY

▼

CONCLUSION
Actual, Potential, Positive
and Adverse impacts

▼

Ranking of Impact Material Topics

▼

FINANCIAL MATERIALITY

▼

CONCLUSION
Risks & Opportunities
and Capitals impacts

▼

Ranking of Financial Material Topics

▼

OVERALL RESULT

SBM OFFSHORE'S MATERIAL TOPICS

E

ENERGY TRANSITION TOWARDS NET ZERO

- **Energy transition**
- **Emissions**
- **Innovation**
- **Decommissioning**

S

SAFE & INCLUSIVE PEOPLE ENVIRONMENT

- **Health, safety & security**
- **Human rights**
- **Employee wellbeing**
- **Market positioning**

G

VALUE BASED ACTION, HIGH ETHICAL STANDARD

- **Ethics & compliance**
- **Economic impact**
- **Digitalization**
- **Operational excellence & quality**

Influencing

SBM Offshore applies – where appropriate – its influence in line with its vision and mission, to advance on safe, sustainable and affordable energy, navigating through the energy transition, as explained in section 1.3. The following engagement took place during the year:

1. Co-chairing the IOGP FPSO Decommissioning Expert Group on Responsible Recycling (no cost or coverage).
2. Participation in the consultation process for the ESRS to drive the harmonization of various standards and regulations (no cost or coverage).
3. Advocacy on Human Rights through Building Responsibly – such as co-development of Worker Welfare Principles to serve as the global standard on worker welfare for the engineering and construction industry and development of supply chain screening tools (associate membership contribution US$10,000).
4. Provided input to guidelines issued by the IOGP Energy Transition Committee (no cost or coverage).
5. Provided input to IOGP Guidelines for design & operation to minimize/avoid flaring sources (no cost or coverage).
6. Membership of IMCA Environmental Sustainability Committee, with recommendations made to the code of practice on Environmental Sustainability and input into the self-assessment tool (membership contribution GBP27,500).
7. Membership of Transparency International, contributing to its research on 'Whistleblowing Frameworks 2023' as well as input into the anti-corruption working group (membership contribution EUR5,000).
8. Membership of the International Chamber of Commerce (ICC) Netherlands, contributing to the program design of the Closing Conference of the Week of Integrity and providing input on guidelines issued by the ICC (membership contribution EUR3,916.50).
9. Taking part in the IOGP Process Safety Sub-Committee, providing input into implementing Process Safety Fundamentals, and Process Safety Indicators Guidelines (no cost or coverage).
10. Chairing revision of IOGP guidelines for Process Safety Barrier definition and involvement in a new guideline for Process Safety in Design, to be delivered next year (no cost or coverage).
11. Participant in the Joint Industry Projects (JIP) for Anchoring and Mooring Design of Floating Photovoltaics (no cost or coverage).

As per its Anti-Bribery and Corruption Policy, SBM Offshore prohibits company political contributions. SBM Offshore does not participate in party political activity nor will it make political contributions of anything of value.

1.3 STRATEGY AND VALUE CREATION

1.3.1 VISION AND VALUES

OUR VISION

Safe, sustainable and affordable energy for generations to come will require renewable energy and cleaner forms of fossil energy. SBM Offshore is committed to this, by embedding climate-change-related actions without interrupting the essential supply of energy needed to support societies. The contribution and participation of global energy companies and service providers such as SBM Offshore are essential to achieving a responsible energy transition. Many people, especially in less developed economies, depend on the experience and resources of those companies. This is where SBM Offshore's products can play a role. SBM Offshore is partnering with others for this purpose, sharing experience to make it happen.

> SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come.
>
> We share our experience to make it happen.

OUR VALUES

SBM Offshore's core values reflect its long history of industry leadership. They are the essence of SBM Offshore, defining who each SBMer is and how SBM Offshore works. The values create the company culture, which guides each employee to help achieve SBM Offshore's vision wherever SBM Offshore operates around the world.

Integrity

SBMers act professionally and in an ethical, honest and reliable manner. Transparency, doing the right thing and consistency are essential to the way SBM Offshore behaves towards all of its stakeholders.

Care

SBMers respect and care for each other and for the community. Employees value teamwork and diversity. SBM Offshore listens to all its stakeholders. Health, safety, security and the environment are paramount in everything SBM Offshore does.

Entrepreneurship

SBMers have an entrepreneurial mindset in everything they do. They deliver innovative and fit-for-purpose solutions with passion. In doing so, SBM Offshore aims to exceed its clients' expectations and proactively achieve sustainable growth through balancing risks and rewards.

Ownership

SBMers are all accountable for delivering on their commitments and pursuing SBM Offshore's objectives with energy and determination. Quality is of the essence. SBMers say what they do and do what they say.

1.3.2 MISSION AND STRATEGY

SBM Offshore underpins its mission and strategy framework by an understanding of mega trends and associated scenario-planning.

SBM Offshore's mission is to enable the energy transition by leveraging SBM Offshore's unique capabilities in floating solutions, thus contributing to the growth and creation of sustainable, long-term value for its stakeholders.
SBM Offshore is committed to a responsible energy transition, reducing emissions of oil and gas while developing cleaner solutions from alternative energies.

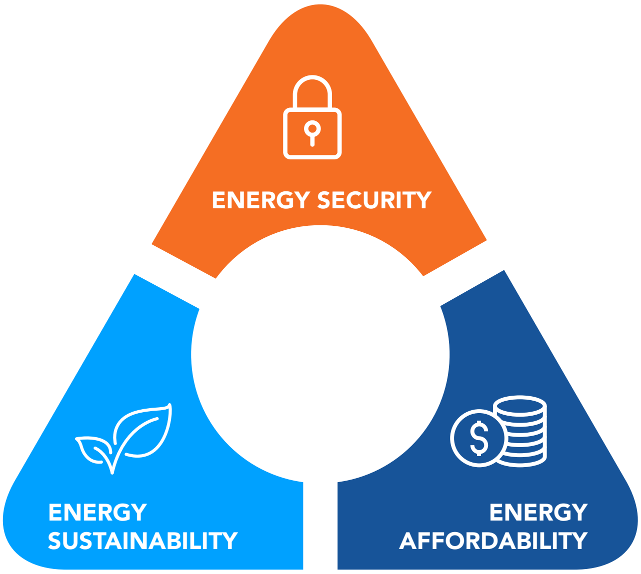
In order to do so, it has set targets and indicators in three main areas: grow free cashflow over the period, ensure a steady flow of new contracts within SBM Offshore's core business and position SBM Offshore in the alternative energy market.

In line with its vision and mission, SBM Offshore's strategy aims to enable the energy transition, addressing material impacts:

- Environmental – focusing on energy transition towards net zero.
- Social – creating a safe and inclusive environment where people inspire and empower each other.
- Governance – carrying out values-based actions to achieve high ethical standards.

SBM Offshore manages its performance through a balanced scorecard framework – aligned with long-term (>6 years), medium-term (2-6 years) and short-term (1 year) planning cycles. It is funded and resourced, as explained in this report, and is approved by the Management Board and the Supervisory Board.

THE ENERGY TRILEMMA



1.3.3 VALUE CREATION

Supplying safe, sustainable and affordable energy from the oceans is the basis for long-term stakeholder value, which is supported by the 12 material topics, forming the basis for sustained value creation. Value is defined by the results achieved on the material topics, the associated benefits for SBM Offshore's stakeholders and the impact. The value is delivered through SBM Offshore's value platforms, defined below, and by assigning resources to activities along the project lifecycle (business model). The outputs from the business model create value for stakeholders and have SDG contributions. For detail on the value created and preserved, and the impacts potentially leading to value erosion, refer to sections 1.4.2, 1.4.3 and chapter 2.

VALUE PLATFORMS

At SBM Offshore, there is a belief that there is a value-premium for investing in the future. Business activities are organized to maximize financial and societal value, benefiting SBM Offshore's stakeholders.

SBM Offshore sustains value through value platforms. SBM Offshore has simplified its approach by consolidating two former platforms 'Transition the Core' and 'New Energies' into one, 'Transition', to facilitate a singular focus on the energy transition. This leaves two platforms, Ocean Infrastructure and Transition.

- The Ocean Infrastructure value platform covers SBM Offshore's existing operations and assets under construction. Supported by lifecycle learning and digital tools, the operating fleet has become increasingly efficient, with a lower carbon footprint, and a leading uptime and safety track record. This platform is based around the contractual backlog, which provides cash-flow visibility up to 2050. It is evolving, with new generations of lower emission products set to be added.
- The Transition value platform is dedicated to further enablement of the energy transition and business transformation. SBM Offshore seeks to be a leading supplier and operator of floating energy solutions with a focus on competitiveness through Fast4Ward® and reducing the carbon footprint of future assets through emissionZERO®. This platform aims to deliver new and improved value propositions to market. As such, SBM Offshore is investing in alternative energy technology development, especially in floating offshore wind, energy storage, alternative energy sources (e.g. hydrogen, ammonia) and in facilitating the Carbon Capture and Storage value chain. Transition also covers activities that leverage SBM Offshore's operational data, digital solutions, and expertise to continue to deliver value to its customers.

SBM Offshore's business model is structured around the above value platforms to ensure safety, cost optimization, product transformation and growth.

ORGANIZATION MODEL AIMED AT VALUE CREATION

OCEAN INFRASTRUCTURE	TRANSITION
FLEET OPERATIONS	EMISSIONZERO
NEW PROJECTS	NEW ENERGIES
	DIGITAL

GLOBAL RESOURCES & SERVICES

ENABLING FUNCTIONS

LIFECYCLE VALUE

SBM Offshore adds value along the full lifecycle of clients' ocean infrastructure projects, including operations and maintenance services. SBM Offshore also provides energy distribution solutions, such as CALM terminals and digital solutions, through its Smart Digital Services offering.

R&D and Business Development

SBM Offshore engages in Research and Development (R&D). Business Development works on early market opportunities and Product Development on further improvement of SBM Offshore's solutions and the commercial management of prospects. After commercial success, the Project Execution phase begins, during which SBM Offshore executes Engineering, Procurement, Construction and Installation (EPCI). Specific to the renewable energy business is the co-development of Floating Offshore Wind projects and securing seabed rights and relevant permits in cooperation with the client.

EPCI

Engineering and design delivers conceptual studies, basic design and detailed design through in-house resources. Procurement of equipment and services represents a substantial part of the total cost of constructing a floating production system. SBM Offshore has an integrated supply chain, in line with its Fast4Ward® principles, partnering with suppliers to execute projects.

While maintaining responsibility for delivery and project management, SBM Offshore outsources most construction activities and has agreements in place with yards that allow delivery of floating production systems through different execution models and local content requirements. The installation of floating facilities is carried out using specialized installation vessels and requires specific engineering expertise and project management skills.

Operations

SBM Offshore provides operation and maintenance services for its clients. This activity creates value for clients, as the uptime performance of the facility directly impacts the amount of energy produced. For FPSOs, these services can be based on fixed-lump-sum or reimbursable contracts.

Decommissioning and Recycling

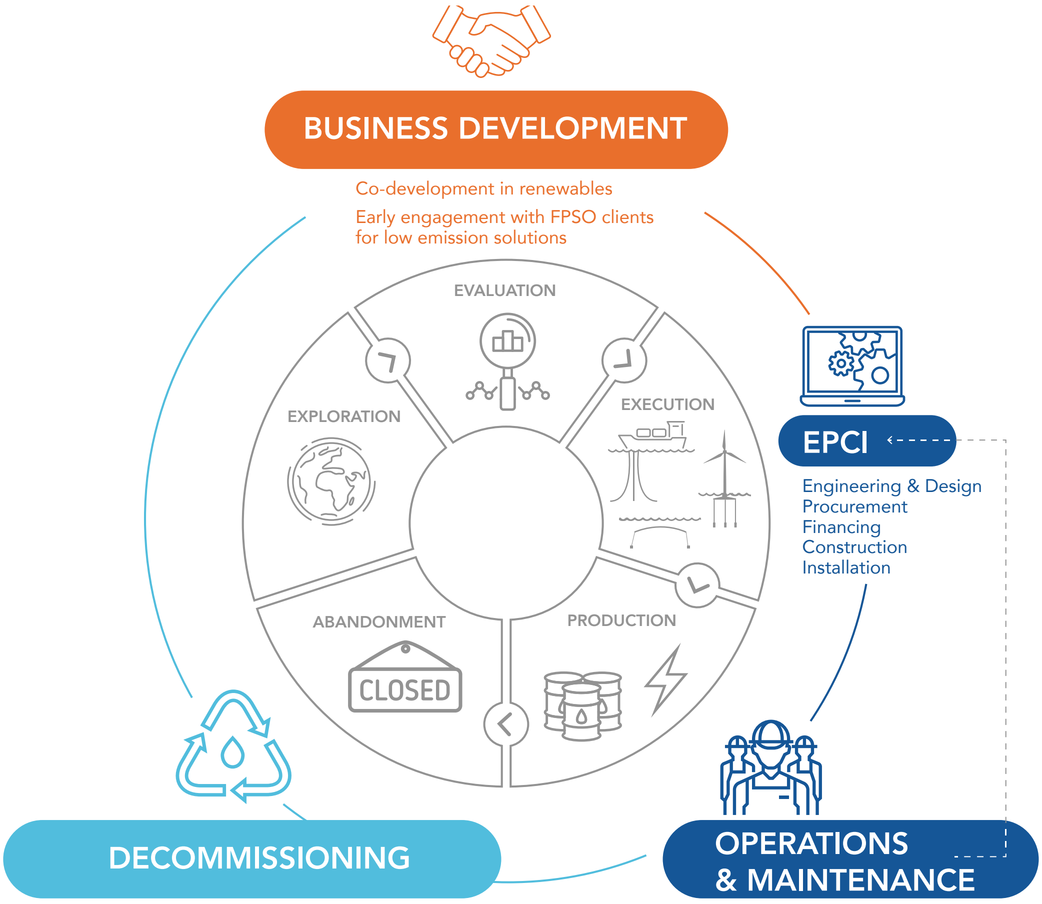
At the end of the lifecycle, facilities are decommissioned and recycled. For FPSOs, SBM Offshore applies the Hong Kong Convention rules and the principles of the EU Ship Recycling Regulation – or equivalent standards should EU Ship Recycling Regulation not be applicable – to recycle its units, using certified and regularly audited recycling yards.

Financing

SBM Offshore ensures optimum results for clients by offering various financing models:

- Under a Lease and Operate contract, the facility is sold to asset-specific companies to charter the asset for the client throughout its lifecycle. The project debt-financing is arranged at the asset-specific company level, based on the facility's contract and value (which is based on construction costs and a margin). SBM Offshore's Revolving Credit Facility is generally used to cover working capital requirements during construction, in addition to periodic drawdowns under the project debt-financing. SBM Offshore tends to optimize debt-financing in asset-specific companies on a 'non-recourse' basis, in order to optimize return on equity and achieve an appropriate balance of risk allocation. Upon acceptance of the facility by the client, generally upon start of production, the parent guarantee is released and the project debt becomes non-recourse to the parent.
- Under a direct sale, the construction is financed by the client, and a margin is generated from the turnkey sale.
- Under a hybrid of the two above, such as the build-transfer-operate (BTO) model, SBM Offshore builds and commissions the unit and operates it during a defined period (the crucial start-up phase). The transfer of ownership to the client then occurs at the end of the construction period.

SBM OFFSHORE'S BUSINESS MODEL



BUSINESS DEVELOPMENT

Co-development in renewables

Early engagement with FPSO clients for low emission solutions

EPCI

Engineering & Design
Procurement
Financing
Construction
Installation

OPERATIONS & MAINTENANCE

DECOMMISSIONING

VALUE CREATION MODEL

KEY INPUT

MANUFACTURED

5 FPSO projects

16 assets in fleet

NATURAL

Iron

64.3 million GJ energy use

HUMAN

7,416 SBMers

SOCIAL

Partners

Suppliers

Clients

Stakeholders

INTELLECTUAL

122 patent families

388 cumulative years of experience

Standards

Systems

Processses

FINANCIAL

2023:
US$30.3 billion directional pro-forma backlog

SBM OFFSHORE BUSINESS MODEL

BUSINESS DEVELOPMENT

EPCI

OPERATIONS & MAINTENANCE

DECOMMISSIONING

KEY OUTPUT

ENERGY TRANSITION
52.3% EU Taxonomy eligible R&D

EMISSIONS
5.9 million tonnes of scope 1, 2, 3 emissions

An all-electric drive FPSO in the emissionZERO® portfolio

INNOVATION
9 innovations reached TRL 4

EMPLOYEE WELLBEING
13% employee turnover rate

EMPLOYEE HEALTH, SAFETY & SECURITY
0.08 TRIFR

HUMAN RIGHTS
100% of new suppliers qualified signed supply chain charter

MARKET POSITIONING
95th S&P Global ESG Rating

OPERATIONAL EXCELLENCE & QUALITY
95.6% Uptime

ECONOMIC IMPACT
US$1,319 million EBITDA

ETHICS & COMPLIANCE
0 confirmed cases of corruption

DIGITALIZATION
56% increase of data signals

DECOMMISSIONING
DPK/CPX recycling projects

OUTCOME

E

Energy transition towards net zero

S

A safe and inclusive environment where people inspire and empower each other

G

Values-based actions to achieve high ethical standards

SDG IMPACT

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

1.4 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

SBM Offshore seeks business opportunities, whilst managing risks and adverse impacts. Sections 1.2 and 2.1 describe the impacts and section 1.3 provides detail on business activities and associated opportunities. This chapter describes the risk appetite and approach of SBM Offshore to understand and act on potential adverse impacts.

1.4.1 RISK APPETITE

The Risk Appetite Statement 2023 sets the guidance and boundaries for the activities conducted by SBM Offshore in pursuit of its strategic objectives, aligned with its material topics. It provides guidelines in terms of the amount of risk that SBM Offshore is willing to accept in protection or pursuit of value. In line with the Dutch Corporate Governance Code, the Management Board reviews the Risk Appetite Statement annually to ensure that SBM Offshore maintains the balance between risk and opportunity while creating value for its stakeholders. Each Risk Appetite Statement has underlying metrics which are measured on a quarterly basis and results are presented to the Audit Committee.

The significant parts of SBM Offshore's Risk Appetite Statement, and their mapping against Material Topics, are displayed below.

Material Topic	Guidance	Activities guided by Risk Appetite, i.e. activities ...
Ethics and Compliance	Zero tolerance	non-compliant with the Code of Conduct and related laws and regulations
	Zero tolerance	in sanctioned jurisdictions and/or with sanctioned persons/entities or companies whose decision-makers do not share the same compliance principles
Employee Health, Safety and Security	No appetite	causing harm to people, damage to assets or the environment
Human Rights	No appetite	non-compliant with SBM Offshore's human rights standards
Operational Excellence and Quality	No appetite	extending the life of a unit beyond its design life if it does not align with SBM Offshore's Life Cycle gates, sustainability and strategic ambitions with regard to customers and JV partners
	Limited appetite	with suppliers that do not align with SBM Offshore's strategic commercial and execution performance and standards
Employee Wellbeing	Limited appetite	impacting the retention, development and health of SBM Offshore's employees
Economic Impact	No appetite	resulting in balance sheet or liquidity risk as a result of commercial opportunities for which the bankability cannot be reasonably confirmed
	Limited appetite	severely impacting profitability of SBM Offshore
Emissions	No appetite	deviating from SBM Offshore's 2030 Intensity Targets on its path to achieve Net Zero by 2050
Digitalization	No appetite	exposing SBM Offshore to cybersecurity risks
Innovation	Limited appetite	exposing SBM Offshore to damage due to application of unproven technologies
Energy Transition	Limited appetite	exposing SBM Offshore to unproven commercial models
Market Positioning	No appetite	resulting in M&A activities with high process safety risks and/or higher emissions
Decommissioning	No appetite	deviating from SBM Offshore's Responsible Recycling Policy

Explanation of Guidance		
Activities for which there is zero tolerance	Activities with risks for which SBM Offshore has no appetite	Activities with risks with a limited appetite
Refusal to purposely conduct any activity breaching this risk appetite	Risks within activities to be avoided with appropriate actions	Risks within activities to be mitigated and monitored

1.4.2 SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES TO THE BUSINESS

As SBM Offshore delivers on its opportunities and manages its risk appetite, it faces business risks with potential financial consequences, described in the table below. These risks are linked with SBM Offshore's material topics, as per its risk breakdown structure and the risk appetite mentioned above. The outcomes of risk management processes and tooling are used in the double materiality assessment explained in section 1.2.2.

Key opportunities for the business are related to the energy transition and flow from the reduction of emissions, the growth of alternative energies, innovation and decommissioning of aging assets. These opportunities are incorporated in SBM Offshore's strategy and explained under section 1.3.2. The financial performance resulting from this strategy is detailed in chapter 4.

The key processes to manage impacts, risks and opportunites are:

- Internal Risk Management and Control System (see section 3.5.1).
- HSSE risk identification.
- Human Rights Due Diligence, as part of supplier and yard qualifications.
- Environmental and Social Due Diligence, as part of project financing.
- Alignment with clients' Environmental Impact Assessments.
- Client Relationship and Opportunity Management Process.

For further details on the approach to impacts, risks and opportunities, please refer to sections 2.1 and 3.5.1.

SIGNIFICANT RISKS TO THE BUSINESS

Assessed and mapped based on risk management processes and reports

RISK OVERVIEW 2023

STRATEGIC	
Climate change	↑
Geopolitical events	↑
Technological developments	=
Portfolio	=
Competitiveness	=
Third parties	=
OPERATIONAL	
Process safety events	=
Project execution	=
Transformation	=
Cybersecurity and data protection	=
Human capital	↑
Supply Chain constraints	↑
Decommissioning	=

FINANCIAL	
Funding	↑
COMPLIANCE RISKS	
Changes in laws and regulations	↑
Governance, transparency and integrity	=

RISK EXPOSURE *

↑ RISK IS INCREASING

↓ RISK IS DIMINISHING

= RISK IS STABLE

** Management assessment of how the inherent risk exposure (i.e. excluding SBM Offshore's mitigating measures) is expected to develop in the coming 3 years.*

RISK	DEFINITION	POTENTIAL IMPACT	MANAGEMENT OF IMPACT
Strategic Risks			
Climate change	Impact of an accelerated energy transition driven by climate change.	Miss opportunities if not succeeding (i) to market competitive technologies and/or (ii) enhance the energy efficiency of existing offerings.	SBM Offshore continuously updates its offerings in light of the changing energy landscape. It is enhancing products from its New Energies and Services (NES) portfolio through investments. In addition, SBM Offshore aims to decarbonize its existing and new units through emissionZERO®. See sections 1.4.3 and 2.1.10
Geopolitical events	Impact of geopolitical events on activities of SBM Offshore globally.	Events impacting the successful completion of SBM Offshore's projects and/or impact the safe, affordable and sustainable operations of SBM Offshore's fleet.	SBM Offshore actively monitors worldwide situations and acts to reduce potential negative consequences. This includes pursuing diversification strategies, monitoring sanctions and incorporating suitable contract clauses for risk mitigation.
Technological developments	Deployment of immature new technologies or implementing proven technologies incorrectly.	Impact on safety, quality and/or schedule, business reputation or financial results.	SBM Offshore employs Technology Readiness Level (TRL) assessments of new technologies, which are verified at several stages during the development phase before being adopted on projects. A technical assurance function ensures compliance with internal and external technical standards, regulations and guidelines. See section 2.1.9.
Portfolio	Concentration of fossil-fuel related business activities in Brazil and Guyana.	Impact from changes in local legislative and business environment, affecting business results.	SBM Offshore continues to achieve a more balanced portfolio by developing low emission products and diversifying into new markets, with different products, such as alternative energies. SBM Offshore conducts risk assessments before any new country entry and actively engages with its clients to monitor and mitigate the respective country-related regulatory, commercial and technical risks. See section 1.2.1.
Competitiveness	SBM Offshore Product Lines are in – or could be facing – harsh market conditions.	Impact to deliver projects in an affordable manner, leading to deterioration of financial results.	To drive better performance, delivered faster, SBM Offshore has taken various initiatives in relation to digitalization and standardization, which are the basis for SBM Offshore's Fast4Ward® approach. See section 2.1.
Third parties	Activities of financial, strategic and/or operational partners impact SBM Offshore's ability to build new business and execute projects.	Impact on safety, environment, people, quality and/or schedule, business reputation or financial results.	Through robust processes, executed by subject-matter experts within the relevant functions of SBM Offshore, SBM Offshore aims to select appropriate parties to work with. Examples of functions involved are Supply Chain, Construction, Compliance and Human Rights. See sections 2.1.4.3 and 2.1.3.
Operational Risks			
Process safety events	Potential acute or chronic exposure to hazards during SBM Offshore's product life cycle.	Impact on people, the environment or assets. This can have further impact on other risks (such as human capital and funding).	SBM Offshore aims to reduce major accident hazard exposure through the application of a Process Safety Management (PSM) framework to manage the risk under the pillars of People, Process and Plant. These are underpinned by a culture built on SBM Offshore's values of Care and Ownership, and supported by assurance and continuous improvement practices through the product lifecycle. See section 2.1.2.
Project execution	Inherent project risks exist, owing to a combination of potential effects of geo-political, regulatory, technical and third-party risks.	Impact on people, the environment, reputation, cost and schedule.	Proper business-case analysis, suitable project management capabilities and capacities, combined with SBM Offshore's ways of working, processes and procedures, mitigate project execution risk. Additional risk-mitigating measures are in place related to the knowledge and understanding of the countries in which project execution and delivery take place. See section 2.1.4.

RISK	DEFINITION	POTENTIAL IMPACT	MANAGEMENT OF IMPACT
Transformation	Benefits of SBM Offshore's Fast4Ward®, Float4Wind®, emissionZERO® and Digitalization programs are not realized.	Impact on SBM Offshore's competitiveness.	Change management is a key success factor of the main programs. Change management ambassadors have been appointed and are working closely with the business in the journey towards the new ways of working. See sections 2.1.8 and 2.1.9.
Cybersecurity and data protection	Intrusion into SBM Offshore's data systems affecting onshore and offshore activities as well as secondary risks such as theft of cash and/or confidential info.	Business interruption, loss of data and financial impact, such as recovery costs and/or fines.	The evolving nature of cybersecurity threats requires ongoing attention. There is continuous improvement to reduce risks through investment in hardware, software, monitoring and awareness training. The ability of the IT architecture and controls to withstand cyber-attacks and follow recognized standards is subject to 24/7 monitoring, independent testing and audits.
Human capital	Inability to attract and retain the correct capacity and capabilities of human resources to support projects, as well as to maintain the fleet.	Impact on SBM Offshore's operations and quality of execution of projects.	SBM Offshore remains focused on the health and wellbeing of employees. To maintain capacity and capabilities, SBM Offshore has streamlined its operating model and engages in partnerships. A talent development program is in place to engage and retain key personnel, thereby ensuring a sustainable future. See section 2.1.5.
Supply Chain constraints	Fluctuating energy prices and market constraints can put increased pressure on SBM Offshore's supply chain.	Increased prices charged by SBM Offshore'ssuppliers and vendors with an inability to transfer these costs.	To mitigate exposure from supply chain risks, SBM Offshore is working across functions to set a good foundation encompassing organizational structure, new ways of working and skills development. See section 2.1.4.3.
Decommissioning	Impacts arising from complex dismantling operations of ageing assets.	Decommissioning aging offshore oil and gas structures carries multifaceted impacts. Underestimation of dismantling costs in line with applicable laws and regulations may lead to significant financial liability and cost overruns. Environmentally, it raises concerns about the disposal of materials which can cause significant environmental and reputational damage. Compliance with regulations and addressing safety risks are crucial, while stakeholder engagement is vital to manage differing perspectives and potential social impacts within communities.	SBM Offshore has gained significant experience in decommissioning assets after their useful life and it will continue to mature processes and competencies, including knowledge of applicable laws and regulations and selection of suitable partners for dismantling operations.

RISK	DEFINITION	POTENTIAL IMPACT	MANAGEMENT OF IMPACT
Financial Risks			
Funding	Increasing constraints from financial institutions being exposed to fossil fuel-related projects.	Impact on SBM Offshore's growth and ability to take on new Lease & Operate projects. Impact to SBM Offshore's ability to finance its ongoing activities.	SBM Offshore actively monitors its short and long-term liquidity position, including the Revolving Credit Facility (RCF) and cash in hand. SBM Offshore aims to have sufficient headroom within the financial ratios agreed with RCF lenders. Adequate access to funding is secured through using existing liquidity, entering into bridge loans and long-term project financing, and by selling equity to third-parties. Debt funding is sourced from international banks, capital markets and Export Credit Agencies. Opportunities are monitored to recycle capital through refinancing in the bond markets and executed if favorable.
Compliance Risks			
Changes in laws and regulations	Adverse changes in tax and regulatory frameworks, for example the implementation of the Global Anti-Base Erosion Proposal (GloBE) – Pillar Two, or laws that require certain levels of local content.	Fines, sanctions or penalties.	SBM Offshore takes great care to carry out its activities in compliance with laws and regulations, including international protocols and conventions. SBM Offshore values public perception and good relationships with authorities and is committed to acting as a good corporate citizen. The close monitoring of laws and regulations is carried out continuously and substantive changes are escalated. The final assessment on Pillar Two legislation will be known only when final legislation, including all administrative guidance, will be enacted in the domestic law of the relevant jurisdictions. The OECD has finalized its additional guidance but further discussions and consultations are taking place and will continue in 2024 which means that SBM Offshore has to continue with the efforts to assess and understand requirements accordingly. The financial risk of change in laws and regulations is mitigated as much as possible in contracts. Refer to section 3.7.
Governance, transparency and integrity	Fraud, bribery or corruption harming SBM Offshore's reputation and business results.	Financial penalties, reputational damage and other negative consequences.	SBM Offshore's Compliance Program provides policy, training, guidance and risk-based oversight and control of compliance, to ensure ethical decision-making. The use of digital tools supports the continuous development of SBM Offshore's Compliance Program. SBM Offshore's Core Values, Code of Conduct and Anti-Bribery and Corruption Policy provide guidance to employees and business partners on responsible business conduct in line with SBM Offshore's principles, which are further reinforced by contractual obligations where applicable. See section 2.1.1 and 3.5.2.

1.4.3 CLIMATE CHANGE IMPACT, RISK AND OPPORTUNITY

SBM Offshore's ambitions as an energy transition company are founded on the physical and transitional challenges that climate change brings. SBM Offshore is committed to a responsible transition in which energy stays affordable to society, while addressing climate change impacts from greenhouse gas emissions from more traditional forms of energy. SBM Offshore applies these insights to its strategy development and actions as part of its Enterprise Risk Management process. The sections below cover the mitigation of significant risks relating to climate change and portfolio risk, as explained in section 1.4.2.

Climate change management is discussed at Management Board level, in particular as part of the energy transition and emissions material topics. At regular performance management meetings, the performance of New Energies and the emissionZERO® transformation program is reviewed. On a quarterly basis, progress on the UN SDGs are discussed, including climate-change-related company targets. Climate change risk and opportunities are also discussed as per the risk-management cycle described in section 3.5. Outcomes of these meetings are, for example, the risk appetite statement mentioned in section 1.4.1, the long-term goals described in section 2.2 and the climate change ambitions and scenarios described in this paragraph. Furthermore, climate change mitigation measures and KPI's, including GHG emission targets, are embedded in the remuneration of the management bodies, as can be read in section 3.3.2.

1 BUSINESS ENVIRONMENT

During 2023, SBM Offshore started to deploy climate change awareness workshops: *Climate Fresk*. To date, approximately 200 employees have participated in Climate Fresk workshops, including SBM Offshore's Management Board and Executive Committee. In December, 9 Sustainability Ambassadors were trained to be Climate Fresk workshop facilitators, extending the potential reach for climate change awareness within SBM Offshore.

AMBITIONS AND TRANSITION PATH

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 has established the following intermediate targets: by 2030, SBM Offshore targets net zero scope 1 and 2 emissions[1], and for scope 3 – downstream leased assets; a 50% reduction of GHG intensity[2] and zero routine flaring[3] (2.1.7). This strategy has been approved by SBM Offshore's Management Board and Supervisory Board.

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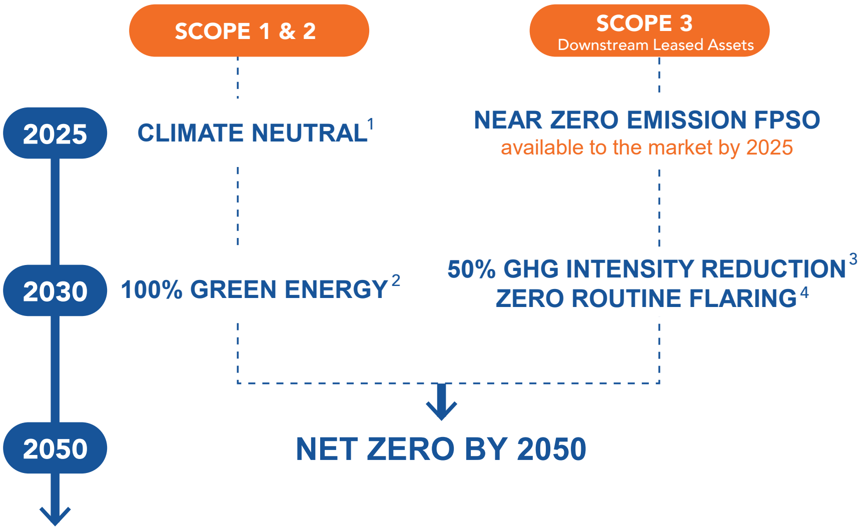
[1] Aiming for 100% sourcing of green energy by 2030 and considering investments in certified projects to balance any residual GHG emissions from scope 1 and 2, reaching a 'net zero' level on total GHG emissions – all related to the scope of office and shorebase-related emissions. SBM Offshore monitors development versus 2016. For 2016 GHG volumes please see here.

[2] Reduce GHG intensity of scope 3 downstream leased assets by 50% by 2030, compared to 2016 as a base year. The base year is a representative year for SBM Offshore's business and follows base year selection guidance by the Science Based Target initiative. For 2016 GHG volumes please see here.

[3] Routine flaring of gas considered as flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market. Applies to GHG emissions from scope 3 downstream leased assets.

OUR NET ZERO AMBITIONS



1. Balancing emissions associated with market-based office-related emissions.
2. Aiming for 100% sourcing of green energy by 2030 and considering investments in certified projects to offset against any residual GHG emissions from Scope 1 & 2.
3. Reduce GHG-intensity of Scope 3 – Downstream Leased Assets with 50% by 2030, compared to 2016 as a base year.
4. Routine flaring of gas is flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market. Applies to GHG emissions from Scope 3 – Downstream Leased Assets.

SBM Offshore envisages applying a science-based approach, using key frameworks, such as below, or equivalent:

1. Assess the impact on the business using frameworks from the Task Force on Climate-Related Financial Disclosures (TCFD).
2. Set targets, using guidance from the Science Based Targets initiative.[4]
3. Measure performance, based on guidance from the Greenhouse Gas Protocol and the EU Taxonomy.
4. Disclose performance, leveraging above standards to disclose in this report and the CDP Benchmark.

The transition path towards its net zero ambitions is supported by:

1. SBM Offshore's emissionZERO® program.
2. Development of new technologies and projects targeting new energies.
3. The optimization of energy use and emissions of downstream leased assets (FPSO) up to end of contract.
4. Deployment of green energy in SBM Offshore office locations.

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[4] In March 2022, SBTi released its policy to pause target commitments and validations for fossil fuel companies while development of the framework continues. As such, SBM Offshore awaits further updates to consider submission of targets for validation. Untill that point, SBM Offshore uses SBTi's generic net zero target setting guidance.

5. Balancing residual emissions in office locations without access to green energy.
6. Continuous engagement with value chain partners to co-create solutions.

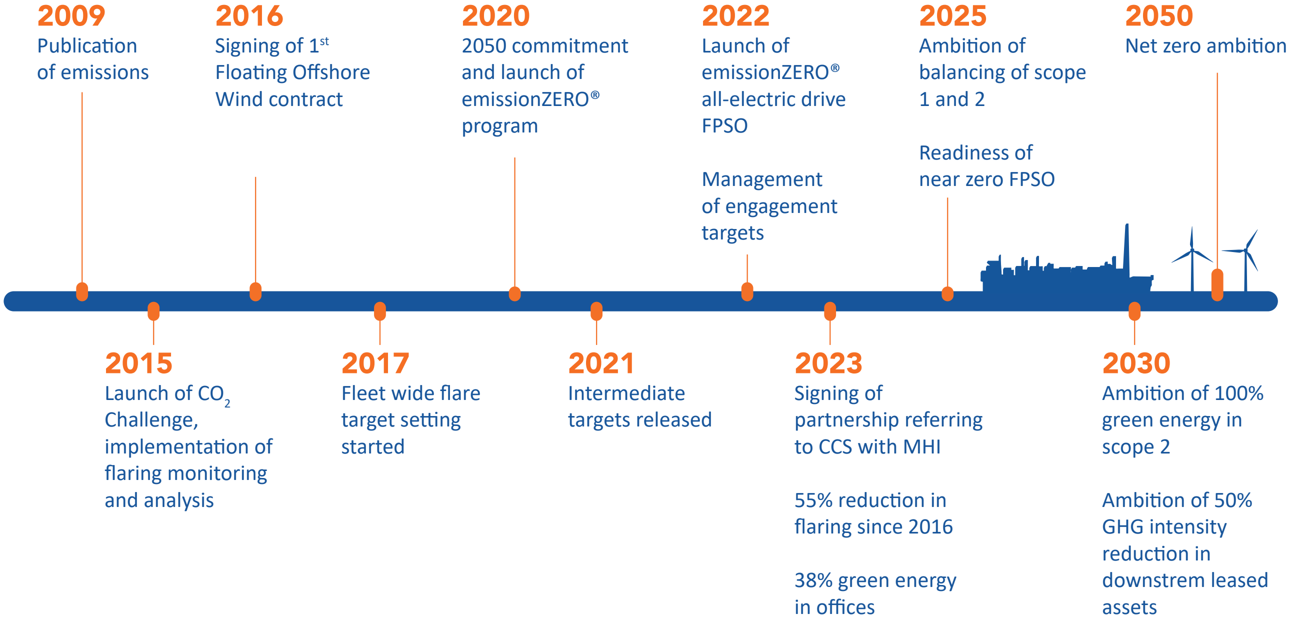
Furthermore, the decommissioning of downstream leased assets at end-of-contract will affect the transition path.

Information on ambitions, achievements and future developments that support the above path can be found in sections 2.1.7 , 2.1.9 and 2.2.

The above actions mainly relate to the time-frame up to 2030, due to the pressure-build on global climate goals. As per explanation under section 1.2.1, the demand for energy continues to grow. The composition of the energy mix, in particular beyond 2030, is uncertain. Even scenarios aligned with a well-below 2 degrees and 1.5 degrees global warming future still seem to require fossil energy to fulfill global energy demand towards and beyond 2050. Although a global mediation mechanism to allow for selection of the lowest emission energy sources does not yet exist, SBM Offshore – supported by external views – sees deepwater oil and gas projects as an affordable, low carbon intensity source of energy going forward. Any residual emissions – after avoidance and reduction of emissions – would have to be balanced for a net-zero future. This can be done through, for instance, carbon capture and storage or nature-based solutions. The timing and required means for balancing scope 3 emissions in particular are dependent on the reduction and balancing measures SBM Offshore's value chain partners will take, which will require industry-wide commitments and collaboration. SBM Offshore is ready to engage and provide solutions for a net zero future.

With regard to financial resources allocated to the above path and associated actions – OPEX and CAPEX – the EU Taxonomy disclosure in section 5.1.5 provides further detail, explaining investments in new energies and related technology. Non-eligible activities relate mainly to the oil and gas business. R&D OPEX related to this business is largely allocated to initiatives that increase energy efficiency and lower emissions. More significant CAPEX will be needed, from the readiness of the emissionZERO® FPSO onwards (targeted 2025). For this to materialize, SBM Offshore is dependent on investment decisions taken by its clients.

The above approach supports SBM Offshore in the framing of targets and actions in light of the global guidance from the Paris Agreement. These ambitions reflect the current understanding of the business and are subject to further development in the future.



FUTURE-PROOFING: CLIMATE CHANGE SCENARIOS

SBM Offshore looks at various climate-change scenarios to future-proof its ambition and transition path. The scenarios are based on International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) data, as explained in section 5.1.4. In order to cover transitional and physical risks, the below scenarios are relevant:

1. The IEA Stated Policies Scenario (STEPS), a climate change scenario that falls short of meeting the Paris Agreement goals – i.e. a >2 degrees scenario.
2. The IEA Net Zero Emissions (NZE) scenario, a climate action scenario providing for strong commitment towards targets, as per the Paris Agreement, i.e. a 1.5 degrees scenario.

STEPS scenario

- **Key risks** are: mainly physical in nature with potential weather-related disruptions to the construction and operation of FPSOs and renewable energy projects. Even if the demand for hydrocarbons stays almost flat compared to current levels, funding these projects might become more challenging.
- **Key opportunities** are: the need for resilient ocean energy solutions owing to increased weather events and a continued demand for FPSOs.

The bottom-line **impact** of the scenario is an improvement in revenue potential through a stronger FPSO demand outlook and an opportunity for resilient energy production solutions and projects.

NZE scenario

- **Key risks** are: the decrease in demand and access to funding for FPSOs with a traditional emissions profile; insufficient internal resources to address the energy transition; and increasing carbon taxes.
- **Key opportunities** are: the development of new, cleaner solutions that address the energy transition and the ability to attract new investors supporting SBM Offshore's sustainability agenda. A carbon price would also lead to a more favorable business case for emissionZERO® products.

The bottom-line **impact** of the scenario for SBM Offshore's traditional markets could be significant if unmitigated and, as such, it is covered by scenario planning under SBM Offshore's Group Strategy Development and Performance Management approach.

Climate change impact assessments are also undertaken for client projects, in close co-operation with project lenders and external consultants, and provide insight into the physical and transitional risks of these projects. Examples of the physical risk metrics used are the exposure to flooding in yards under different climate scenarios and the number of storms in offshore locations. Transitional risk metrics examine the exposure to oil and gas supply/demand changes under various scenarios and the potential impact of carbon pricing.

CLIMATE CHANGE SCENARIO IMPACTS

Present world

Today the world seems to be moving away from the NZE scenario by IEA – where meeting a 1.5-degree path is becoming increasingly challenging, global demand for hydrocarbons is still firm and renewable energy projects are facing headwinds. This challenges the emission reduction path required for a 1.5-degree-aligned future, with the UN currently projecting above 2.5 degrees warming should there be no further mitigation.

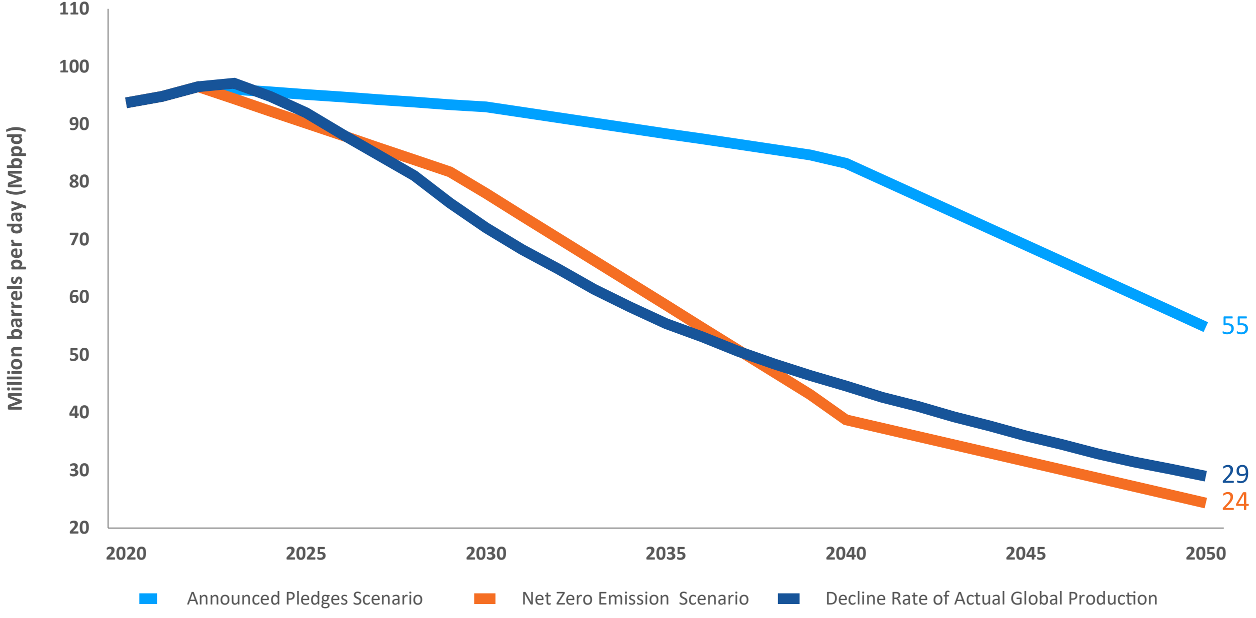
Related to the risks described below, SBM Offshore sees changes in the financing landscape. For instance, the Export Credit Agencies (ECA's) in Europe are decreasing their support for the oil and gas industry, potentially increasing the cost of capital for energy supply. As per the below mitigation, SBM Offshore has engaged with clients on alternative commercial models and with potential lenders on the appetite for future projects.

SBM Offshore also sees the risk of delay in product development materializing, mostly in offshore wind. Some companies in the industry have faced financial setbacks due to price inflation and countries' lower appetite for subsidies. SBM Offshore is keeping a selective approach to its New Energies pillar and future offshore wind business, focusing on viable projects with a scale that drives the affordability of renewable energy.

The graph and tables below provide further detail. Any financial risks are described further in section 4.3.27. Scenarios are part of an ongoing process to challenge perspectives on future business environment, rather than to predict outcomes.

Risk type (relevant scenario)	Risks	Operational impact	Financial Impact	Management of Impact
Physical (STEPS)	Heat/warmer climate	Increased work strain for construction and offshore workers – decreased productivity and delays	Increased cost of construction	SBM Offshore mitigates risks from climate change impact to people and the environment for specific scenarios in each location. Examples are the preparation and execution of Health and Safety plans during the execution of SBM Offshore's projects and readily available Emergency Response plans. Associated financial impacts are mitigated in contingencies for additional schedule impacts, adequate safety measurements and cover through insurance.
	Drought extremes	Increased delays in steel production due to water scarcity Unhealthy work conditions	Increased cost of construction, water expense Higher cost of safe water supply to people	
	Bad weather window for installation	Increased disruption to schedule	Increased financial costs due to standby/ unproductive time for personnel on board	
	Heavy rains and floods	Flooding of onshore bases and construction sites	Damage to materials and machinery, increased insurance premium, delay penalties, contingencies and office closing	
	Typhoons during construction	Physical damage to infrastructure	Increased cost of construction and repair costs for damage, insurance, contingency	
	Peak winds and waves during operations	Technical and physical damage to assets and materials	Repair costs for damage, insurance premiums and downtime cost/ penalties	Design specifications of units take into account the latest metocean simulations of extreme weather events.

OIL DEMAND & SUPPLY OUTLOOK IN VARIOUS SCENARIOS

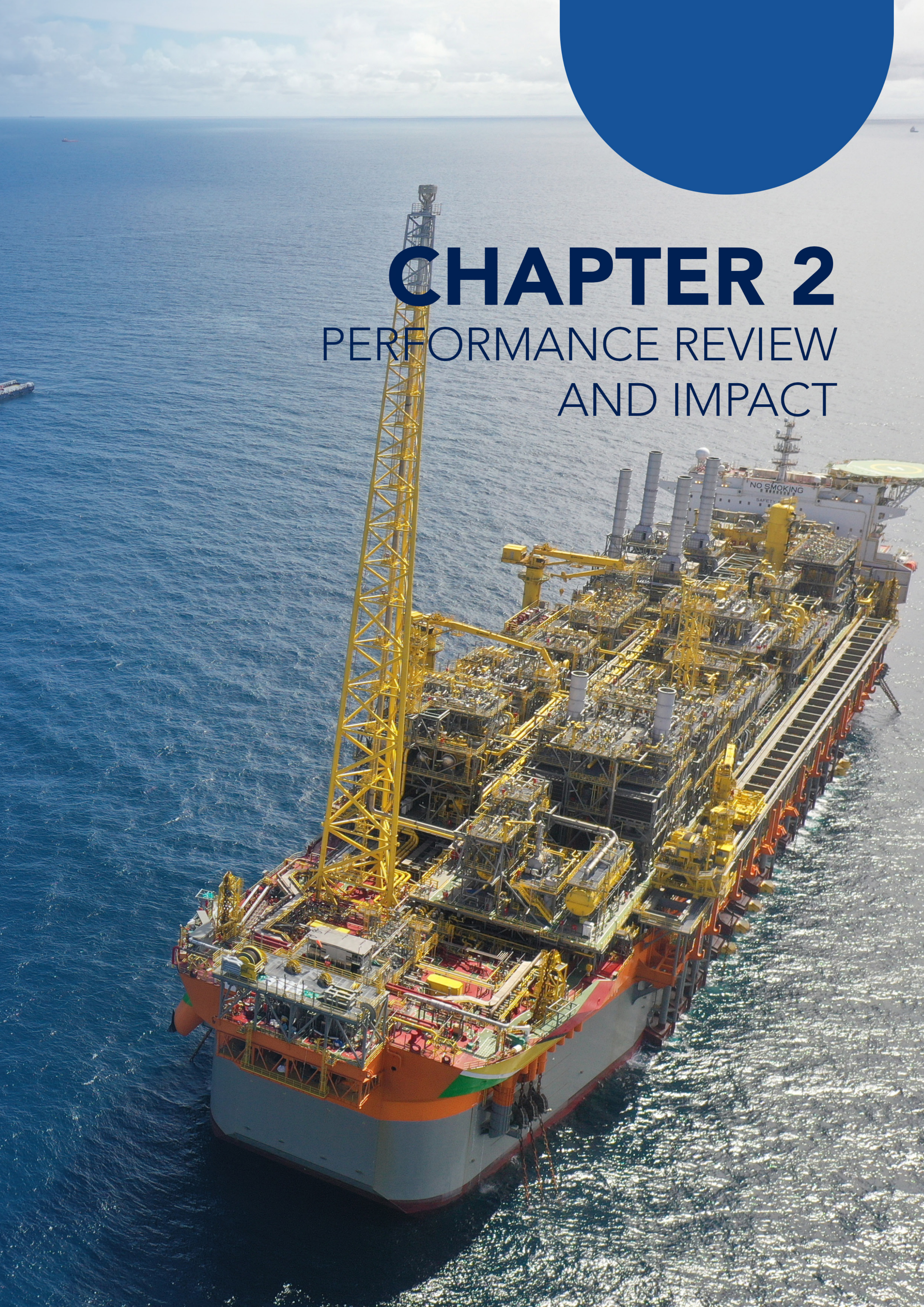


SOURCES: IEA, RYSTAD

1 BUSINESS ENVIRONMENT

Risk type (relevant scenario)	Risks	Operational impact	Financial Impact	Management of Impact
Transitional (NZE)	Inability to attract employees/ resources	Decreased development in renewable product market, FPSO projects understaffed, net-zero targets at risk	Increased cost due to use of contractors rather than attracting in-house talent, potential cost of non-quality	SBM Offshore remains focused on being an attractive employer, with interesting opportunities in the energy industry. Moreover, working at SBM Offshore puts its employees at the centre of the energy transition. See also the risk 'Human capital' in section 1.4.2.
	Clients not supporting low emission effort	Reduced direct income from net-zero aligned technologies, net-zero targets at risk	Increased costs for SBM Offshore when clients are not committed to low emission efforts. SBM Offshore to cover for CAPEX/OPEX	Early engagement with clients on net zero paths, whilst continuing to develop emissionZERO® and achieve SBM Offshore's net zero targets. See also the risk 'Climate Change' in section 1.4.2.
	Reduced demand for oil and gas leads to clients terminating contracts	Reduced operational activities and alignment of organizational capability	Decline in future revenues and earlier than expected decommissioning costs, managed through contract termination compensation	SBM Offshore has a compensation structure for contract termination. SBM Offshore continuously updates its offer in light of the changing energy landscape and aims to decarbonize its existing and new units through emissionZERO®. See also the risk 'Climate Change' in section 1.4.2.
	Financing constraint for hydrocarbon-related projects	Alternative financing arrangements	Increased cost of financing, change in economic distributions, lower margins	Adequate access to debt and equity funding is secured through use of SBM Offshore's existing liquidity, by selling equity to third parties, the use of bridging loans and long-term project financing. Debt funding is sourced from multiple markets, such as international project finance banks, capital markets transactions and Export Credit Agencies. Engagement with clients to develop alternative commercial models which mitigate financing risk for SBM Offshore. See also the risk 'Funding' in section 1.4.2.
	More stringent social and environmental laws	Increased liabilities or provisions, and assessments of contingent liabilities	Increased cost of production, limits to field development	The close monitoring of laws and regulations is carried out continuously, and substantive changes are escalated. This includes for liability from an emergence of carbon tax and its mitigation through appropriate clauses in contracts.
	Introduction of carbon pricing	Decrease in total primary fuel consumption and total energy input	Increased environmental tax and carbon pricing	
	Delay in product development	Deviation from company net zero path	Decreased potential for revenues from renewables associated with 2030 ambitions	SBM Offshore focuses its project development efforts in light of the changing energy landscape. It is enhancing products from its New Energies & Services (NES) portfolio through investment. See also the risk 'Climate change' in section 1.4.2 and project updates in section 2.1.4.

TRUE.
BLUE.
TRANSITION.



CHAPTER 2

PERFORMANCE REVIEW AND IMPACT

OVERALL IMPACT

SBM Offshore is making progress on its ambitions and longer-term objectives explained in section 1.1.3. Examples are the milestones reached in net zero product development (explained in detail in sections 2.1.7 and 2.1.10), the achievement of Human Rights initiatives in key regions, living up to its zero tolerance commitment on misconduct and its ability to finance new projects.

SBM Offshore faces dilemmas on topics material to the business (1.2.2) and significant risks to the business (1.4.2). A key dilemma is balancing the need for affordable energy against global ambitions on climate change. The trade-offs are carefully balanced, while taking a course compatible with net zero (1.4.3). SBM Offshore is well aware of its responsibility to work with its value chain partners to address emissions.

Other challenges include Human Rights, the safety of employees, ensuring a diverse workforce, risks of fraud and bribery and impacts through potential events harming the environment. The strain on people, associated with resource-intense, high-stakes projects, have a risk of inducing physical and mental fatigue in employees in this industry.

This chapter explains SBM Offshore's approach to the above dilemmas and outcomes over the past year and the steps planned for the future.

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.

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 2018[5]. This is part of SBM Offshore's journey towards its aim to be top 10% in the IOGP benchmark by 2030.

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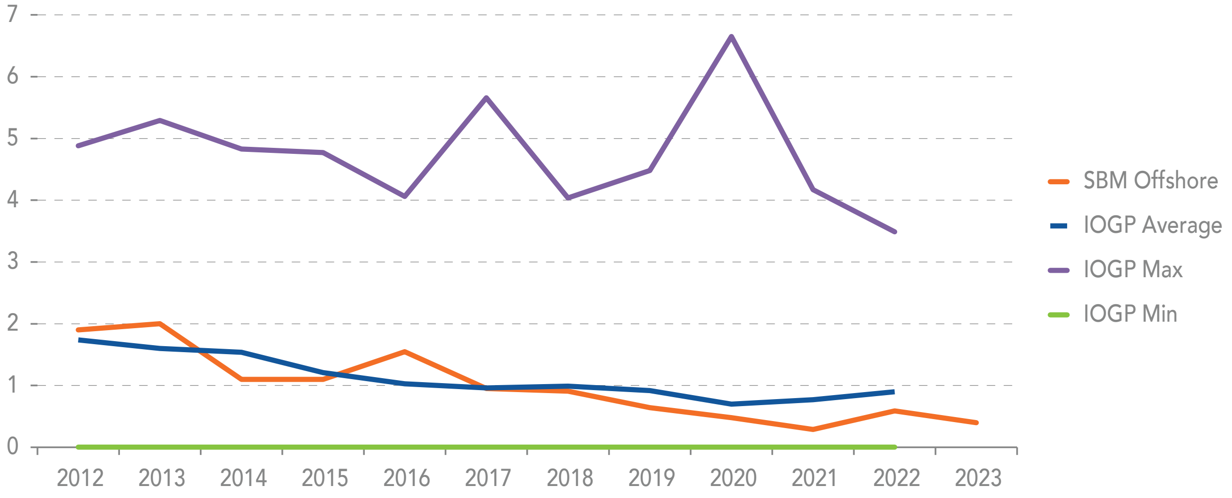
[5] For this graph normalized per 1 million exposure hours; includes IOGP Contributing Members (maximum, average, minimum).

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 then 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.

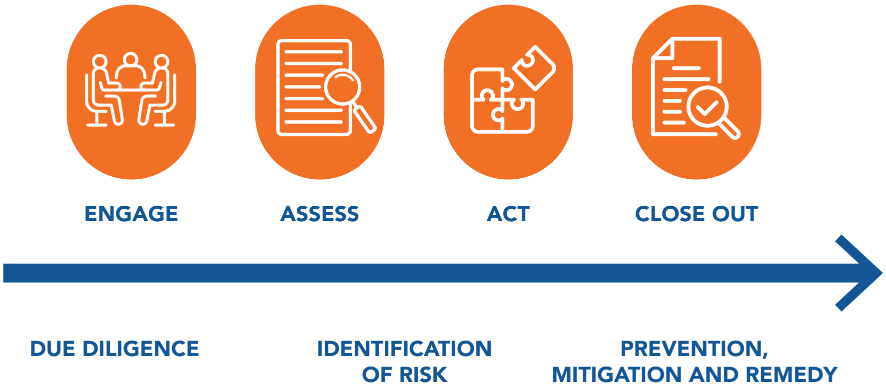
SBM OFFSHORE'S HUMAN RIGHTS SALIENT ISSUES

- 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



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

Key performance indicators for Operational Excellence and Quality include: uptime of the fleet, delivery of projects, performance of the supply chain, costs of non-quality and certifications.

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 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 Lifecyle 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 CO_2 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.

- 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 experience[6].

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.

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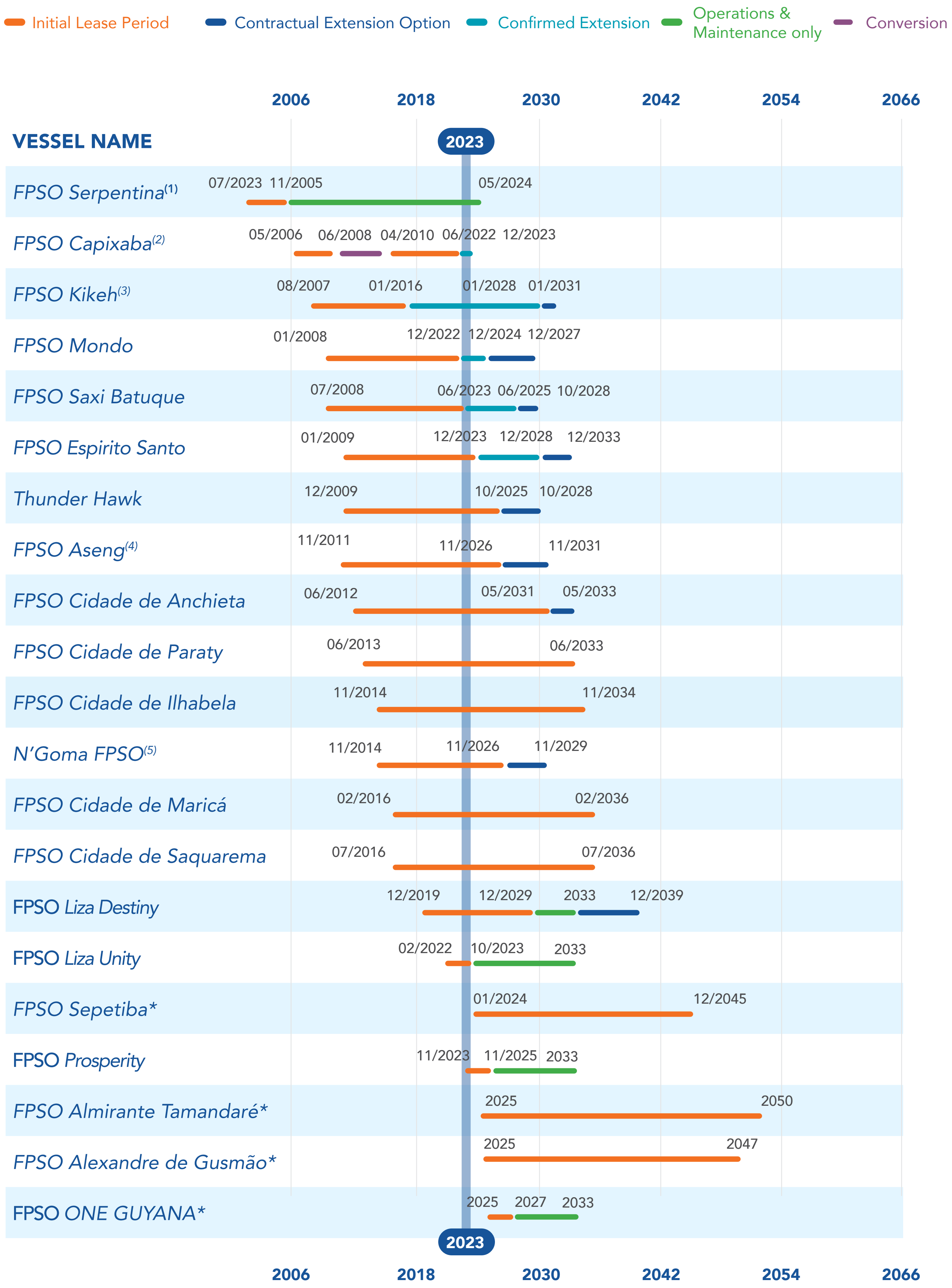
[6] The cumulative contract years of operational experience is calculated based on the number of days in operations from first oil for each unit until the last day that SBM Offshore has operated and continue to operate, divided by 365.

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



* Under construction.

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

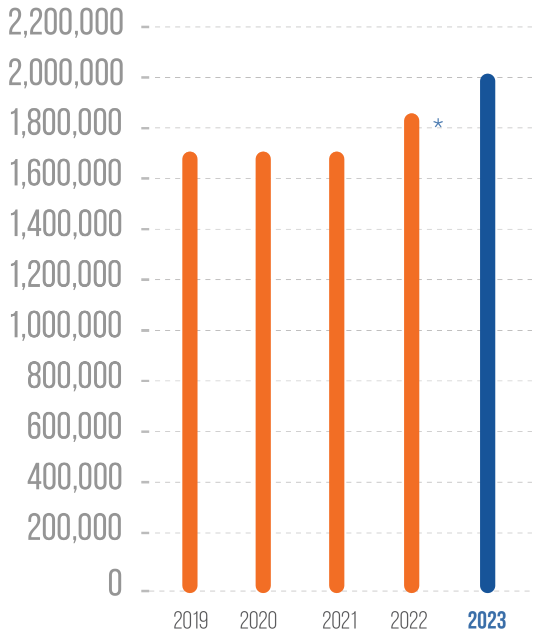
(2) Decommissioning of FPSO Capixaba continued in 2023 and the unit is scheduled to depart Brazilian waters early in 2024.

(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').

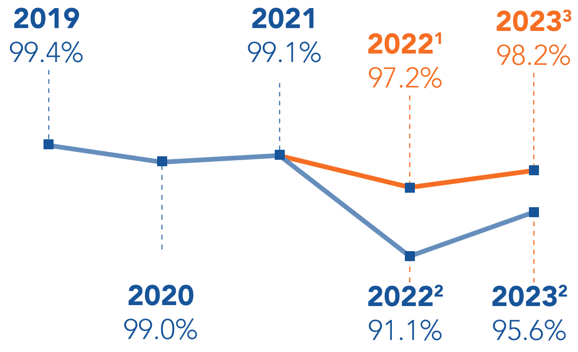
FLEET OIL PRODUCTION CAPACITY (bopd)



The fleet capacity of oil production per day in 2023 was **2,019,000 barrels of oil**.

* including *FPSO Capixaba* 100,000 bopd

FLEET UPTIME DATA
FOR PERIOD 2018 – 2022



1. Fleet uptime without *FPSO Cidade de Anchieta*
2. Actual combined fleet uptime
3. Fleet uptime without *FPSO Mondo*

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.

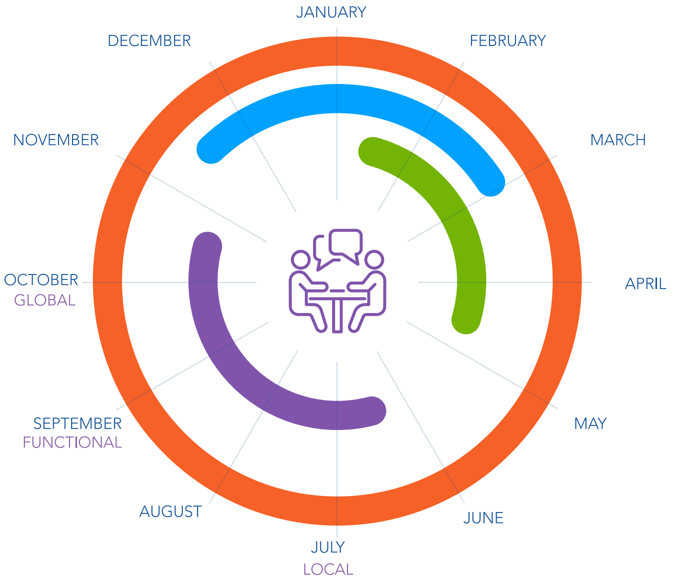
HR CYCLE

CONTINUOUS FEEDBACK & ACHIEVEMENTS
All year long

PERFORMANCE REVIEW & OBJECTIVE SETTING
Mid-October to end-February

REWARD CAMPAIGN
Mid-January to mid-April

PEOPLE REVIEW
Mid-June to mid-October



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 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

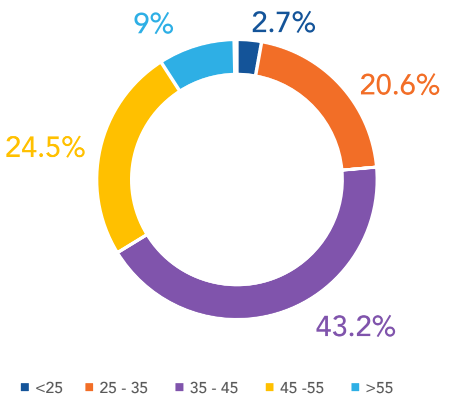
With the continuing digitalization of people management systems, the aim will be to reinforce workforce planning and better anticipate and prepare for future demands. Digital tools will be further rolled out to support virtual reality and e-Learning training programs, leveling up SBM Offshore's approach 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

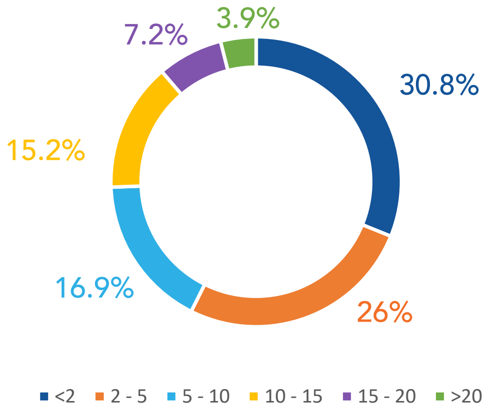
41.6



GLOBAL HEADCOUNT BY SENIORITY RANGE

SENIORITY AVERAGE

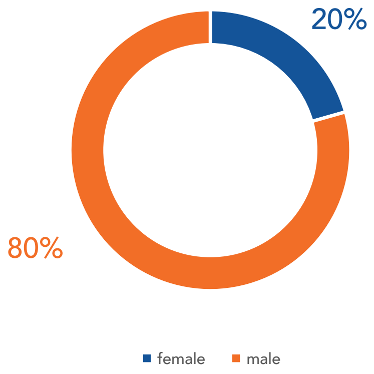
6.4



GLOBAL HEADCOUNT PER GENDER

FEMALE RATIO

20%



GLOBAL HEADCOUNT BY NATIONALITY

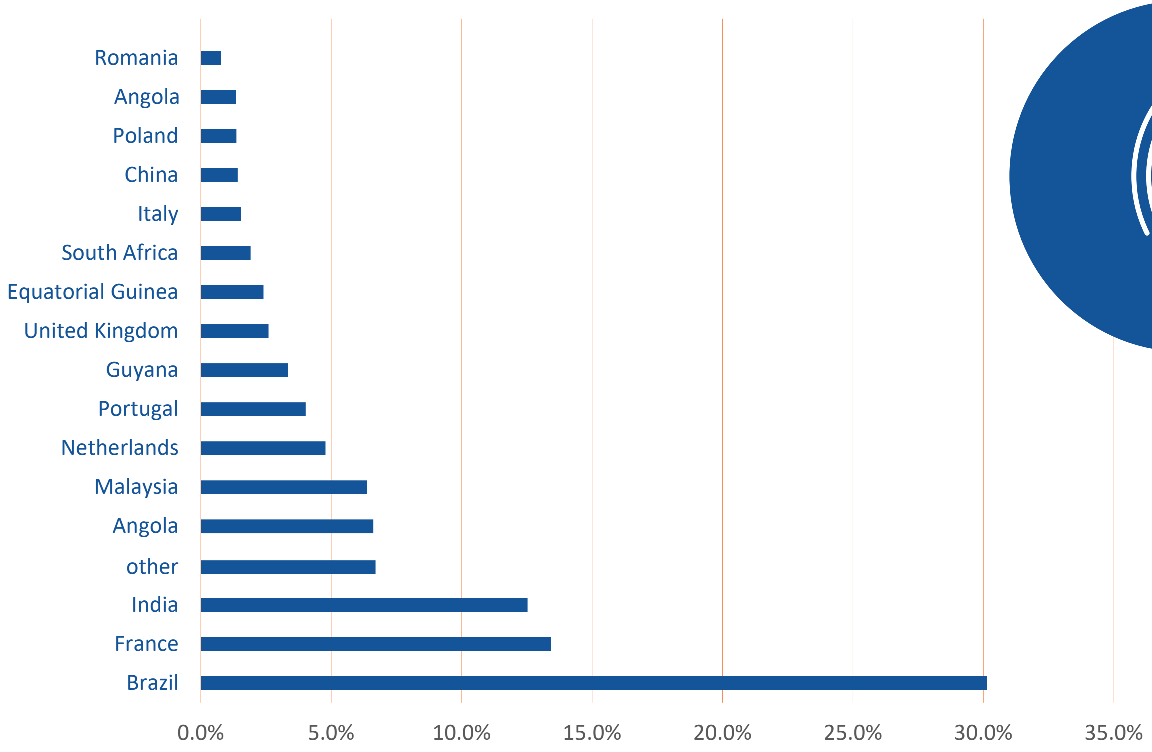
23.3%

OF EMPLOYEES WORK
IN A FOREIGN COUNTRY

48

LANGUAGES SPOKEN
(self-declared)

NATIONALITIES



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.

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 availablity 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 emissions[7], gas flare[8], energy consumption[9].
- Oil in produced water[10], oil spill per production[11].

SBM Offshore focuses on GHG emissions while also addressing other emissions – such as emissions to water 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 CO_2 was removed from fuel gas and export gas streams.

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[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.

GHG EMISSIONS
(MILLION TONNES CO_2 EQUIVALENT)

SCOPE 1

All Direct Emissions from the activities of an organization.

GAS CONSUMPTION & GENERATORS
0.0005

SCOPE 2

Indirect Emissions from electricity purchased and used by an organization.

PURCHASED ELECTRICITY
0.002 (location based)
0.001 (market based)

SCOPE 3

All other Indirect Emissions from activities of an organization.
(ie: occurring up and/or down the value chain)

Purchased Goods & Services: **0.18**
Business Travel: **0.03**
Downstream Leased Assets: **5.7**

SBM OFFSHORE TOTAL EMISSIONS **5.9**

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 CO_2e, 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 CO_2e per employee is 0.07.

Scope 2 – Purchased Electricity

Purchased electricity in offices accounts for 1,811 tonnes of GHG CO_2 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 CO_2e 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.

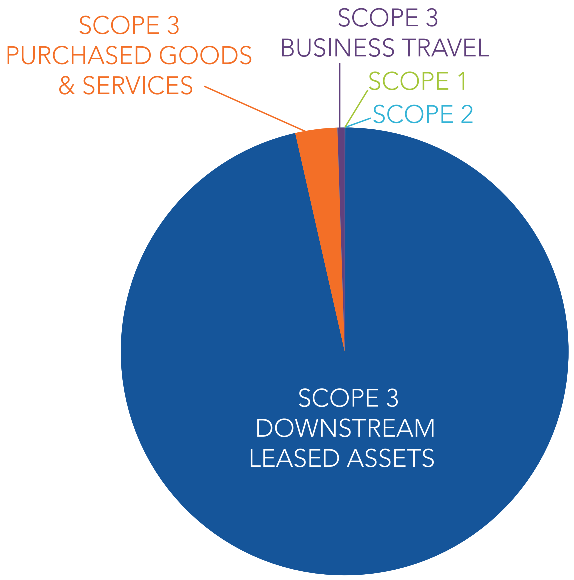
Scope 3 – Downstream Leased Assets

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 benchmark[7] 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 CO_2e 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 some of the Guyana FPSOs. Overall, flaring ratio on downstream leased assets was 4% lower than the industry benchmark[8].

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 benchmark[9]. 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 benchmark[10] (see also section 2.2).
- Downstream leased assets had 0 spills as per IOGP definition[11]. 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.

EMISSIONZERO®

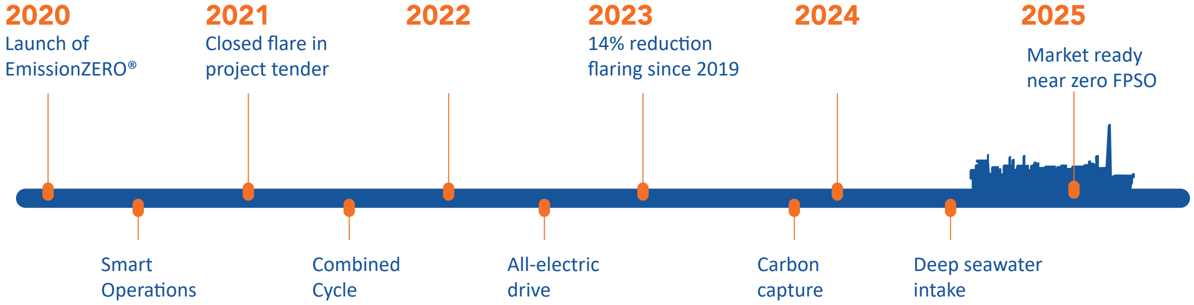
In early 2020, SBM Offshore announced the emissionZERO® program targeting near-zero emissions. The development of a near zero FPSO is the first milestone and a key pillar of the emission zero road map. Proposing a near zero FPSO to the market requires a suite of systems at a high technology-readiness 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 financers 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.

emissionZERO®

ROADMAP TO NEAR ZERO FPSO



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

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:

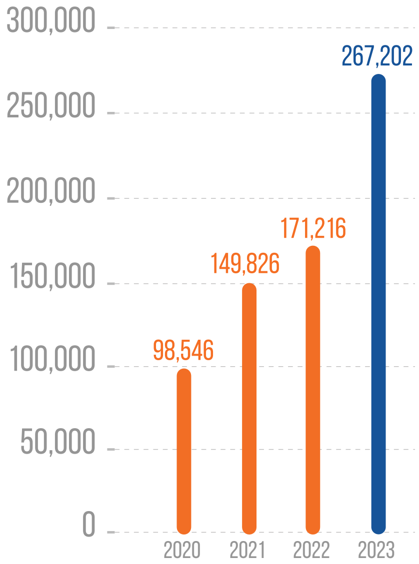
- In addition to ongoing continuous improvement, the number of intelligent digital solutions (so-called Intelligent 'Agents') that have been deployed by end 2023 reaches a total of 16.
- Installation of integrated Operations Center at SBM Offshore Guyana offices.

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.

NUMBER OF DATA SIGNALS
(CUMULATIVE – '000)



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.

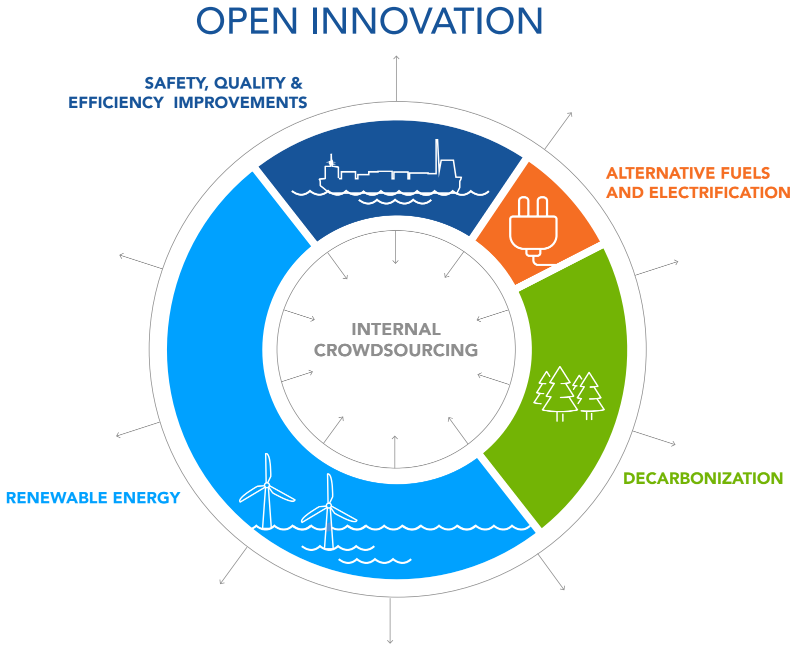
SBM Offshore oversees its intellectual property (IP) holdings by engaging in the registration of patents and trademarks, along with the protection of trade secrets and know-how. Upholding the integrity of its IP, SBM Offshore takes charge of document classification and establishes non-disclosure agreements 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.

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 CO_2 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 CO_2 capture technology offshore. The technology can reduce CO_2 emissions from overall FPSO operations by an estimated 70%, by capturing CO_2 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 Llŷr, 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-eligible[13] 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

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[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 regulations of the local jurisdictions of Nova Scotia and Canada. Furthermore, this project contributed to Sustainable Development Goals by promoting local economic development, establishing traceable waste management streams and supporting habitat creation for a variety of marine species including the endangered Atlantic salmon through deployment of reef balls, built by the local Mi'kmaq community that were placed at several locations in the harbor.

The *FPSO Capixaba* offshore decommissioning scope is in its final phase. The unit has been disconnected from subsea production systems infrastructure and remains moored until it is transported to the recycling yard. For this purpose, SBM Offshore has signed a contract with Modern American Recycling Services Europe for the safe and environmentally sound recycling of the unit at its recycling facility in Denmark.

SBM Offshore is participating as a co-chair of the expert group of IOGP to promote responsible FPSO recycling. Areas of attention for this group are:
- Sharing of best practices and lessons, using experience from IOGP members.
- Developing good practice guidelines for FPSO decommissioning including for safe and environmentally responsible recycling in compliance with international and local regulations.
- Enabling supply chain availability and readiness by compiling forecast data on FPSO recycling demand.
- Engaging with external expert groups, NGOs, and other relevant stakeholders to learn about expectations and identifying common standards and best practices.

FUTURE

During 2024, SBM Offshore expects to begin dismantling and recycling *FPSO Capixaba* in Denmark. After the close out of the recycling of Deep Panuke, SBM Offshore remains committed to related sustainability projects. At the same time, SBM Offshore is supporting economic development in the region through commercial activities for floating offshore wind, together with its partners.

2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

Environmental, social and governance-related topics are foundational to SBM Offshore's business and consequently drive its strategy development and performance management process. It is the role of every SBMer to contribute positively to this. SBM Offshore is further embedding sustainability in the business by, for example, increasing low-carbon products and promoting local voluntary projects for positive impact.

SBM Offshore leverages the UN SDG framework to steer on positive impact. It has identified nine SDGs to which it can contribute with the most impact, and which are most material to its business. SBM Offshore strives to embed the selected SDG topics within the organization and targets are built with inputs and commitments from different business entities, such as business development, HSSE and operations, as part of business plans and budgets.

A sustainability team is providing guidance to drive positive local impacts aligned with the SDG framework and impacts mentioned in chapter 2. The team reports into the portfolio of the Chief Executive Officer (CEO). SBM Offshore has sustainability ambassadors in various countries working with local colleagues and communities.

SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). As part of Projects, SBM Offshore applies guidance by the World Bank and works within Environmental Impact Assessments and Stakeholder Engagement outcomes conducted by its clients.

2023 PERFORMANCE

SBM Offshore has built on previous years' efforts and commitments to increase its positive impact on selected SDG targets. This performance program is linked to SBM Offshore's Short-Term Incentive (STI) scheme. An overview of SBM Offshore's contribution towards the SDGs is provided in the SDG table.

Overall SBM Offshore is pleased with meeting the performance on 13 out of the 14 SDG-linked targets set in 2023. Although SBM Offshore aims for completion of all targets, challenges are part of the journey for improvement and sustainability. On SDG 4 – completing climate change & energy transition awareness program – SBM Offshore achieved 93% completion instead of the targeted 100%. For a small part of the targeted offshore community, operational priorities inhibited completion.

Detail on the performance against SDG-linked targets is provided in the table found at the end of the section. Three examples of targets SBM Offshore has achieved are:

1. SBM Offshore had set the target for validated investment for climate neutral office energy, as part of SDG 7, for which SBM Offshore has committed the required budget for 2024.
2. To contribute to SDG 10 'Reduced Inequalities', SBM Offshore organized school outreach programs for different locations. Guyana ran a STEM program that caters for indigenous women, with awardees pursuing their studies at the University of Guyana. In Monaco, SBM Offshore developed and piloted the first school outreach program with partner, Elles Bougent. The program encourages young female students to undertake scientific and technical academic training and aims to strengthen gender diversity in enterprises in the industrial and technology sectors. Women in engineering or technical roles at SBM Offshore volunteer to share their career passion through workshops, presentations, and demonstrations to middle school and high school students.
3. In the construction phase of FPSOs, further progress has been made on monitoring of GHG emissions at all nine yards in which FPSOs are being built by SBM Offshore and are included as part of SDG 13 Climate Action.

A key topic to SBM Offshore's business is biodiversity, reflected in actions taken in the light of SDG 14. During 2023, SBM Offshore has further familiarized itself with guidance from the Taskforce for Nature-related Financial Disclosure (TNFD) – reflecting on nature-related dependencies and impacts. Nature-based dependencies are present in all parts of the business, within particular downstream leased assets (FPSOs) offshore – mainly being weather conditions, food supply and the impact to stakeholders such as local fisheries.

A key input for dealing with nature-related impacts are clients' environmental impact assessments, which include impacts to life below water and impacts to communities that depend on this life. As part of its materiality assessment – described in section 1.2.2 – SBM Offshore has assessed impacts related to biodiversity. During project financing, biodiversity is a topic for due diligence, typically based on IFC Performance Standards. In that light, based on critical habitat assessments carried out in Brazil, SBM Offshore confirmed that, using Rio de Janeiro as the port base for installation activity, no risks of crossing critical habitats exist. At this point, targets related to life below water concern water discharge indicators and SBM Offshore's approach to ocean data sharing, including fauna observation in operations. Furthermore, as part of the Deep Panuke recycling project, SBM Offshore contributed to reef restoration with postive impact based on monitoring during 2023. The target for 2023 related to 'Life Below Water' has been achieved, as described in the SDG-linked targets table.

SBM Offshore takes pride in its continuous improvement approach and will apply the knowledge gained from its performance in future target setting. This has led to solid ratings in sustainability benchmarks, as per the following table.

Ranking of SBM Offshore in Sustainability Benchmarks

Benchmark	2023	2022	Comment
CDP (A to D-)	B[1]	A-	'Taking climate actions'
S&P Global, score (out of 100)	56[2]	75	Top 5% in Industry
Sustainalytics, ESG risk (0-40+, lower scores indicate better performance)	15.3	14.5	'Low ESG risk' and ESG Industry Top Rated

[1] As per the new policy by CDP, 'B' is the maximum possible score for companies not disclosing the detailed CDP survey responses. As per this report SBM Offshore discloses publicly its emissions performance, climate change impacts, ambitions and GHG data in sections 1.4.3, 2.1.7. and 5.3.2.

[2] Ranking as per January 22, 2024. SBM Offshore has engaged with S&P Global on a re-assessment to understand the differences versus 2022.

Local impact

SBM Offshore has sustainability ambassadors and professionals in Brazil, Guyana, Malaysia, China, India, the Netherlands, Monaco, USA, Switzerland, Angola and Portugal. They engage with local employees, organize SDG-related activities for positive impact and are part of SBM Offshore's effort to embed sustainability in the business with local initiatives. A few examples of the actions taken are highlighted below.

Guyana

SBM Offshore further continued its technical, financial and advisory support, with Plympton Farms in light of SDG 3 'Good Health and Wellbeing'. This agricultural project is the largest hydroponics farm in the country, turning barren earth into lucrative farmland and creating stable jobs for residents in remote areas of the country. SBM Offshore aided in constructing three acres of greenhouses. This project supports national targets of reducing food importation by 25% by 2025 as well as helping to reduce SBM Offshore'senvironmental footprint associated with food production and imports by providing FPSOs with quality, fresh, locally grown food. The farm supplied approximately 2,500kg of fresh farm produce in 2023 to FPSOs *Liza Unity*, *Liza Destiny* and *Prosperity*.

On SDG 4 'Quality Education', SBM Offshore, in partnership with the Guyana Marine Conservation Society, launched the Education and Awareness Programme on the Barima-Mora Passage, a wildlife hub in Mabaruma which is home to an extensive spread of mangroves, several IUCN red list species and incredible indigenous culture. Through this program, 10 schools will increase their knowledge and appreciation of the mangroves and the biodiversity of the area, whilst fueling their drive to protect and conserve the wildlife hub. As part of the initiative, the inaugural Wildlife Festival was launched in Mabaruma on July 26, the day declared as International Day for the Conservation of the Mangrove Ecosystem, which saw schools in the Mabaruma sub-district participating in a range of educational and cultural activities.

In addition to contributing to SDG 4 and SDG 10, SBM Offshore Guyana has partnered with the National Coordinating Coalition to implement a literacy program with 35 students aged 6 to 16. The program aims to address the existing educational and social gaps within Sophia D&E Fields and Cummings Park communities. This program completed its first year in June 2023 with 32 students graduating and the second year began in July 2023.

In addition, the Sherriff Street location of SBM Offshore Guyana has been equipped with a solar panel system that has been operational since March 2023, and has reduced SBM Offshore's emissions by approximately 38 tonnes CO_2 equivalent (SDG 7 and SDG 13).

To further support local economic growth, as per SDG 8 'Decent Work and Economic Growth', and act on the need for sustainable income generation and the diversification of Guyana's economy, SBM Offshore provided support to Hubu Aquafarm to boost production of shrimp and prawns.

To contribute to SDG 10 'Reduced Inequalities', SBM Offshore organized a school outreach program for different locations. Guyana ran a STEM program that caters for indigenous women, with awardees pursuing their studies at the University of Guyana.

For SDG 12 'Responsible Production and Consumption', SBM Offshore Brazil has spent time, in partnership with Earthwake, to innovate and develop a machine which transforms plastic waste into fuel through the combination of pyrolysis technology and precision distillation. Subsequently, the produced fuels will be donated to remote communities offgrid to provide electricity.

Further, SBM Offshore Guyana received three awards this year: firstly, for its Quality, Health, Safety and Environment Culture from the Guyana National Bureau of Standards; secondly, for SBM Offshore's Catalyst of Change Award from AMCHAM for its social investment initiatives; thirdly, from the 'Guyana Manufacturing and Services Association (GMSA)' a Corporate Social Responsibility Award 'in recognition of SBM Offshore's substantial contribution in Corporate Social Responsibility'.

Brazil

In Brazil, SBM Offshore organized internal initiatives for more than 800 employees associated with SDG 10, to raise awareness of issues relevant in the local context, such as prejudice, racism and harassment and inaugurated the first D&I Employee Library with a collection of titles on diverse topics, including race, gender, LGBTQIA+, disabilities, children's literature, and titles related to personal development, leadership, and empowerment. For SDG 14, on Ocean Day, SBM Offshore Brazil promoted various environmental education initiatives by organizing an exhibition on the main marine species in the area of SBM Offshore operations.

Furthermore, SBM Offshore Brazil implemented the first phase of a zero-landfill project, applying a circular economy approach to identify opportunities for improvement in processes that affect waste generation. The project aims to reduce, reuse and recycle at source, minimizing the waste that ends up in landfills or non-energy incinerators to the technical limit. This assessment was carried out on site on two vessels, *FPSO Cidade de Anchieta* and *FPSO Cidade de Saquarema*, and in a logistics warehouse that supports operations, and included a detailed analysis of supply-chain processes and contracts.

Malaysia

In Malaysia SBM Offshore partnered with JA Malaysia on SDG 4 to support and mentor a group of students from SMK Seafield to create their company where they used recycled items to make fashionable products and exhibit them. Various SBM Offshore employees, including senior management, were involved in coaching.

Various initiatives were taken in relation to SDG 14 'Life Below Water'. SBM Offshore Malaysia raised awareness about the importance of protecting the marine environment, with 17 SBM Offshore volunteers and 15 underprivileged children. It featured engaging talks on the impact of plastic pollution on marine ecosystems and the crucial role of coral reefs in supporting marine life. The day included a visit to the solar-powered floating rubbish collection barge.

China

In China, more than 95% of local staff in SBM Offshore China have received first aid training this year and are now certified first aiders, associated with SDG 3. Associated with SDG 8, SBM Offshore China continued initiatives for the human rights program in the yards. For details on the activities and progress on human rights see section 2.1.3. For SDG 4 and SDG 14, SBM Offshore globally organized beach clean-up activities. Additionally, SBM Offshore China organized workshops on reducing the plastic footprint and a biodiversity 'Protect Black-faced Spoonbill' campaign was organized, focused on raising the awareness of employees on protecting ocean health and threatened species.

Angola

Related to climate action, in Angola, a partnership was formed with the Otchiva Association to protect and restore mangrove ecosystems by planting seeds. Furthermore, SBM Offshore organized cancer awareness for its employees, visited a cancer institute and made donations of supplies for hospitalized children. There was a donation campaign of essential goods organized for over 200 socially vulnerable families living in poverty in the Lupupa community in Angola.

India

There have been several health and wellbeing initiatives, such as first aid training and healthy mind toolkit for colleagues, associated with SDG 3. Multiple competitions for SBM Offshore colleagues in India were organized including on health and recycling. Celebrations were also held for International Women's day to empower women and embrace equity.

Other

The Monaco office took part again in the annual Monaco Energy Boat Challenge, competing in the Energy Class. SBM Offshore runs a green hydrogen-powered boat and continues to develop this and aims to contribute, with its research, to the development of clean energy, as highlighted in SDG 7 'Affordable and Clean Energy'. The office hosted teams from six schools in Guyana, who participated in a local qualifier event for the Monaco Mousetrap Cars Grand Prix, which encourages students to learn and apply the laws of physics, associated with SDG 4 and SDG 9.

Colleagues in the Netherlands teamed up on a beach clean up in Hoek van Holland, supporting Stichting Noordzee, an association that supports a clean and healthy North Sea. In the USA, initiatives around plastic consumption reduction and a preventive health campaign were deployed.

In Porto, awareness sessions about the SDG's, particularly SDG 13 and SDG 8 were organized for employees. Associated with SDG 3, to raise awareness on breast and prostate cancer, the Portuguese League Against Cancer and Portuguese Association for Prostate Patients was invited. A donation campaign and volunteering was organized to support local institutions on their mission to help homeless people and children at risk.

Worldwide, close to 30 charitable donations were made across the various locations where SBM Offshore is active. These include contributions to local education, literacy projects, sustainable fishing and an ocean protection expedition.

FUTURE

SBM Offshore has formulated SDG-linked targets as part of its Material Topics for 2024, hence taking an integrated approach and further embedding ESG in its perfomance-management processes. SBM Offshore will continue its efforts to structure local projects in line with its Material Topics and SDG-linked actions.

SUSTAINABLE DEVELOPMENT GOALS: LONG-TERM TARGETS, 2023 TARGETS AND RESULTS

SDG	TARGET AREA	LONG-TERM COMPANY TARGETS[1]	2023 COMPANY TARGETS	2023 RESULTS
3 GOOD HEALTH AND WELL-BEING	Health & Wellbeing	A leader on Employee Health & Wellbeing	70% participation health check programs	79%
4 QUALITY EDUCATION	Education for Sustainable Development	Co-develop climate change & energy transition awareness program for developing regions	Complete climate change & energy transition awareness program for targeted operations community	93%
7 AFFORDABLE AND CLEAN ENERGY	Access to Energy Energy Efficiency	Approved investment plans in support of net zero by no later than 2050 (Downstream Leased Assets installed base) Project offices consume 100% of green energy	Operational excellence on gas flared: 1.48 mmscf/d average Validated investment for climate neutral office energy	1.18 Completed
8 DECENT WORK AND ECONOMIC GROWTH	Human Rights Occupational Safety & Process Safety	Fully embed human rights & social performance within SBM Offshore to achieve no harm Top 10% performer in Occupational Safety & Process Safety Events	Deliver 2 human rights/worker welfare initiatives per region that contribute to remedy of human rights impacts aligned with SBM Offshore Human Rights Standards, including current salient issues TRIFR: 0.14 T1 Process Safety Events with > 3 in severity score	>2 0.08 1
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Energy Transition & Decarbonization	>2GW FOW installed or under construction by 2030 Offer the market with near zero emissions FPSO	50% of R&D budget allocated to EU Taxonomy eligible technologies Carbon Capture Module readiness for Pre-FEED	52.3% 100%
10 REDUCED INEQUALITIES	Diversity & Inclusion	Reduce inequality within and among countries	Develop & pilot a school outreach to promote women in engineering and encourage younger generations to take interest in the energy transition business	Completed
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Circularity	Ensure sustainable consumption and production patterns	Launch ZEROLandfill project in Brazil, action plan for one pilot vessel approved	2
13 CLIMATE ACTION	Climate Change Management	Run a strategy and action plan compatible with a transition to net zero by no later than 2050	Launch GHG-emissions monitoring for construction phase	100%
14 LIFE BELOW WATER	Ensure Ocean Health & Protect Ecosystems	Reduce Oil in Water Discharge Intensity to zero Develop Marine Diversity Intelligence & Improvement Framework, including target management	Manage oil in water discharge to 50% below industry average Deliver ocean data sharing project, including fauna surveillance	66% 100%

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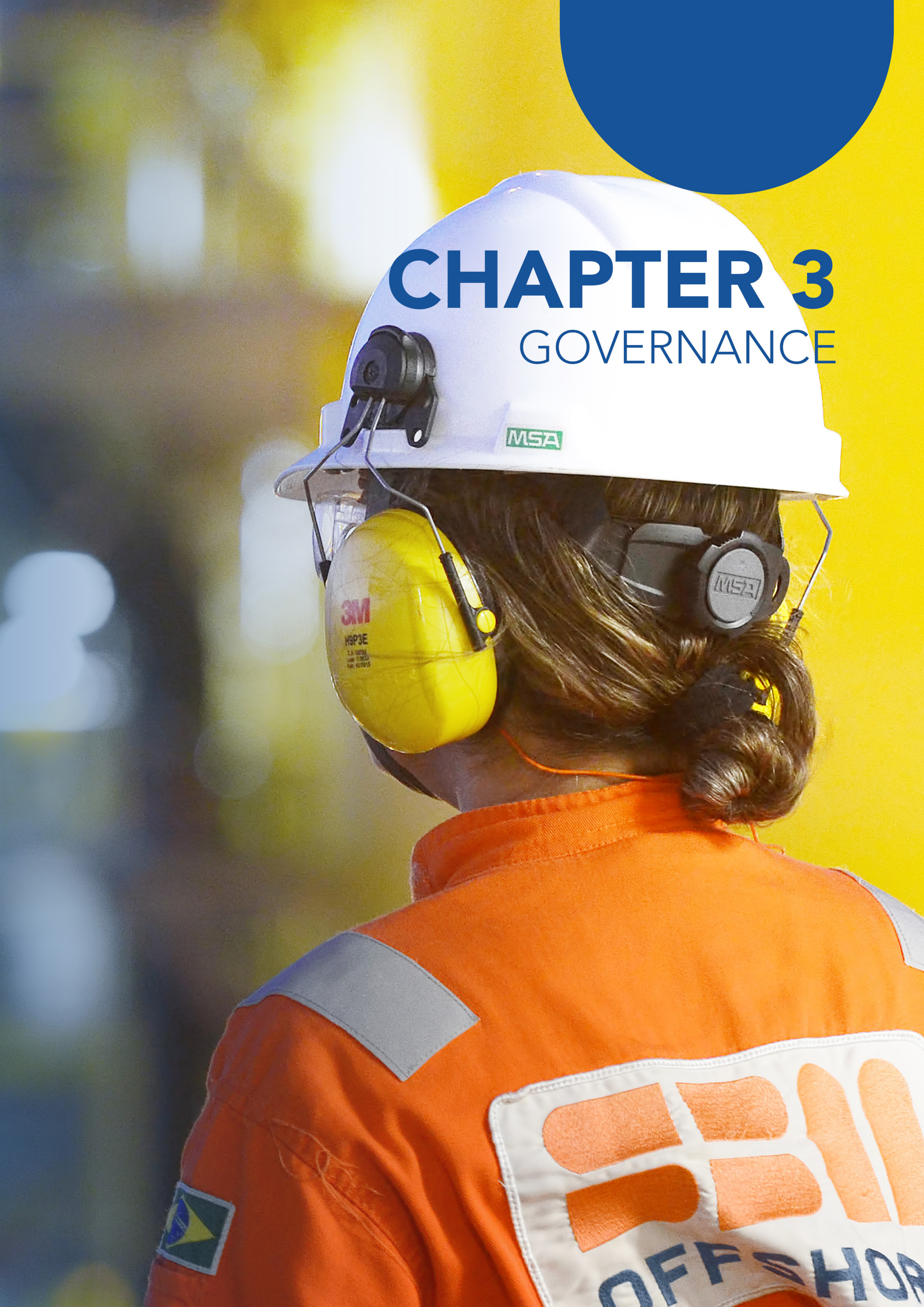
1. By 2030 unless specified otherwise.

TRUE. BLUE. TRANSITION.



CHAPTER 3
GOVERNANCE

3 GOVERNANCE

3.1 CORPORATE GOVERNANCE STATEMENT

This section gives a broad outline of SBM Offshore's corporate governance structure by describing the roles of the corporate bodies, the external independent auditor, the internal auditor, the General Meeting and of the foundation Stichting Continuïteit SBM Offshore.

On December 20, 2022 the Corporate Governance Code Monitoring Committee published the updated Dutch Corporate Governance Code (Corporate Governance Code). Dutch listed companies are required to report in 2024 on compliance with the Corporate Governance Code in the 2023 financial year. One of the main changes compared to the 2016 Dutch Corporate Governance Code, is the focus on *sustainable* long-term value creation as one of the guiding principles. Amongst others, section 1.3 and 1.2.2 describe SBM Offshore's strategy to realize sustainable long-term value creation, including the social, environmental and economic aspects hereof. Furthermore, it is explained what effects the Company have had on people and the environment and how the interests of stakeholders have been considered (section 1.2.2).

Further to the Corporate Governance Code, the Company has made minor updates to its Management Board and Supervisory Board rules, Diversity & Inclusion Policies for the Management Board, Senior Management and Supervisory Board, its Shareholder Contact and Dialogue Policy (best practice 4.2.2) and published its Stakeholder Engagement Policy (best practice 1.1.5). Reporting on the Diversity targets can be found in section 3.1.9.

This section includes further information to what extent SBM Offshore applies the principles and best practice provisions hereof. The details on compliance with the Corporate Governance Code and the documents referred to above can (also) be found on SBM Offshore's website (ESG/Governance section). The full text of the Corporate Governance Code can be found on www.mccg.nl.

3.1.1 CORPORATE GOVERNANCE STRUCTURE

SBM Offshore N.V. is a public company with limited liability (*Naamloze Vennootschap*) incorporated under the laws of the Netherlands with its corporate seat in Amsterdam. Its shares are listed on Euronext Amsterdam. The Company has a two-tier board consisting of a Supervisory Board and a Management Board. Each board has its specific roles and tasks regulated by laws, the articles of association, the Corporate Governance Code, the Supervisory Board rules and Management Board rules. The Management Board rules and Supervisory Board rules contain details on the ways of working of the Management Board and the Supervisory Board and minor updates in view of the Corporate Governance Code were made on November 8, 2023. All documents referred to in this paragraph can be found on SBM Offshore's website (ESG/Governance section).

3.1.2 MANAGEMENT BOARD

The Management Board consists of three members: the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer. The Management Board manages the Company and is responsible for the continuity of the Company and its business. In fulfilling its responsibilities, the Management Board focuses on sustainable long-term value creation and takes into account the relevant stakeholders' interests. Attention is paid to the effects on people and the environment, as well as the impact of new technologies and changing business models. The Management Board divides duties among its members, charging individual members with specific primary responsibilities. However, the Management Board remains collectively responsible for the management, the business and general affairs of SBM Offshore. The Management Board is accountable to the Supervisory Board and the General Meeting for the performance of its management tasks.

Each year, the Management Board presents to the Supervisory Board the long-term strategy of the Company and the operational plan for the following financial year. The strategy of the Company is built around the ESG themes that have priority for the Company (sections 1.2.2 and 1.3). For each of these themes, material topics have been identified following stakeholder engagement. The related objectives that allow quantification and progress measurement of the strategy implementation are regularly reviewed. Both the long-term strategy and the operational plan are adopted after the Supervisory Board's approval.

The Management Board is responsible for determining the Company's risk profile and policy, which are designed to realize the Company's objectives, to assess and manage the Company's risks and to ensure that sound internal risk management and control systems are in place. The Management Board monitors the design and operation of the internal risk management and control systems and carries out a systematic assessment of their design and operation at least once a year and reports on this to the Audit Committee and the Supervisory Board. This monitoring covers all material control measures relating to strategic, operational, financial, compliance and reporting risks. Among other considerations, attention is given to observed weaknesses, instances of misconduct and irregularities and indications from whistle blowers. In addition the Management Board discusses the Company's annual risk appetite with the Audit Committee and Supervisory Board. A quarterly risk report is provided to the Audit Committee.

The Management Board adopted corporate core values that contribute to a culture focused on sustainable long-term value creation for the Company. These values are Integrity, Care, Entrepreneurship and Ownership and are regularly discussed with the Supervisory Board. The Management Board encourages behavior that is in keeping with the values and propagates these values through leading by example. The Management Board is responsible for the incorporation and maintenance of the values. The Management Board has drawn up a Code of Conduct and monitors its effectiveness as well as compliance with this Code. Findings and observations in this context are shared with the Supervisory Board. More information about the ways of working of the Management Board can be found in the Management Board rules, as available on the Company's website.

COMPOSITION OF THE MANAGEMENT BOARD

Management Board members are appointed and can be suspended or dismissed by the General Meeting. Further information about the appointment and dismissal of Management Board members can be found in SBM Offshore's articles of association.

Management Board members are to inform the Supervisory Board before accepting positions outside the Company and shall not accept such positions prior to the approval of the Supervisory Board. Mandates are discussed annually in the Supervisory Board meeting. The positions cannot be in conflict with the Company's interests. Members of the Management Board may also be appointed to the statutory board of the Company's operational entities. The Company is compliant with best practice 2.4.2 of the Corporate Governance Code.

BRUNO CHABAS

Chief Executive Officer, Swiss and French nationality, 1964, male

Initial appointment in 2011

Bruno Chabas joined SBM Offshore as Chief Operating Officer and Member of the Management Board in May 2011 and became CEO in January 2012. Prior to joining, he worked for 19 years with Acergy S.A. (now Subsea 7 SA). From November 2002 until January 2011, he served as the Chief Operating Officer of Acergy S.A., responsible for all the day-to-day commercial and operational activity worldwide. From June 1999 through October 2002, he served as Chief Financial Officer. Between 1992 and 2002, Bruno Chabas held various management positions within preceding companies in the United Kingdom, France and the United States.

Bruno Chabas holds an MBA from Babson College, Massachusetts.

Other mandates: Non-Executive Director of FORACO International S.A.

ØIVIND TANGEN

Chief Operating Officer, Norwegian nationality, 1973, male

Initial appointment in 2022

Øivind Tangen was appointed as member of the Management Board and Chief Operating Officer at the 2022 Annual General Meeting. He joined SBM Offshore in 2002, as operations readiness engineer. He has subsequently acquired a rich background of international projects and operational management, from Nigeria to Angola and Nova Scotia, Canada. Returning to Monaco in 2014, he held the position of Group Strategy Director and subsequently Director of Group Execution Functions. In December 2016, he was appointed as Managing Director Operations. Øivind Tangen began his career in offshore engineering with ABB Offshore Systems in Oslo.

Øivind Tangen holds an MSc in Naval Architecture from Trondheim University in Norway and a Master's Degree in MEDEA (Energy, Environmental Management & Economics) from ENI Corporate University in Milan.

No other mandates.

DOUGLAS WOOD

Chief Financial Officer, British nationality, 1971, male

Initial appointment in 2016

Douglas Wood joined SBM Offshore as Group Financial Director in October 2016. During the Company's Extraordinary General Meeting of November 30, 2016 he was appointed as a member of the Management Board and took over the role of CFO. Prior to joining SBM Offshore, Douglas Wood worked for Shell for 23 years in various financial management positions, most recently as CFO and Director of Showa Shell Sekiyu K.K. in Japan. His other roles included Vice President Finance & Planning Exploration (Shell Upstream International) and Head of Business Performance Reporting & Financial Planning (for Shell Exploration & Production).

Douglas Wood is a Fellow of the Chartered Institute of Management Accountants since 2006 and in 1993 obtained a degree in Classics at Oxford University.

No other mandates.

3.1.3 SUPERVISORY BOARD AND COMMITTEES

The Supervisory Board consists of six members. The Supervisory Board supervises the policies, the management of the Company and its businesses, the effectiveness and the integrity of the internal risk management and control systems and procedures implemented by the Management Board, as well as the general conduct of affairs of the Company and its businesses. The Supervisory Board also supervises how the Management Board determines its position on the sustainable long-term value creation strategy and how the Management Board implements that strategy, taking into account the effect on people and the environment. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the risks associated with it. Furthermore, the Supervisory Board assists the Management Board with advice. In the performance of its duties, the Supervisory Board is guided by the interests of the Company and its business as well as the Company's relevant stakeholders. In addition, certain (material) decisions of the Management Board, as stipulated in the Dutch Civil Code, articles of association or the Supervisory Board and Management Board rules, require the Supervisory Board's prior approval.

The Supervisory Board has three subcommittees: the Audit Committee, the Appointment and Remuneration Committee and the Technical and Commercial Committee. The Appointment and Remuneration Committee is a joint committee with two separate chairs and tasks: i) the selection and appointment preparation of Management Board and Supervisory Board members and ii) the preparation of decision-making regarding remuneration matters. The task of each subcommittee is to assist and advise the Supervisory Board in fulfilling its responsibilities. More information about the ways of working of the Supervisory Board and its committees can be found in the Supervisory Board and Committee rules, as available on the Company's website (ESG/Corporate Governance section).

COMPOSITION OF THE SUPERVISORY BOARD

Members of the Supervisory Board are appointed by the General Meeting following nomination by the Supervisory Board. A Supervisory Board member is appointed for a period of four years and may then be re-appointed once for another four-year period. A Supervisory Board member may subsequently be re-appointed again for a third period of two years, which may be extended by at most two years. In case of nominations, the competencies and background of members already in function, as well as the Supervisory Board Diversity & Inclusion policy and Supervisory Board Profile will be observed. The guiding principle is that the Supervisory Board is composed in such a way as to ensure an appropriate degree of diversity with regard to, among others, expertise, experience, competencies and (cultural) background, in line with best practice provision 2.1.4 and 2.1.5 of the Corporate Governance Code. The Supervisory Board appoints one of its members as Chair and one as Vice-Chair. Further information about the appointment and dismissal of Supervisory Board members can be found in SBM Offshore's articles of association. The Supervisory Board has drawn up a retirement schedule for its members, which is available on the Company's website (ESG/ Corporate Governance section).

Supervisory Board members shall inform the Supervisory Board before accepting positions outside the Company. Positions may not be accepted without the Supervisory Board's prior approval. The positions cannot be in conflict with the Company's interests. Mandates are reviewed and discussed annually at the Supervisory Board meeting. The Company is compliant with best practice 2.4.2 of the Corporate Governance Code.

ROELAND BAAN

Dutch nationality, 1957, male

Chair of the Supervisory Board, Chair of the Appointment and Remuneration Committee dealing with appointment and selection matters.

First appointment in 2018, expiry current term in 2026.

Profession: CEO of Haldor Topsoe A/S.

Background: Roeland Baan started his career at Royal Dutch Shell where he fulfilled various (senior) management roles. As of 1996, he worked consecutively at Thyssen Sonnenberg Recycling, SHV Gas, Mittal Steel and Arcelor Mittal. Roeland Baan was Executive Vice President and CEO at Aleris until 2015. From April 2016 until June 2020 he was President and CEO at Outokumpu Oyj.

Education: Roeland Baan has a Master in Economics from the VU University in Amsterdam (Netherlands).

Expertise: Roeland Baan has significant management and CEO experience at multinational companies in the Energy industry.

Other mandates[14]: independent board member at Syensqo SA

BERNARD BAJOLET

French nationality, 1949, male

Vice-Chair of the Supervisory Board, member of the Technical and Commercial Committee and the Appointment and Remuneration Committee.

First appointment in 2018, expiry current term in 2026.

Profession: Consultant of Amarante International/member of the Strategic Orientation Board.

Background: During his career, Bernard Bajolet held various roles as French diplomat and civil servant.

Education: Bernard Bajolet studied political sciences at Sciences Po in Paris and obtained his degree at the Ecole Nationale d'Administration in Paris. He was also a fellow at the Center for International Affairs of the Harvard University, Cambridge, Massachusetts.

Expertise: Bernard Bajolet has vast international experience in complex environments as well as specific expertise in security.

Other mandates[14]: consultant of Amarante International/member of the Strategic Orientation Board.

INGELISE ARNTSEN

Danish nationality, 1966, female

Member of the Supervisory Board, member of the Audit Committee and the Technical and Commercial Committee.

First appointed in 2021, expiry current term in 2025.

Profession: Non-Executive Director.

Background: Ingelise Arntsen has held executive top management positions within companies such as, Statkraft AS, REC ASA and Aibel AS. She has also spent seven years within the shipbuilding industry, working for Kværner Fjellstrand in Singapore and Norway.

Education: Ingelise Arntsen holds a Bachelor's degree in Economics from the University of Southern Denmark.

Expertise: Ingelise Arntsen has extensive international experience from the shipbuilding industry and from various parts of the renewable energy industry. She has been responsible for project development, construction execution and O&M for power production plants within hydropower, wind power and gas-fired power as member of the Management Board of Statkraft, Europe's largest producer of renewable energy. Arntsen has served on the Management Board of major solar power equipment supplier REC, responsible for its silicon wafer division, and has led technology development efforts within floating offshore wind.

Other mandates[14]: member of the Supervisory Board of Statkraft AS, Chair of the Supervisory Board of Asplan Viak AS[15], member of the Supervisory Board of Exportfinans Norge, member of the Supervisory Board of Corvus Energy AS, member of the Supervisory Board of Fred. Olsen Windcarier ASA, member of the Supervisory Board of Synera Renewable Energy.

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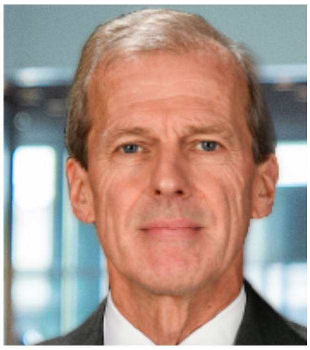
[14] **This section includes other mandates that may be relevant for the performance of the duties of the Supervisory Board.**

[15] Ended February 1, 2024.



ALLARD CASTELEIN

Dutch nationality, 1958, male

Member of the Supervisory Board, Chair of the Appointment and Remuneration Committee dealing with remuneration matters.

First appointment in 2023, expiry current term in 2027.

Profession: Non-Executive Director.

Background: Allard Castelein started his career as a medical doctor, before pursuing an international career in the energy sector. He joined Royal Dutch Shell in 1987, where he fulfilled several (senior) management positions. His last position was President Environment for Royal Dutch Shell (2009-2013). From 2014 till 2023, Allard Castelein was President and CEO of the Port of Rotterdam (Netherlands).

Education: Allard Castelein obtained a Master degree in Medicine from the Erasmus University of Rotterdam.

Expertise: Allard Castelein has significant CEO and management experience in the Energy Industry, with skills, amongst others, in sustainable development and the environment.

Other mandates[14]: non-executive director at Renewi plc, non-executive director at Heijmans N.V., non-executive director at Associated British Ports, member of the Supervisory Board of the International Architecture Biennale Rotterdam, chairman of the board of the Ronald McDonal Huis Sophia Rotterdam.

HILARY MERCER

British nationality, 1964, female

Member of the Supervisory Board, Chair of the Technical and Commercial Committee, member of the Audit Committee.

First appointment in 2022, expiry current term in 2026.

Profession: Executive Vice President Projects & Engineering at Shell[16].

Background: Hilary Mercer has 36 years of experience within Shell in various technical and management roles, including mega project development and delivery in Oman, Russia, Iraq, Qatar and the USA and global project portfolio management.

Education: Hilary Mercer has a degree in Engineering Science from Oxford University (Great Britain) and is a Fellow of the Institution of Mechanical Engineers and a Fellow of the Royal Academy of Engineering.

Expertise: Hilary Mercer adds knowledge and experience in engineering, project management and HSSE to the Supervisory Board.

Other mandates: –

JAAP VAN WIECHEN

Dutch nationality, 1972, male

Member of the Supervisory Board, Chair of the Audit Committee.

First appointment in 2020, expiry current term in 2024.

Profession: Member of the Executive Board of HAL Holding N.V./director HAL Investments B.V (Netherlands).

Education: Jaap van Wiechen studied Econometrics at the University of Groningen (Netherlands).

Expertise: Jaap van Wiechen has management expertise at various (international) companies.

Other mandates[14]: member of the Executive Board of HAL Holding N.V./director of HAL Investments B.V., Chairman of the Supervisory Board of Mondhoekie B.V. (Coolblue), member of the Supervisory Board of Royal Boskalis Westminster N.V.

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[16] Effective January 1, 2024.

3.1.4 SHARE CAPITAL

The authorized share capital of the Company amounts to EUR200 million and is divided into 400,000,000 ordinary shares with a nominal value of EUR0.25 and 400,000,000 protective preference shares, also with a nominal value of EUR0.25. The preference shares can be issued as a protective measure, as explained in the section on the Stichting Continuïteit SBM Offshore. As per December 31, 2023, 180,671,305 (2022: 180,671,305) ordinary shares are issued. No protective preference shares have been issued.

Bearer shares

As per the Dutch Act on Conversion of bearer shares (*Wet omzetting aandelen aan toonder*), all bearer shares still outstanding at December 31, 2020 have been converted into registered shares (31,840) held in the name of the Company as per January 1, 2021. A shareholder who hands in a bearer share certificate to the Company before January 2, 2026 is entitled to receive from the Company a replacement registered share. A shareholder may not exercise the rights vested in a share until the shareholder has handed in the corresponding bearer share certificate(s) to the Company.

3.1.5 GENERAL MEETING

Within six months after the end of the financial year, the Annual General Meeting (AGM) is held. The agenda for this meeting generally includes the following standard items:

- The report of the Management Board concerning the Company's affairs and the management as conducted during the previous financial year.
- The report of the Supervisory Board and its committees.
- The remuneration report(s) for an advisory vote.
- The adoption of the Company's financial statements, the allocation of profits and the approval of the dividend.
- The discharge of the Management Board and of the Supervisory Board.
- Corporate Governance.
- The delegation of authority to issue shares and to restrict or exclude pre-emptive rights.
- The delegation of authority to purchase own shares.
- The composition of the Supervisory Board and of the Management Board.
- Any other topics proposed by the Supervisory Board or shareholders in accordance with Dutch law and the articles of association.

Proposals to the agenda of General Meetings can be made by persons who are entitled to attend General Meetings, solely or jointly representing shares amounting to at least 1% of the issued share capital, or with a market value of at least EUR50 million. Proposals of persons who are entitled to attend the shareholders meetings will only be included in the agenda if such proposals are made in writing to the Management Board not later than sixty days before that meeting.

With reference to the articles of association, all shareholders are entitled, either personally or by proxy authorized in writing, to attend the General Meeting, to address the General Meeting and to vote. The articles of association do not provide for any limitation of the transferability of the ordinary shares and the voting rights of shareholders are not subject to any limitation.

At the General Meeting, each ordinary share with a nominal value of EUR0.25 each shall confer the right to cast one (1) vote. Each protective preference share with a nominal value of EUR0.25 each shall confer the right to cast one (1) vote, when issued. None of the protective preference shares have been issued to date. Unless otherwise required by law or the articles of association of the Company, all resolutions shall be adopted by an absolute majority of votes. The General Meeting may adopt a resolution to amend the articles of association of the Company by an absolute majority of votes cast, but solely upon the proposal of the Management Board, subject to the approval of the Supervisory Board. The articles of association are reviewed on a regular basis and were last amended on April 7, 2022.

The 2023 AGM was held physically and shareholders could cast their votes prior to and during the meeting. 130,899,638 ordinary shares participated in the voting, equal to 72.45% (2021: 72.82%) of the then total outstanding share capital of 180,671,305 ordinary shares. All proposed resolutions were adopted. The outcome of the voting of the meeting was posted on the Company's website on the day following the 2023 AGM and draft minutes were made available to the shareholders via the Company's website within three months after the meeting.

Finally, SBM Offshore's policy on shareholder contacts and dialogue can be found on the Company website (ESG/ Governance section) as per best practice 4.2.2 of the Corporate Governance Code.

3.1.6 ISSUE, REPURCHASE AND CANCELLATION OF SHARES

The General Meeting or the Management Board, if authorized by the General Meeting and with the approval of the Supervisory Board, may resolve to issue shares.

The General Meeting or the Management Board, subject to the approval of the Supervisory Board, shall set the price and further conditions of issue, with due observance of the provisions contained in the articles of association. Shares shall never be issued below par, except in the case as referred to in article 2:80 (2) Dutch Civil Code. At the 2023 AGM, the shareholders have delegated to the Management Board for a period of eighteen months and, subject to the approval of the Supervisory Board, the authority to issue ordinary shares up to 10% of the issued share capital at that time. In addition, authorization was granted to restrict or to exclude pre-emption rights for a period of eighteen months and subject to the approval of the Supervisory Board.

The Management Board may, with the authorization of the General Meeting and the Supervisory Board and without prejudice to the provisions of article 2:98 Dutch Civil Code and the articles of association, cause the Company to acquire fully paid-up shares in its own capital for valuable consideration. The Management Board may resolve, subject to the approval of the Supervisory Board, to dispose of shares acquired by the Company in its own capital. No pre-emption right shall exist in respect of such disposal. At the 2023 AGM, the shareholders have delegated the authority to the Management Board for a period of eighteen months, as from April 13, 2023 and subject to approval of the Supervisory Board, to repurchase up to 10% of the issued share capital at that time.

3.1.7 EXTERNAL INDEPENDENT AUDITOR AND INTERNAL AUDITOR

EXTERNAL INDEPENDENT AUDITOR

The external independent auditor of SBM Offshore is appointed by the General Meeting on the proposal of the Supervisory Board upon the selection process and recommendation of the Audit Committee and the advice of the Management Board.
PricewaterhouseCoopers Accountants N.V. ('PricewaterhouseCoopers') was first appointed during the 2014 AGM. Pursuant to the Dutch Auditors Profession Act *(Wet op het accountantsberoep)*, the audit firm of a so-called public interest entity (such as a listed company) is required to be replaced if the audit firm has performed the statutory audits of the company for a period of ten consecutive years. This means that the term for PricewaterhouseCoopers ends with the audit of the financial year 2023. On April 13, 2023 the General Meeting appointed Deloitte Accountants B.V. as external independent auditor for a period of four years from the audit of the financial years 2024 up to and including 2027.

The external independent auditor attends all meetings of the Audit Committee, as well as the meeting of the Supervisory Board at which the financial statements are approved. The external independent auditor receives the financial information and underlying reports of the quarterly results and is given the opportunity to comment and respond to this information. Pursuant to the Auditors Profession Act, the auditors are prohibited from providing the Company with services in the Netherlands other than 'audit services aimed to provide reliability concerning the information supplied by the audited client for the benefit of external users of this information and also for the benefit of the Supervisory Board, as referred to in the reports mentioned'. During 2023, a minor number of limited-scope non-audit services were provided by foreign member firms of the PricewaterhouseCoopers global network, taking into account the external auditor's independence rules and SBM Offshore's policy in this regard.

INTERNAL AUDITOR

The task of the Internal Audit department is to assess the design and the operation of the internal risk management and control systems. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal controls. The Management Board is responsible for the Internal Audit function. The Supervisory Board oversees the Internal Audit function and, through the Audit Committee, maintains regular contact with the Group Internal Audit Director. Administratively the Group Internal Audit Director reports to the CFO. An Internal Audit Plan, based on a risk-based prioritization of the audit universe, is submitted annually to the Management Board and then to the Audit Committee and Supervisory Board for approval. The Internal Audit department reports the results of the internal audit activities and progress compared to plan to the Management Board, Audit Committee and the external independent auditor. The Internal Audit department is governed by adherence to the Corporate Governance Code and the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors. Every five years, the Internal Audit department is subject to an external quality assurance review against the standards as set out in the IPPF.

3.1.8 STICHTING CONTINUÏTEIT SBM OFFSHORE

In this section, SBM Offshore's takeover protection measures are described, as well as the circumstances under which it is expected that these measures may be used.

A foundation 'Stichting Continuïteit SBM Offshore' (the Foundation), was established on March 15, 1988. In summary, the objectives of the Foundation are to represent the interests of SBM Offshore in such a way that the interests of the Company and of all parties involved in this are safeguarded, and that influences which could affect the independence, continuity and/or the identity of the Company in breach of those interests are deterred. The Foundation will perform its role, and take all actions required, at its sole discretion. In the exercise of its functions it will, however, be guided by the interests of the Company and the business enterprises connected with it, and all other stakeholders, including shareholders and employees.

The Foundation is managed by a Board, the composition of which is intended to ensure that an independent judgment may be made as to the interests of the Company. The Board consists of a number of experienced (former) senior executives of multinational companies: Mr. A.W. Veenman, Chair, Mr. B. Vree, Vice-Chair, Mr. R.H. Berkvens, Ms. H.F.M. Defesche and Mr. J.O. van Klinken. In order to inform the Board about the business and interests of the Company, the Chair of the Supervisory Board, the CEO and the CFO are invited to attend the Foundation Board meetings.

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of protective preference shares in the Company's share capital, carrying voting rights, equal to one half of the voting rights carried by the ordinary shares outstanding immediately prior to the exercise of the option, enabling it effectively to perform its functions, at its sole discretion and responsibility, as it deems useful or desirable.

The option agreement between SBM Offshore and the Foundation was last amended and restated in 2011, to reflect a waiver by the Company of its put option and the alignment of the nominal value of the protective preference shares with the nominal value of ordinary shares by reducing the nominal value of EUR1 to EUR0.25 and the related increase in the number of protective preference shares, as per the amended articles of association of the Company. The Foundation is independent, as stipulated in article 5:71 (1) (c) Financial Markets Supervision Act.

3.1.9 OTHER REGULATORY MATTERS

CONFLICTS OF INTEREST

The members of the Management Board have a services contract with SBM Offshore N.V. These contracts stipulate that members of the Management Board may not compete with the Company. Conflict of interest procedures are included in the Management Board and Supervisory Board rules and the Company's Code of Conduct, and reflect Dutch law and the principle and best practices of the Corporate Governance Code. In 2023, there were no conflicts of interest in relation to the members of the Management Board and Supervisory Board reported that were of material significance to the Company. For an overview of remuneration granted to the Management and Supervisory Board, reference is made to the remuneration report. The Company is compliant with best practice 2.7.3 to 2.7.4 of the Corporate Governance Code.

In 2023, SBM Offshore did not enter into transactions with legal or natural persons who held at least 10% of the shares in the Company. The Company is compliant with best practice 2.7.5 of the Corporate Governance Code.

REGULATIONS CONCERNING OWNERSHIP OF AND TRANSACTIONS IN SHARES

In addition to the Company's Insider Trading Rules, the Supervisory Board and Management Board rules contain a provision stipulating that Supervisory Board and Management Board members will not trade in Company shares or other shares issued by entities other than the Company on the basis of share-price-sensitive information if this information has been obtained in the course of managing or supervising the Company's business. For information about the shares (or other financial instruments) held in SBM Offshore N.V. by members of the Management Board, reference is made to section 4.3.6 of the notes to the consolidated financial statements.

CHANGE OF CONTROL

The Company is not a party to any material agreement that takes effect, alters or terminates upon a change of control of the Company following a public takeover bid as referred to in section 5:70 of the Dutch Financial Markets Supervision Act, other than as mentioned in this paragraph. SBM Offshore N.V. has a revolving credit facility agreement under which the approval of the participating lenders must be obtained in the event of a change of control of the Company due to a public takeover bid. Certain shareholder agreements, vessel charter, EPC and O&M contracts that subsidiaries of the Company entered into contain clauses that are triggered in case of a change of control of the Company following a public takeover bid, providing contracting parties with certain rights, such as the right to terminate the relevant agreement. In addition, local bidding rules and regulations (e.g. in Brazil for Petrobras) may require client approval for changes of control. A change of control clause is included in the services contract between the Company and each of the members of the Management Board.

EXECUTIVE COMMITTEE

Since the end of 2012, an Executive Committee has been in place. The Executive Committee facilitates decision-making without detracting from the exercise of statutory responsibilities by the members of the Management Board. At year-end 2023, the Executive Committee is comprised of the Management Board members, the Managing Directors of Floating Production Solutions, Global Resources & Services, Operations, and New Energies & Services, as well as the Group HR Director, the Group HSSEQ & Sustainability Director and the Group General Counsel. In principle, the Executive Committee meets every three months, with ongoing interaction in the interim. In the meetings strategic, operational, financial and organizational topics are discussed.

DIVERSITY

SBM Offshore has a Diversity & Inclusion Policy in place for the Group which can be found on the Company website. Furthermore, in 2023 and with the approval of the Supervisory Board, the Diversity & Inclusion policies for the Supervisory Board and for the Management Board including Senior Management were updated and can also be found on the Company website (ESG/Governance section). Diversity and inclusion targets found to be relevant for the Supervisory Board and Management Board including Senior Management are i) nationality/cultural background with a due and fair representation of the geographic regions in which the Company operates and ii) gender.

At year-end 2023, the members of the Management Board represented four and the members of the Supervisory Board represented four nationalities of which two are different from the Management Board. Two additional nationalities were represented in the Executive Committee. A broad range of experience in the geographic regions the Company operates is seen, or in case of new regions, experience is being build up. Employee development plans are aimed to contribute further to this target.

For 2023, the Company maintained the following gender diversity targets: i) Supervisory Board: males and females each hold at least one third of the seats; ii) Management Board: to have at least one female; and iii) Senior Management: to have at least one third of each of males and females.

As at December 31, 2023, 33.33% of the Supervisory Board members was female (at target). Senior Management met the target as 42.86% of the Executive Committee (excluding Management Board) was female. The Management Board consisted of 100% males, which means the set target was not met. In 2023 there were no vacancies in the Management Board.

In general, more than for re-appointments, whereby experience and good performance are weighing heavily on the decision, new appointments offer opportunity to re-balance the composition in view of fair and equal gender representation when needed. The targets set for (gender) diversity will be taken into consideration when there are vacancies in the Supervisory Board, Management Board and Senior Management positions. For example, the leadership program (RISE) is designed to ensure that both men and women can advance into senior management and executive positions. Another example to reach the target is collaborating with technical schools, whereby it is noted that for this action it will take longer to see the results in the organization.

The same targets for the Supervisory Board, Management Board and Senior Management will be applied for 2024. Additionally, in terms of the broader organization, the target is that 25% of the broader group of senior management consists of females.

CODE OF CONDUCT AND SPEAK UP LINE

The Company has a Code of Conduct which is built on the Company’s four core values Integrity, Care, Entrepreneurship and Ownership. Reporting channels and a Speak Up Line are in place and enable SBM Offshore to carefully listen to its employees and partners in the value chain about concerns related to potential violations against the Code of Conduct, Core Values, or the law. The Speak Up Line, managed by an independent third party, is available 24 hours a day, 365 days a year, supports multiple languages, and allows for anonymous and confidential reporting. For more details on SBM Offshore’s compliance program reference is made to section 3.5.2. The Code of Conduct can be found on the Company website.

COMPLIANCE WITH THE CODE

SBM Offshore complies with the principles and best practices of the Corporate Governance Code.

3.2 REPORT OF THE SUPERVISORY BOARD

SUPERVISORY BOARD COMPOSITION AND INDEPENDENCE

In 2023, Cheryl Richard and Sietze Hepkema stepped down after the 2023 AGM after eight years of service. The Supervisory Board is grateful for their insights, knowledge and contributions. The Supervisory Board welcomed Allard Castelein who was newly appointed at the 2023 AGM for a period of four years, until the 2027 AGM. In accordance with best practice 2.2.2 of the Corporate Governance Code, the competencies and background of the Supervisory Board members already in function, as well as the Diversity & Inclusion Policy and the Profile for the Supervisory Board, were closely observed for nominations made.

Nationality	
Dutch	50%
French	16.67%
Danish	16.67%
British	16.67%

Gender	
Male	66.67%
Female	33.33%

Tenure (in years to 2024 AGM date)	
0-2 years	33.33%
3-5 years	33.33%
+6 years	33.33%

Independence

As per year-end, five out of six Supervisory Board members are independent from the Company within the meaning of best practice provisions 2.1.7 to 2.1.9 inclusive of the Corporate Governance Code. The exception is Jaap van Wiechen in view of his position as member of the Executive Board of HAL Holding N.V./director HAL Investments B.V.

Independence	
Independent	83.33%
Non-Independent	16.67%

SUPERVISORY BOARD MEETINGS AND ATTENDANCE

In 2023, the Supervisory Board met seven times for its scheduled meetings including a two-day Strategy Session in August, and some ad hoc calls. The Supervisory Board assessed that its members have adequate time available to give sufficient attention to the Company. The attendance percentage of the Supervisory Board meetings was 97.73%. The table below shows the overview of the attendance in 2023 at meetings for the individual members out of the number eligible to attend.

2023 Supervisory Board meeting attendance overview

Members[1]	Supervisory Board	Audit Committee	Technical and Commercial Committee	Appointment and Remuneration Committee
Roeland Baan (Chair)	7/7	-	-	5/5
Bernard Bajolet (Vice-Chair)	7/7	-	6/6	3/3
Ingelise Arntsen	7/7	3/3	6/6	-
Allard Castelein	5/5	-	-	3/3
Sietze Hepkema	2/2	2/2	-	2/2
Hilary Mercer	7/7	4/5	6/6	-
Cheryl Richard	2/2	-	-	2/2
Jaap van Wiechen	6/7	5/5	-	-

[1] Where a Supervisory Board member retired from or was appointed to the Supervisory Board, stepped down from a Committee or was appointed throughout the year, only meetings during his/her tenure were taken into account

The Management Board prepared detailed supporting documents as preparation for all meetings and several representatives of senior management were invited to discuss specific topics within their area of responsibility. The Supervisory Board and Committee meetings were usually held over two days to ensure sufficient time for review and discussion. The Management Board attended all regular meetings of the Supervisory Board. Whenever possible informal pre-board dinners were held. Several informal meetings and contacts among Supervisory Board members and/or Management Board members outside the Board meetings also took place. Prior to the regular meetings, the Supervisory Board met outside the presence of the Management Board to reflect on agenda items and discuss potential items requiring attention during the meeting. The Supervisory Board also received regular updates from the Management Board outside meetings on relevant developments within the Company.

The Supervisory Board discussed a wide range of topics during the year. In its deliberations, the Supervisory Board considered the interests of the Company and its business as well as the relevant stakeholders from the Company. Among others, recurring standard items on the agenda of the Supervisory Board meetings were the Company strategy, the commercial activities/projects and the market environment, the operational performance, project execution and performance, the financial performance and liquidity position, tax including notably OECD Pillar Two developments and impact, treasury topics, investor relations topics, compliance, risk management and internal controls, internal audit plan, SBM Offshore organization and culture including diversity and inclusion, corporate governance, composition and succession planning of the Management Board, Supervisory Board and senior management of the Company, remuneration for the Management Board, Supervisory Board and senior management, and ESG/sustainability matters in relation to the strategy and embedding in the organization.

In February 2023 the Supervisory Board approved the 2022 financial statements and the proposal to the General Meeting of an all cash dividend distribution. In the same meeting, the 2023 operating plan was approved in its final form. In August 2023 the Supervisory Board reviewed SBM Offshore’s long-term strategic plan including mission, goals, vision and values. The Company strategy is built around the strategic pillars Environment, Social and Governance, for each of which material topics have been identified following stakeholder engagement. In this session, the macro trends impacting the world, the risks related to the strategy and the impact on the ESG pillars were discussed. Hereafter the long-term strategic plan was approved. On various occasions during the year, the progress on the implementation of the strategy was reviewed and discussed, also via KPI's set. Monitoring whether targets are reached also takes place via the Group Balanced Scorecard for the Management Board as well as the organization. The Supervisory Board annually reviews and discusses the Company’s risk appetite. Finally, time was spent on talent management and leadership development.

SUPERVISORY BOARD COMMITTEE ACTIVITIES IN 2023

The Supervisory Board has appointed three committees which are formed from among its members. These committees have advisory powers, share the main considerations and conclusions of their meetings in the Supervisory Board meeting and provide recommendations for decision by the Supervisory Board. The committee composition changed in 2023 due to changes in the Supervisory Board.

Committee composition as at December 31, 2023

			Appointment and Remuneration Committee	
Members	Audit Committee	Technical and Commercial Committee	Appointment matters	Remuneration matters
Roeland Baan (Chair)			Chair	√
Bernard Bajolet (Vice-Chair)		√		√
Ingelise Arntsen	√	√		
Allard Castelein[1]			√	Chair
Hilary Mercer	√	Chair		
Jaap van Wiechen	Chair			

1 Appointed as per April 13, 2023

There is an open invitation to join committee meetings for those Supervisory Board members who are not a member of specific committee. This invitation is regularly made use of.

Audit Committee

The Audit Committee has seen changes in 2023: following the departure of Sietze Hepkema as of April 13, 2023, Ingelise Arntsen joined as member. The Audit Committee convened five times in 2023. The attendance percentage of the Audit Committee meetings was 93.33%. The Chair of the Audit Committee reported to the Supervisory Board on the principal issues discussed, on actions arising and the follow-up of such actions and made recommendations on those matters requiring a decision by the Supervisory Board. The Management Board, the Group Internal Audit Director, the Group Controller and the external independent auditor attended the meetings. After each meeting, the Audit Committee met with the external independent auditor outside the presence of the Management Board. The Chair of the Audit Committee regularly held meetings with the CFO, and separately with SBM Offshore’s Group Internal Audit Director and again separately with PricewaterhouseCoopers.

Responsibility:

The Audit Committee supports the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the operation of the Company's internal risk management and control systems.

Recurring agenda topics:

- Financial report, (interim) financial statements.
- Observations external independent auditor.
- IT report (including cybersecurity).
- Internal Audit report.
- Risk report.
- Legal, Compliance and Insurance report.
- Funding, Financing and Liquidity report.
- Sustainability matters (reporting).

Main other items discussed:

- Dividend proposal.
- 2023 Operating plan and objectives (Group Balanced Scorecard).
- AGM preparation.
- Risk management and internal controls.
- Internal Audit Plan.
- Functioning of and relationship with external independent auditor.
- Approach to Tax policy and tax developments including OECD Pillar Two.
- ESG/CSRD readiness update.
- Material topics assessment.

The external independent auditor participated in all meetings of the Audit Committee. Discussions were held with PricewaterhouseCoopers about the audit plan, interim audit findings report, board report, audit report and financial statements including managerial judgments and key accounting estimates. Additionally, the Audit Committee formally evaluated the external independent auditor.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee saw changes in 2023: following the departure of Cheryl Richard and Sietze Hepkema, Allard Castelein was appointed as Chair of the Committee for remuneration matters, and Bernard Bajolet became member. The Appointment and Remuneration Committee had five scheduled meetings in 2023. The attendance rate of the Appointment and Remuneration Committee meetings was 100%. The Appointment and Remuneration Committee consists of two parts as prescribed by the Corporate Governance Code: a part for selection and appointment matters and a part for remuneration matters. During the Supervisory Board meetings, the respective Chair reported on the selection and appointment matters and on the remuneration matters reviewed by the Committee, on actions arising and the follow-up of such actions. They made recommendations on those matters that require a decision from the Supervisory Board.

Responsibility:

The Appointment Committee supports the Supervisory Board's decision-making regarding composition and functioning of the Management Board and Supervisory Board. The Remuneration Committee prepares the Supervisory Board's decision-making regarding the determination of the remuneration of individual Managing Directors and of the Supervisory Board.

Recurring agenda topics:

Appointment matters

- Management Board and Supervisory Board composition, functioning and succession planning.

Remuneration matters

- Management Board remuneration including target realization and setting and award Award Value Creation Stake.
- Remuneration report.

Main other items discussed:

Appointment matters

- SBM Offshore organizational structure.
- Employee well-being and culture including Diversity & Inclusion update.

Remuneration matters

- Annual General Meeting preparation.
- Management Board remuneration.
- Remuneration senior management.
- Supervisory Board remuneration and policy.

The meetings were attended by the Management Board and the Group HR Director, except where the Appointment and Remuneration Committee chose to discuss matters in private.

Technical and Commercial Committee

The Technical and Commercial Committee convened six times in 2023. The attendance rate of the Technical and Commercial Committee for these meetings was 100%. The Chair of the Technical and Commercial Committee reported to the Supervisory Board on the principal issues discussed, on actions arising and the follow-up of such actions and made recommendations on those matters requiring a decision.

Responsibility:

The Technical and Commercial Committee supports the Supervisory Board's decision-making regarding HSSEQ matters and related improvement plans, operational performance, project execution, sales, marketing and tending activities, technology and innovation developments, risks associated with the foregoing.

Recurring agenda topics:

- HSSEQ/Quality control/Process safety performance.
- Operational performance and strategy.
- Project performance.
- Project execution including project planning.
- Sales, marketing and tender activities.

Main other items discussed:

- Country mission deep dives.
- Detention of crew-members in Equatorial Guinea.
- Client relationships.
- Technology and innovation developments.

The meetings were attended by the Management Board, and at times relevant senior management representatives to discuss topics within the remit of the Technical and Commercial Committee.

INDUCTION, TRAINING AND PERFORMANCE ASSESSMENT

New members of the Supervisory Board receive a comprehensive induction tailored to their needs. Furthermore, during the first year of appointment, new members often are present at the meetings of committees of which they are not a member. In 2023, SBM Offshore welcomed one new member to the Supervisory Board. The induction program took place in the form of sessions with the Management Board and senior management where operational, commercial, financial, social, legal and sustainability matters regarding SBM Offshore were discussed, and included a site visit to the Schiedam office.

Both the Management Board and the Supervisory Board spent time on deep dives on various relevant subjects, for example the energy transition and the role of the Company herein. The Boards expanded their knowledge on what is expected from each of them in terms of sustainability governance.

In August 2023, the Supervisory Board assessed the profiles and the competencies of the individual Supervisory Board members. Annually, an assessment on the functioning of the Supervisory Board, its committees and its members is performed. For 2023, the assessment was done informally during an off-site session in Summer 2023, and continued with a process with the support of an external advisor. The latter was kicked off in Q4 2023 with a survey to be completed by the members of the Management Board, Supervisory Board and Company Secretary, followed by interviews and a feedback and review session with the Supervisory Board. Topics discussed throughout the year are around what went well and where there is room for improvement, which included, for instance, a review of items to be discussed at Committee meetings and at Supervisory Board level. This has led to some adjustments to the planning for 2024. Furthermore having an off-site session was much appreciated as it was an informal way to spend time together outside the meetings. This will be continued in 2024.

The Chair of the Supervisory Board frequently spoke with the CEO, and the Committee Chairs spoke with other Management Board members outside the meetings. The Supervisory Board also evaluated the functioning of the Management Board and its members. Overall, it was concluded that both the Supervisory Board and the Management Board function properly and effectively and that the relationship is constructive.

The Management Board reviewed its own functioning as a whole and that of the individual Management Board members on various occasions throughout the year. During these sessions, its role and responsibilities, meeting efficiency and the relationship with the Supervisory Board and senior management was also discussed. In addition there has been continuous attention to diversity and inclusion within the organization.

CONCLUSION

The Financial Statements have been audited by the external independent auditor, PricewaterhouseCoopers Accountants N.V. Their findings have been discussed with the Audit Committee and the Supervisory Board in the presence of the Management Board. The external independent auditor has expressed an unqualified opinion on the Financial Statements.

The members of the Supervisory Board have signed the 2023 Financial Statements pursuant to their statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The members of the Management Board have signed the 2023 Financial Statements pursuant to their statutory obligations under article 2:101(2) of the Dutch Civil Code and article 5:25c (2) (c) of the Financial Markets Supervision Act. The Supervisory Board of SBM Offshore N.V. recommends that the General Meeting adopts the Financial Statements for the year 2023.

Supervisory Board
Roeland Baan, Chair
Bernard Bajolet, Vice-Chair
Ingelise Arntsen
Allard Castelein
Hilary Mercer
Jaap van Wiechen

Schiphol, the Netherlands
February 28, 2024

3.3 REMUNERATION REPORT

Letter from the Chair of the Appointment and Remuneration Committee for remuneration matters

Dear shareholder,

The Company delivered a good business performance in terms of Profitability, Growth and Sustainability. As a consequence, the Management Board variable compensation (STI) has been awarded accordingly.

Bruno Chabas (CEO) announced his end of term resignation early 2024. The Supervisory Board has appointed as his successor the current COO, Øivind Tangen, who has proven himself and knows the Company well. His base salary has been increased but is set lower than his predecessor and well within the benchmark and the Management Board Remuneration Policy. With the succession, the number of Management Board members goes from three to two.

In the accounting of our implementation of the Management Board Remuneration Policy, we have made some improvements in information and presentation in this report. The presentation on STI targets and performance is more detailed and other tables have been made more concise and accessible. In an outlook paragraph at the end of the report we set out the adjustments in base salaries.

We engage with our shareholders and listen to their input. Our remuneration policies have their full support. We have reviewed the Supervisory Board Remuneration Policy that was approved by the AGM in 2020 with over 99% of the vote. We conclude that the Policy serves its purpose in full and propose only minor changes in our submission to the AGM in 2024.

Pursuant to Dutch law, our Management Board Remuneration Policy must be approved by shareholders every four years and is therefore subject to renewal at the AGM in 2025. In this context, the base salary of Douglas Wood (CFO) will be benchmarked this year. We will seek input from our shareholders on the Remuneration Policy during the course of 2024.

Below you find a full account of our remuneration policies and how we implemented them in 2023. We look forward to engage on this report with you and thank you for your support.

On behalf of the Appointment and Remuneration Committee,

Allard Castelein, Chair for remuneration matters

3.3.1 MANAGEMENT BOARD REMUNERATION POLICY

Introduction

The Remuneration Policy 2022 (RP 2022) became effective January 1, 2022 after being approved by shareholders with 91% of the votes on April 7, 2021. Full details and the principles and rationale for the RP 2022 are available on SBM Offshore's website (ESG/Governance section).

The Company remunerates members of the Management Board for long-term value creation. RP 2022 is based on competitive remuneration aligned with the long-term performance of SBM Offshore. It is built on six reward principles: simplicity, flexibility, predictability, competitiveness, alignment and, most importantly, driving the right results.

This remuneration report has been written in accordance with the EU Shareholder Rights' Directive (SRD II) as implemented in the Netherlands.

Explanation of RP 2022

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. Our mission is to share our experience to make it happen. We enable the energy transition, leveraging our unique capabilities in floating solutions. In executing our strategy we are guided by our Core Values: Integrity, Care, Entrepreneurship and Ownership.

The underlying principles of the remuneration policy of the Management Board of SBM Offshore N.V. support the vision and ambition and aim for sustainable long-term value creation for the Company through the Value Creation Stake balanced with pay for performance through the Short-Term Incentive (STI) .

The Company's strategy revolves around the pillars Environmental, Social and Governance in order to grow in size and create sustainable long-term value. In RP 2022, this is reflected in the STI performance areas of Profitability, Growth and Sustainability performance. Through the STI performance areas, Management Board remuneration is directly linked to the success of the Company and the value delivered to shareholders. Sustainability is an integral part of our strategy, and is explicitly expressed through the Sustainability performance area and also through the underpin test (if applicable) for the Value Creation Stake.

REMUNERATION POLICY STRUCTURE MANAGEMENT BOARD

REMUNERATION POLICY		DETAILS
Base Salary	Fixed component	Level set based on both internal and external benchmarks
STI	Percentage of Base Salary as short term cash incentive (100% at target for CEO and 75% for other Management Board members)	Identical targets for all Management Board members (based on profitability, growth and sustainability performance)
Value Creation Stake	Award of locked-in shares: 175% of Base Salary	This award is conditional upon Supervisory Board approval – Immediate vesting plus 5-year holding requirement
Pension	Pension allowance equal to 25% of Base Salary	Management Board members are responsible for their own pension arrangements
Benefits	Benefits include car allowance and health/life insurance	Other benefits depend on individual circumstances and may include a housing allowance

Employment conditions and pay of the Company's employees within SBM Offshore are taken into account when formulating the remuneration policy, for instance through the internal pay-ratio analysis. Employment conditions for Management Board members may differ from those applicable to employees, also because Management Board members have a service contract rather than an employment relationship. The principles of the remuneration policy are used as a guideline for employment conditions at SBM Offshore as a whole.

The four components of the remuneration package of Management Board members under RP 2022 are: (1) base salary, (2) STI, (3) Value Creation Stake and (4) Pension and Benefits.

1. BASE SALARY

The base salary is set by the Supervisory Board and is a fixed component paid in cash. Depending on internal and external developments such as market movements, the Supervisory Board may adjust base salary levels.

2. SHORT-TERM INCENTIVE

The objective of the STI is to provide a direct alignment of pay with short-term operational performance. Under RP 2022, the STI key performance indicators focus on three performance areas: (i) Profitability, (ii) Growth and (iii) Sustainability Performance. The Supervisory Board, upon the recommendation of the A&RC, determines for each of the performance measures the specific performance targets and their relative weighting at the beginning of the financial year within the following margins for each area:

STI

PERFORMANCE MEASURES	WEIGHTING
PROFITABILITY	40 - 60%
GROWTH	20 - 40%
SUSTAINABILITY PERFORMANCE	15 - 25%
TOTAL	100%
DISCRETIONARY JUDGEMENT SUPERVISORY BOARD	- 10%

The Supervisory Board will inform the shareholders in the remuneration report of the performance indicators it applies in each financial year. Performance measures will never be adjusted retrospectively.

Performance ranges – threshold, target and maximum – are set for each of the key performance indicators. The STI is set at a target level of 100% of the base salary for the CEO and 75% of the base salary for any other member of the

Management Board. The threshold pay-out is at 0.5 times target and maximum pay-out will not exceed 1.5 times target. A linear pay-out line applies between threshold and maximum. Below threshold, the pay-out is zero. The Supervisory Board may adjust the outcome of the STI down by up to 10%, which adjustment will be reported on in the remuneration report.

At the end of the performance year, the performance is reviewed by the Supervisory Board and the pay-out level is determined. Target setting and realization are published ex post in this remuneration report. For order intake and project performance that are commercially very sensitive a qualitative appraisal will be presented. The STI is payable in cash after the publication of the Annual Report for the performance year.

3. VALUE CREATION STAKE

The Value Creation Stake is an award of restricted shares to create direct alignment with long-term shareholder value. The awarded shares must be held for at least five years. After retirement or termination, the holding period will not be longer than two years. The gross annual grant value for each of the Management Board members is 175% of base salary. The number of shares is determined by a four-year average share price (volume-weighted). The Value Creation Stake has a variable element to the extent that the share price develops during the holding period. The Supervisory Board retains the discretion not to award the Value Creation Stake in case of an underpin event. RP 2022 introduces a clearly defined and observable underpin. The underpin serves as a mechanism to ensure an acceptable threshold level of performance and avoid vesting in case of circumstances as defined as underpin event. The underpin is evaluated each year at moment of vesting and in case the criteria are not met, the entitlement to the Value Creation Stake grant at that time will forfeit.

Two pillars have been defined when Supervisory Board is considering withholding the Value Creation Stake – in full or in part:

- Event(s) that threaten long-term continuity of the Company; and
- Where circumstances of the event(s) are/were within control of the incumbent Management Board.

These two pillars are the umbrella criteria: in case an event does not qualify under these pillars, the underpin test does not come into play. Underpins shall be assessed in determining the amount of Value Creation Stake vesting in a year:

- Safety event resulting in the loss of multiple lives and/or significant oil damage to the environment and/or loss of an FPSO; and/or
- Compliance issue resulting in the Company being unable to operate in one or more of its primary markets; and/or
- Significant project impairment due to insufficient oversight or gross negligence or deliberate omissions. This relates to large projects with a value exceeding US$1 billion.

All members of the Management Board are required to build up Company stock of at least 350% of base salary. The value of the share ownership is determined at the date of grant.

4. PENSION AND BENEFITS

In principle, the Management Board members are responsible for their own pension arrangements and receive a pension allowance equal to 25% of their base salary for this purpose.

The Management Board members are entitled to additional benefits, such as a company car allowance, medical and life insurance and (dependent on the personal situation of the Management Board member) a housing allowance and school fees.

KEY ELEMENTS EMPLOYMENT AGREEMENTS

Each of the Management Board members has entered into a four-year service contract with the Company, the terms of which have been disclosed in the explanatory notice of the General Meeting at which the Management Board member was (re-)appointed. Next to his service contract, Bruno Chabas has an employment contract with Offshore Energy Development Corporation S.A.M., in relation to a split pay-out of his remuneration.

Adjustment of remuneration and claw-back

The service contracts with the Management Board members contain an adjustment clause giving discretionary authority to the Supervisory Board to adjust the payment of the STI , if a lack of adjustment would produce an unfair or unintended result as a consequence of extraordinary circumstances during the period in which the performance criteria have been, or should have been achieved. However, the Supervisory Board has determined that upward adjustments will not be considered based on earlier shareholder feedback.

A claw-back provision is included in the service contracts enabling the Company to recover the Value Creation Stake, STI and/or LTI (as granted under RP 2015) on account of incorrect financial data.

Severance Arrangements

The Supervisory Board will determine the appropriate severance payment for Management Board members in accordance with the relevant service contracts and

Corporate Governance Code. The Corporate Governance Code provides that the severance payment will not exceed a sum equivalent to one times annual base salary. This also applies in a situation of a change in control.

Loans

SBM Offshore does not grant loans, advance payments or guarantees to its Management Board members.

3.3.2 2023 MANAGEMENT BOARD REMUNERATION

The Supervisory Board is responsible for ensuring that the remuneration policy is appropriately applied and aligned with the Company's objectives. The remuneration level is determined by the Supervisory Board using a comparison with Dutch and international peer companies, as well as internal pay ratios across the Company.

REFERENCE GROUP

In order to determine a competitive base salary level and to monitor total remuneration levels of the Management Board, a reference group of relevant companies in the industry (the 'Reference Group') has been defined. Pay levels of the Management Board members are bench-marked to the Reference Group. In the event a position cannot be bench-marked within the Reference Group, the Supervisory Board may benchmark a position to similar companies. For 2023, the Reference Group consisted of:[17]

Aker BP ASA
Aker Solutions ASA
Arcadis NV
CGG
Fugro NV
Helmerich & Payne, Inc.
Hunting Plc
IMI Plc
John Wood Group Plc
Noble Corp. Plc
Oceaneering International, Inc.
Orron Energy AB
Petrofac Ltd.
Royal Vopak NV
RPC, Inc.
Tecnicas Reunidas SA
Transocean Ltd.
Tullow Oil Plc
Vallourec SA

In 2023, there were no changes in the base salary of the Management Board members.

PAY RATIO

The pay ratio shows the developments in the annual total remuneration of the Management Board members and the average remuneration on a full-time-equivalent basis of employees of the company.[18] The average total employee and contractor costs per FTE in 2023 was EUR136 thousand.

The pay ratios of each of the Management Board members over the period of 2019 to 2023 are displayed in the following graph.

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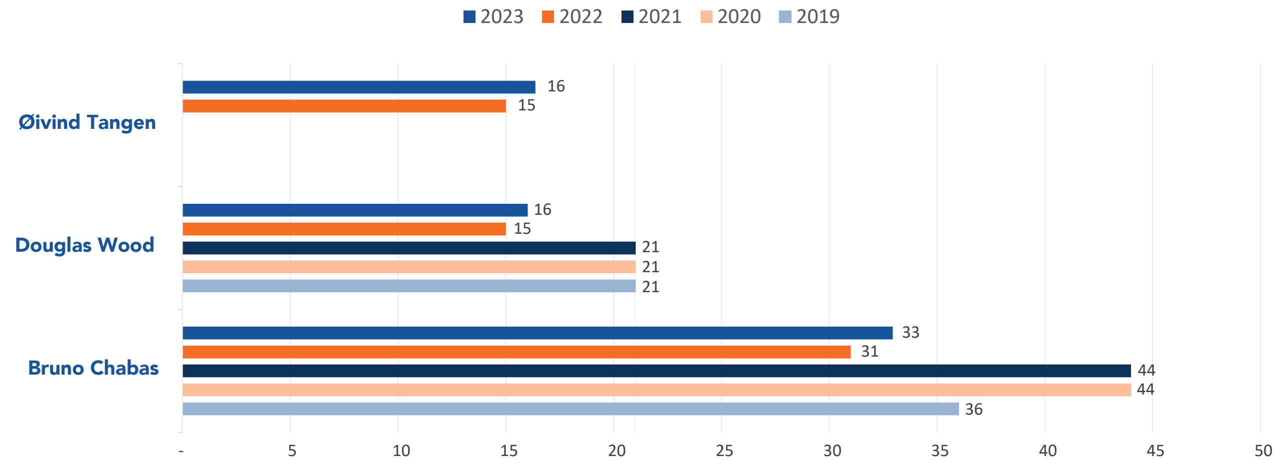
[17] Compared to RP 2022 the reference group has changed. Due to changes such as bankruptcy and delisting, Boskalis, Superior Energy Services and RPS Group are no longer part of the reference group.

[18] The pay ratio is calculated as the total accounting costs of remuneration for each of the Management Board members expressed as a multiple of the average overall employee benefit and contractor expenses for a given year (excluding employees working for non consolidated JVs and associates).

PAY RATIO



TOTAL REMUNERATION OVERVIEW

The table below provides insight into the costs for SBM Offshore for Management Board reward in 2023 (based on RP 2022) and presents an overview of the remuneration of the Management Board members who were in office in 2023.

Remuneration of the Management Board

in thousands of EUR		Fixed remuneration		Variable remuneration				
Name of Director, Position	Year	Base salary	Other benefits	STI[1]	Value Creation Stake	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Bruno Chabas, CEO	2023	960	241	1,152	1,697	276	4,327	34%/66%
	2022	960	231	816	1,512	297	3,815	39%/61%
	2021	960	250	1,279	1,797	294	4,580	33%/67%
	2020	960	213	1,176	1,965	296	6,721	22%/78%
	2019	800	165	916	1,372	245	6,293	19%/81%
Douglas Wood, CFO	2023	544	36	490	962	136	2,167	33%/67%
	2022	537	42	342	850	134	1,906	37%/63%
	2021	518	50	517	968	129	2,182	32%/68%
	2020	518	44	475	1,071	129	3,293	21%/79%
	2019	484	41	415	845	121	3,422	19%/81%
Øivind Tangen, COO	2023	518	145	466	916	130	2,175	36%/64%
	2022	558[2]	346	256	695	121	1,975	52%/48%

1 STI based on accrual accounting, taking into consideration that this reflects the STI to be paid over the performance of that year.

2 Including unwinding of rights as employee prior to the Management Board nomination.

1. BASE SALARY

The 2023 and 2022 base salary levels of the Management Board members are shown in the table above: Remuneration of the Management Board.

2. SHORT-TERM INCENTIVE

RP 2022 indicates that for the STI, the performance areas are Profitability, Growth and Sustainability. As the Company now revolves its strategy around the strategic pillars Environment, Social and Governance, the Supervisory Board deemed it appropriate that the STI performance measures can also be linked to these pillars.

The Supervisory Board set the metrics and the detailed targets (reflected as Threshold/Target/Max) for each of these performance areas at the beginning of the financial year. For each of these targets a scenario analysis takes place to ensure that the targets are suitable, supportive to the strategy and challenging. When conducting scenario analyses and establishing the metrics and detailed targets, the Supervisory Board identifies critical variables and factors that could impact the Company's performance in the relevant performance areas and could influence pay outcomes. Additionally, regular updates are given on the forecasted target realization throughout the year. These updates are also taken into consideration in the scenario analyses when establishing the targets and detailed metrics at the beginning of the following year.

The following two tables show an overview of the 2023 target realization and the related 2023 STI for the individual Management Board members.

Performance area	Performance indicator	Relative weight	Threshold	Target	Max	Actual performance	Actual in % of target
Profitability	Underlying directional EBITA (USD mln)	50%	1,020	1,050	1,080	1,075[1]	55.4%
	Project Execution performance			Commercially sensitive		Between Threshold and Target	
Growth	Order intake, Energy transition	30%		Commercially sensitive		Between Target and Max	36.0%
Sustainability	Safety	20%		T1 Process Safety Incidents with > 3 in severity score=3		1	28.3%
	Operational Excellence on gas flared			average MMscft/day per unit=1.48		1.18	
	Injury frequency rate			TRIFR<0.14		0.08	
	SDG contribution			SDG #3, #4; #7; #8; #9, #10; #12; #13; #14 completion 100%		110%	
Weighted performance on all indicators		100%					119.7%

[1] Underlying EBITDA reflects the following adjustments: i. impact of the sale of Liza Destiny earlier than planned; ii. implementation costs of an optimization plan related to the Company's support functions; and iii. impact of the delay in commencement of a charter by a client notwithstanding the on-target delivery of the vessel by the Company.

2023 STI Performance

Name of Director	Position	Base salary in EUR	Threshold STI	On Target STI	Maximum STI	Actual Performance in %	Actual Performance in EUR
Bruno Chabas	CEO	960,000	50.0%	100%	150.0%	120%	1,152,000
Douglas Wood	CFO	544,000	37.5%	75%	112.5%	90%	489,600
Øivind Tangen	COO	518,000	37.5%	75%	112.5%	90%	466,200

3. VALUE CREATION STAKE

The Supervisory Board decided to grant the Value Creation Stake for 2024 to the Management Board members in accordance with RP 2022. The underpin test as explained in section 3.3.1 was applied to this grant. As per RP 2022, the granted Value Creation Stake vests immediately. The gross annual value for each of the Management Board members is 175% of base salary. The number of shares was based on the four-year average share price (volume weighted) at the date of the respective grant. The cost of the granted Value Creation Stake is included in the table at the beginning of this section 3.3.2. The number of shares vested under the Value Creation Stake can be found in section 3.3.3 of this remuneration report under Conditions of and information regarding share plans.

4. SHAREHOLDING REQUIREMENT MANAGEMENT BOARD

The following table contains an overview of shares held in SBM Offshore N.V. by members of the Management Board at December 31, 2023.

Shares held by members of the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2023	Total shares at 31 December 2022
Bruno Chabas	330,965	987,740	1,318,705	1,254,864
Douglas Wood	176,470	123,716	300,186	264,009
Øivind Tangen[1]	78,250	94,854	173,104	129,792
Total	**585,685**	**1,206,310**	**1,791,995**	**1,648,665**

[1] Management Board member since April 6, 2022.

All Management Board members met the share ownership requirement, which is set at an equivalent of 350% of their base salary. Section 3.3.3 contains more information about the (historical) share plans for the Management Board.

5. PENSIONS AND BENEFITS

Management Board members received a pension allowance equal to 25% of their base salary. In case these payments are not made to a qualifying pension fund, Management Board members are individually responsible for the contribution received and SBM Offshore withholds wage tax on these amounts. For the CEO, two pension arrangements (defined contribution) are in place and its costs are included in the table at the beginning of this section 3.3.2.

The Management Board members received several allowances in 2023, including a car allowance, a housing allowance as well as school fees. The value of these elements is included in the table in section 3.3.2 under item Other Benefits.

3.3.3 OTHER REMUNERATION INFORMATION

In compliance with the implemented EU Shareholder Rights' Directive into Dutch law, this section provides further information to increase transparency and accountability for the execution of RP 2022 and aim to allow shareholders, potential investors and other stakeholders to better assess Management Board remuneration.

The following table includes further details regarding the various (historical) share plans, including the changes throughout 2023.

Conditions of and information regarding share plans

The main conditions of share award plans			Information regarding the reported financial year			
			Opening balance[1]	During the year		Closing balance[2]
Specification of plan	Grant and vesting dates	End of retention period	Shares held at the beginning of the year	Shares granted (# / EUR x 1,000)[3]	Shares vested (# / EUR x 1,000)[4]	Shares subject to a retention period
Bruno Chabas, CEO						
Value Creation Stake 2018	01-01-2018	01-01-2023	77,402	0 / 0	0 / 0	-
Value Creation Stake 2019	01-01-2019	01-01-2024	74,043	0 / 0	0 / 0	74,043
Value Creation Stake 2020[5]	01-01-2020	01-01-2025	65,821	0 / 0	0 / 0	65,821
Value Creation Stake 2021	01-01-2021	01-01-2026	63,466	0 / 0	0 / 0	63,466
Value Creation Stake 2022	01-01-2022	01-01-2027	63,794		0 / 0	63,794
Value Creation Stake 2023	01-01-2023	01-01-2028	-	115,074 / 1,697	115,074 / 1,697	63,841
Douglas Wood, CFO						
Value Creation Stake 2018	01-01-2018	01-01-2023	33,924	0 / 0	0 / 0	-
Value Creation Stake 2019	01-01-2019	01-01-2024	32,511	0 / 0	0 / 0	32,511
Additional Value Creation Stake 2019	01-07-2019	01-07-2024	2,323	0 / 0	0 / 0	2,323
Value Creation Stake 2020	01-01-2020	01-01-2025	35,554	0 / 0	0 / 0	35,554
Value Creation Stake 2021	01-01-2021	01-01-2026	34,212	0 / 0	0 / 0	34,212
Value Creation Stake 2022	01-01-2022	01-01-2027	34,389	0 / 0	0 / 0	34,389
Additional Value Creation Stake 2022[6]	06-04-2022	06-04-2027	1,304	0 / 0	0 / 0	1,304
Value Creation Stake 2023	01-01-2023	01-01-2028		65,209 / 962	65,209 / 962	36,177

[1] Opening balance consists of both shares held and unvested grants for conditional plans at assumed maximum target.

[2] Closing balance consists of the full grant and vesting of the relevant plan, including any sell-to-cover performed to compensate a wage tax impact.

[3] Converted at the share price at the date of grant.

[4] Converted at the share price at the date of vesting.

[5] Includes additional Value Creation Stake granted due to salary increase.

[6] Additional Value Creation Stake granted due to salary increase.

The main conditions of share award plans			Information regarding the reported financial year			
			Opening balance[1]	During the year		Closing balance[2]
Specification of plan	Grant and vesting dates	End of retention period	Shares held at the beginning of the year	Shares granted (# / EUR x 1,000)[3]	Shares vested (# / EUR x 1,000)[4]	Shares subject to a retention period
Øivind Tangen, COO						
Ownership Shares 2021	01-01-2021	01-01-2024	1,293	0 / 0	0 / 0	1,293
Ownership Shares 2022	01-01-2022	01-01-2025	1,572	0 / 0	0 / 0	1,572
Value Creation Stake 2022[5]	06-04-2022	06-04-2027	32,073	0 / 0	0 / 0	32,073
Value Creation Stake 2023	01-01-2023	01-01-2028		62,092 / 916	62,092 / 916	43,312

1 Opening balance consists of both shares held and unvested grants for conditional plans at assumed maximum target.

2 Closing balance consists of the full grant and vesting of the relevant plan, including any sell-to-cover performed to compensate a wage tax impact.

3 Converted at the share price at the date of grant.

4 Converted at the share price at the date of vesting.

5 Pro-rata VCS following appointment to Management Board per April 6, 2022.

In the table below, information on the annual change of remuneration of each individual Management Board member is set out over the five most recent financial years. In addition, the performance of the Company (measured in Directional Underlying EBITDA and TRIFR) is displayed as well as the average remuneration on a full-time equivalent basis of employees of the Company (calculated in the same manner as the internal pay ratio in this section).

Comparative table on the change of remuneration and Company performance over the last five reported financial years

in thousands of EUR, except Company's performance

Annual Change[1]	2018[2]	2019[2]	2020[2]	2021	2022	2023
Bruno Chabas, CEO	6,037	4% / 6,293	6% / 6,721	(47%) / 4,580	(20%) / 3,815	13% / 4,327
Douglas Wood, CFO	1,941	43% / 3,422	(4%) / 3,293	(51%) / 2,182	(15%) / 1,906	14% / 2,167
Øivind Tangen, COO	-	-	-	-	1,975	10% / 2,175
Company´s performance						
Underlying Directional EBITDA in million US$	784	6% / 832	19% / 992	(7%) / 931	8% / 1,010	6% / 1,075[3]
TRIFR[4]	0.18	(38%) / 0.13	(30%) / 0.10	(67%) / 0.06	50% / 0.12	(50%) / 0.08
Average employee expenses on a full-time equivalent basis						
Average employee expenses of the Company[5]	113	3% / 117	(3%) / 114	(11%) / 102	8% / 111	2% / 113

1 Annual change in percentage is calculated comparative to the amount of the current year.

2 2018 – 2020 impacted by transition from RP15 (delayed LTI vesting) to RP18 (immediate VCS vesting and a holding period).

3 Underlying EBITDA reflects the following adjustments: i. impact of the sale of Liza Destiny earlier than planned; ii. implementation costs of an optimization plan related to the Company's support functions; and iii. impact of the delay in commencement of a charter by a client notwithstanding the on-target delivery of the vessel by the Company.

4 Total recordable injury frequency rate trends are positive when downwards.

5 The average employee expenses of the company are based on the IFRS expenses including share based payments. The average employee expenses are influenced by both the composition of the population both in function as well as geographical location and the related foreign currency impacts. This calculation has a different basis than the pay-ratio calculation in accordance with the Dutch corporate governance code.

3.3.4 SUPERVISORY BOARD REMUNERATION POLICY

The Supervisory Board Remuneration Policy became effective April 8, 2020 after being approved by shareholders with 99% of the votes on the same date. The full version of the Remuneration Policy is available on SBM Offshore's website (ESG/Governance section).

The Supervisory Board Remuneration Policy encourages a culture of long-term value creation and a focus on the long-term sustainability of the Company. The remuneration of the Supervisory Board members is not dependent on the results of the Company, which allows an unmitigated focus on long-term value creation for all stakeholders.

The Company's strategy revolves around the pillars Environmental, Social and Governance. The Social pillar is reflected in the competitiveness of the remuneration policy, which is in line with global peer companies that may compete with SBM Offshore for business opportunities and/or talent. The remuneration should enable retaining and recruiting Supervisory Board members with the right balance of experience and competencies while observing the Supervisory Board Profile and Diversity & Inclusion Policy, to oversee the execution of the strategy and the performance of the Company. The remuneration intends to promote an adequate performance of their role. The strategic pillars are reflected in the focus of the Supervisory Board on long-term value creation.

Considering the nature of the role and responsibility of the Supervisory Board, the pay and employment conditions of employees are not taken into account when formulating the Remuneration Policy.

FEE LEVEL AND STRUCTURE

The fee level and structure for the Supervisory Board remuneration is currently as follows:

Position	Fee in EUR
Chair Supervisory Board	120,000
Vice-Chair Supervisory Board	80,000
Member Supervisory Board	75,000
Chair Audit Committee	10,000
Member of the Audit Committee	8,000
Chair of the Appointment and Remuneration Committee dealing with appointment matters	9,000
Chair of the Appointment and Remuneration Committee dealing with remuneration matters	9,000
Member of the Appointment and Remuneration Committee	8,000
Chair of the Technical and Commercial Committee	10,000
Member of the Technical and Commercial Committee	8,000

All fees above are on an annual basis and are not dependent on the number of meetings. Supervisory Board members also receive an annual amount of EUR500 for expenses, and a lump sum of EUR5,000 per meeting when intercontinental travel is involved. No share-based remuneration is granted to the members of the Supervisory Board.

PENSIONS

The Supervisory Board members do not receive a pension allowance.

ARRANGEMENTS WITH SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board are appointed by the General Meeting for a maximum term of four years. Re-appointment can take place as per the law, articles of association and the Supervisory Board rules of the Company. The term of the Supervisory Board members terminates at the end of their term, in case of resignation or dismissal by the General Meeting.

LOANS

SBM Offshore does not provide loans, advances or guarantees (and/or securities) to the members of the Supervisory Board.

3.3.5 SUPERVISORY BOARD REMUNERATION IN 2023

In accordance with the Supervisory Board Remuneration Policy, the remuneration paid out to the Supervisory Board in 2023 is as per below. Supervisory Board members do not receive variable remuneration.

Remuneration of the Supervisory Board by member in thousands of EUR

Name of Supervisory Board Member, Position	Year	Fees	Committee fees	Other benefits[1]	Total remuneration
Roeland Baan, Chair	2023	120	9	1	130
	2022	120	9	1	130
Bernard Bajolet, Vice-Chair	2023	80	14	1	95
	2022	80	8	1	89
Ingelise Arntsen, Member	2023	75	14	1	90
	2022	75	8	1	84
Allard Castelein, Member[2]	2023	54	6	-	60
	2022	-	-	-	-
Hilary Mercer, Member[3]	2023	75	18	31	124
	2022	55	13	-	69
Jaap van Wiechen, Member	2023	75	10	1	86
	2022	75	12	1	88
Sietze Hepkema, former Member[4]	2023	21	5	-	26
	2022	75	16	1	92
Cheryl Richard, former Member[4]	2023	21	3	10	34
	2022	75	9	-	85
Francis Gugen, former Vice-Chair[5]	2023	-	-	-	-
	2022	22	3	-	24

1 Other benefits items for the supervisory board consist mainly of the lump sum for intercontinental travel at EUR 5,000 each and a yearly expense allowance of EUR 500.

2 As per April 13, 2023.

3 As per April 6, 2022.

4 Until April 13, 2023.

5 Until April 6, 2022.

In the table below, information on the annual change of remuneration of each individual Supervisory Board member is set out over the five most recent financial years.

Comparative table on the change of remuneration over the last five reported financial years in thousands of EUR

Annual Change[1]	2018	2019	2020	2021	2022	2023
Roeland Baan, Chair	66	28% / 92	23% / 119	8% / 130	0% / 130	(0%) / 130
Bernard Bajolet, Vice-Chair	60	28% / 84	0% / 84	0% / 84	6% / 89	6% / 95
Ingelise Arntsen, Member	-	-	-	61	27% / 84	7% / 90
Allard Castelein, Member	-	-	-	-	-	60
Hilary Mercer, Member	-	-	-	-	69	44% / 124
Jaap van Wiechen, Member	-	-	61	34% / 93	(6%) / 88	(2)% /86
Sietze Hepkema, Member	83	1% / 84	0% / 84	7% / 89	2% / 92	(254)% /26
Cheryl Richard, Member	99	14% / 115	(28%) / 90	(6%) / 85	0% / 85	(150%) / 34
Francis Gugen, former Vice-Chair	85	1% / 86	0% / 86	5% / 90	(270)% /24	(100%) / 0
Laurence Mulliez, former Member	85	7% / 92	0% / 92	(275%) / 24	-	-
Floris Deckers, former Chair	124	10% / 138	(268%) / 37	-	-	-
Thomas Ehret, former Vice-Chair	90	1% / 91	(300%) / 23	-	-	-
Frans Cremers, former Chair	39	-	-	-	-	-
Lynda Armstrong, former member	30	-	-	-	-	-

[1] Annual change in percentage is calculated comparative to the amount of the current year.

None of the Supervisory Board members receives remuneration that is dependent on the financial performance of the Company, as per best practice 3.3. of the Corporate Governance Code.

SBM Offshore does not provide loans, advances or guarantees (and/or securities) to the members of the Supervisory Board.

3.3.6 OUTLOOK FOR 2024

In 2023, the base salary for the Management Board members stayed the same. Bruno Chabas has served the Company for 12 years and will step down as CEO at the end of the 2024 AGM. The Management Board will continue after April 12, 2024 as a two-person board consisting of Øivind Tangen (CEO) and Douglas Wood (CFO). The Supervisory Board resolved to increase the base salary of Øivind Tangen to EUR775 thousand as of that date.

The Supervisory Board Remuneration Policy was approved in 2020. In 2023, the Supervisory Board reviewed its own Remuneration Policy and concluded that the Policy serves its purpose in full and therefore minor changes are proposed in our submission to the 2024 AGM.

Pursuant to Dutch law, the Management Board Remuneration Policy must be approved by shareholders every four years and is therefore subject to renewal at the AGM in 2025. In this context the base salary of Douglas Wood will be benchmarked this year. We will seek input from our shareholders on the Remuneration Policy during the course of 2024.

3.4 SHAREHOLDER INFORMATION

LISTING

SBM Offshore has been listed on Euronext Amsterdam since 1965. The market capitalization as at year-end 2023 was US$2.49 billion. The majority of the Company's shareholders are institutional long-term investors.

FINANCIAL DISCLOSURES

SBM Offshore publishes audited full-year earnings results and unaudited half-year earnings results, which include financials, within sixty days after the close of the reporting period. For the first and third quarters, SBM Offshore publishes a trading update, which includes important Company news and financial highlights. The Company conducts a conference call and webcast for all earnings releases and a conference call only for all trading updates during which the Management Board presents the results and answers questions. All earnings-related information, including press releases, presentations and conference call details are available on the SBM Offshore website. Please see the Financial Calendar at the end of this section for the timing of publication of financial disclosures for the remainder of 2024. The Company reports a 'Directional' income statement, balance sheet and cash flow statement. Directional reporting aims to increase transparency in relation to SBM Offshore's cash flow generating capacity and to facilitate investor and analyst review and financial modeling. Furthermore, it also reflects how Management monitors and assesses financial performance of the Company. Directional reporting is included in the audited Consolidated Financial Statements in section 4.3.2.

DIVIDEND POLICY & CAPITAL ALLOCATION

The Company is evolving its shareholder return policy as follows: "The Company's shareholder return policy is to maintain a stable annual cash return to shareholders which grows over time, with flexibility for the Company to make such cash return in the form of a cash dividend and the repurchase of shares. Determination of the annual cash return is based on the Company's assessment of its underlying cash flow position. The Company prioritizes a stable cash distribution to shareholders and funding of growth projects, with the option to apply surplus capital towards incremental cash returns to shareholders." The policy will be presented for discussion at the Annual General Meeting on April 12, 2024.

As a result, following review of its cash flow position and forecast, the Company intends to pay a total cash return to shareholders of US$220 million in 2024. This represents an increase of 12% compared with the dividend paid in 2023. The cash return is to be composed of a proposed dividend of US$150 million (equivalent to c. US$0.83 per share[19]) combined with a EUR65 million (US$70 million equivalent[20]) share repurchase program. Shares repurchased as part of the cash return will be cancelled. The share repurchase program will be launched on March 1, 2024, and the dividend will be proposed at the Annual General Meeting on April 12, 2024. Going forward, the Company intends to maintain a material level of dividend as part of the annual cash return with US$150 million as a base level.

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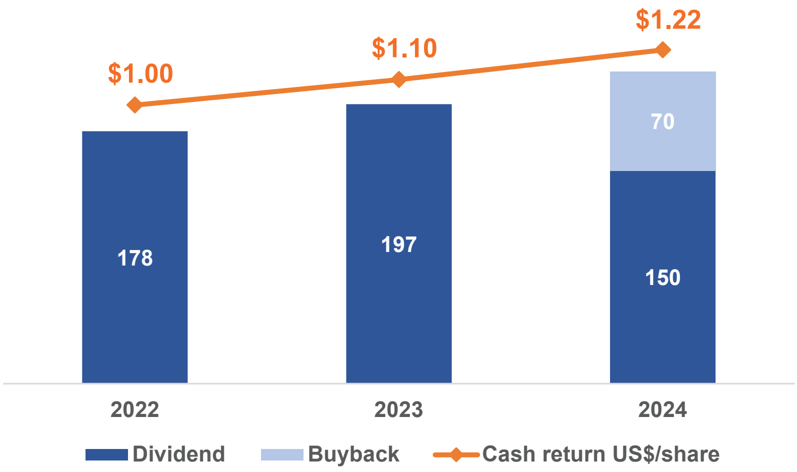
[19] Based on the number of shares outstanding at December 31, 2023. Dividend amount per share depends on number of shares entitled to dividend. The proposed ex-dividend date is April 16, 2024.

[20] Based on the foreign exchange rate on February 22, 2024.

SHAREHOLDER RETURNS[1]

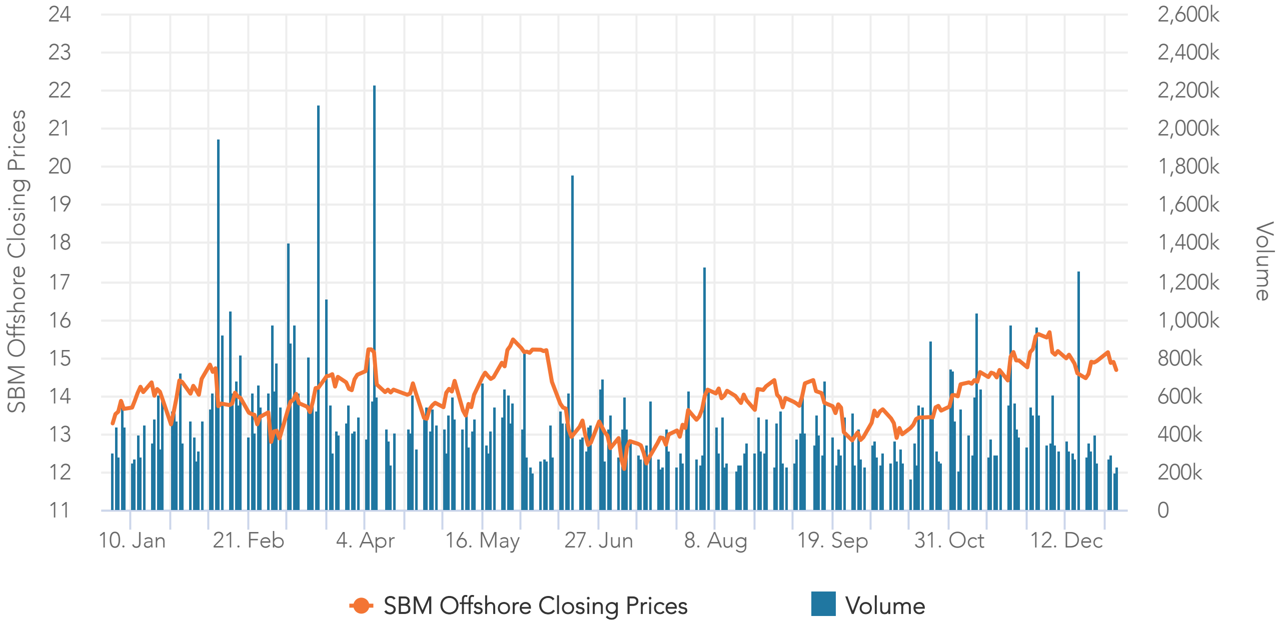


1. Presents dividends and share repurchase amounts per year of payout.

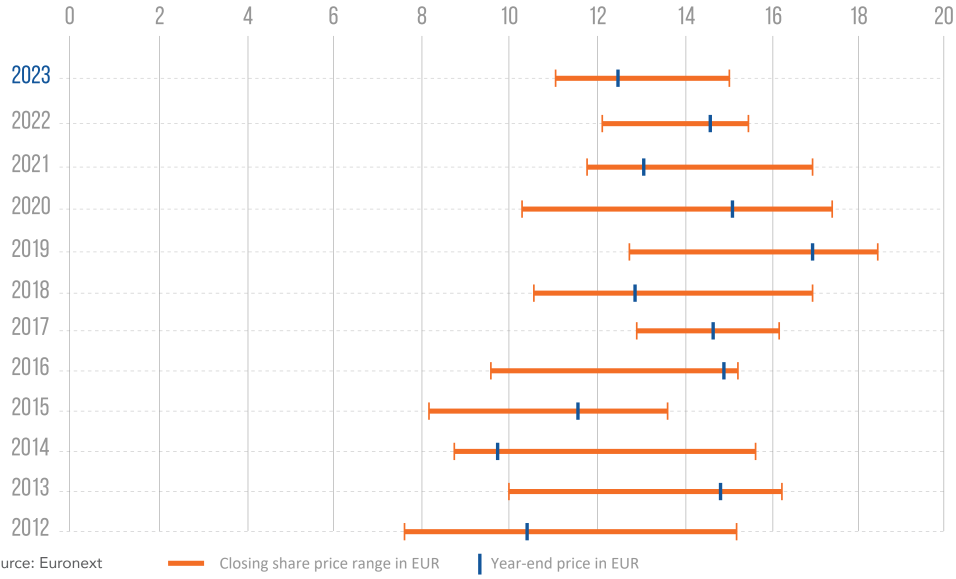
SHARE PRICE DEVELOPMENT

Year-end price	EUR12.45	December 29, 2023
Highest closing price	EUR15.09	February 16, 2023
Lowest closing price	EUR11.28	October 26, 2023

Share price development in 2023 (in EUR)



SHARE PRICE DEVELOPMENT 2012 – 2023 (MAX, MIN, YEAR-END PRICE)



Source: Euronext

For 2023 the press releases covering the key news items are listed below:

Date	Subject Press Release
23-02-23	SBM Offshore Full Year 2022 Earnings
01-03-23	SBM Offshore to nominate Supervisory Board member
02-03-23	Annual General Meeting announcement
31-03-23	SBM Offshore completes US$1.63 billion financing of *FPSO Almirante Tamandaré*
13-04-23	Annual General Meeting 2023 Resolutions
02-05-23	SBM Offshore signed a 10-year Operations and Maintenance Enabling Agreement for its Guyana FPSO fleet with ExxonMobil Guyana
11-05-23	SBM Offshore First Quarter 2023 Trading Update
20-06-23	SBM Offshore completes US$1.615 billion financing of *FPSO Alexandre de Gusmão*
10-08-23	SBM Offshore Half Year 2023 Earnings
15-09-23	SBM Offshore and MHI sign Partnership Agreement for FPSO CO_2 Capture Solution
13-10-23	SBM Offshore awarded FEED contracts for Whiptail project in Guyana
09-11-23	SBM Offshore Third Quarter 2023 Trading Update
09-11-23	Company share-plan-related repurchase of 350,000 shares
09-11-23	FPSO *Liza Unity* Purchase by ExxonMobil Guyana Completed
14-11-23	FPSO *Prosperity* producing and on hire
21-11-23	Completion Company share-plan-related repurchase of 350,000 shares
15-12-23	SBM Offshore successfully raises a new US$210 million Revolving Credit Facility for MPF hull financing

MAJOR SHAREHOLDERS

As at December 31, 2023, the following investors holding ordinary shares had notified an interest of 3% or more of the Company's issued share capital to the Autoriteit Financiële Markten (AFM) (only notifications after July 1, 2013 are included):

Date	Investor	% of share capital
February 28, 2020	HAL Trust	20.35%
June 9, 2023	Parvus Asset Management Europe Limited	10.00%
November 9, 2015	Dimensional Fund Advisors LP	3.18%
September 6, 2022	Templeton Investment Counsel	3.02%

INVESTOR RELATIONS

The Company maintains open and active engagement with its shareholders and aims to provide information to the market which is consistent, accurate and timely. Information is provided among other means through press releases, presentations, conference calls, investor conferences, meetings with investors and research analysts and the Company website. The website provides a constantly updated source of information about SBM Offshore's core activities and latest developments. Press releases, presentations and information on shareholder communication can be found there under the Investors section.

FINANCIAL CALENDAR

Event	Day	Year
Full Year 2023 Earnings	February 29	2024
Annual General Meeting	April 12	2024
First Quarter 2024 Trading Update	May 8	2024
Half Year 2024 Earnings	August 8	2024
Third Quarter 2024 Trading Update	November 14	2024

3.5 RISK & COMPLIANCE

GOVERNANCE

The Management Board is responsible for:

- determining the Company's risk profile and policy, which are designed to achieve the Company's objectives, to assess and manage the Company's risks and to ensure that sound internal risk management and control systems are in place, and
- ensuring that the entire SBM Offshore organization operates within its clearly defined Compliance Program.

The Management Board monitors the operation of the Compliance Program and the internal risk management and control systems and performs an annual systematic assessment of their design and effectiveness. The results are discussed with the Supervisory Board. This monitoring covers all material control measures relating to strategic, operational, financial, compliance and reporting risks. Among other considerations, attention is given to observed weaknesses, instances of misconduct and irregularities and indications from whistle blowers.

MANAGEMENT APPROACH

The Group General Counsel & Chief Compliance Officer has managerial responsibility for compliance, insurance and legal matters. The Compliance Function, headed by the Group Compliance Manager, has a leadership role in proactively advising the Management Board and Management on acting with integrity and in a compliant manner, both from a strategic and an operational perspective.

The Compliance Function comprises a globally diverse team of experienced compliance professionals located within the Company's most prominent locations worldwide. Business leadership has accountability and responsibility to manage compliance and integrity risks within their fields of management control.

3.5.1 DESIGN AND OPERATION OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM

MANAGEMENT APPROACH

Group Risk & Control facilitates the business in identifying and managing risks, thereby ensuring the risks are managed within the Risk Appetite (see section 1.4.1) in order for the Company to achieve its strategic goals and objectives. The Risk Assurance Committee (RAC) brings together the heads of assurance functions and reviews the significant risks faced by the Company and its relevant control measures. It also oversees the integrated risk management approach.

DESIGN AND OPERATION OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM

The Management Board reviewed and assessed its Internal Risk Management & Control System framework and discussed it with the Supervisory Board. This is performed against five related components which are derived from COSO's framework 'Enterprise Risk Management – Integrating with Strategy and Performance'*. Its relevance to SBM Offshore is explained in Key features, Achievements in 2023, Maturity assessment and the Company's Future ambitions.

COMPONENT	KEY FEATURES	ACHIEVEMENTS IN 2023	MATURITY ASSESSMENT according to Management Board	FUTURE AMBITIONS
GOVERNANCE & CULTURE	• Management takes responsibility of its risks, mitigation and controls • Internal Control Framework is independently tested by Group Internal Audit	• Re-organized Group Risk and Control in Corporate & Business Solutions Center (CBSC) • Restarted the Peer Review program for IC champions to visit other locations for review and cross-location learning opportunities • Raised risk awareness through delivery of several Project Risk Training to key positions	• Management decision-making is performed with risk- and internal control-based mindset	• Build on business ownership of risks and focus on group integrated mitigation • Reinforce awareness and accountability for risks and actions implementation
STRATEGY & OBJECTIVE-SETTING	• Risk Appetite is set by Management Board (MB) and is endorsed by the Supervisory Board (SB) • Financial- and Non-Financial risk bearing processes are identified and reflected in the Internal Control Framework	• Internal Control addresses new topics in area of ESG (e.g. Emissions and Human Rights) • Risk Appetite has been revised in 2023	• Strategy and its Material Topics are well integrated in the Company's Risk Management and Internal Control Framework	• Support the Corporate Sustainability Reporting Directive (CSRD) requirements through compliance with Double Materiality • Further integrate Risk and Internal control interaction at strategic and operational level
PERFORMANCE	• Business achieve its objectives through adequate Risk and Internal Control support • Activities are performed according to the annual Strategy Cycle and disclosure requirements	• Performed Taskforce for Climate related Financial Disclosures (TCFD) assessment • Updated Risk Control Matrices in line with new ERP	• Risk Management and Internal Control are adequately performed, providing information for discussion and prioritization of assurance	• Expand benefits of ERP and End-2-End processes to further improve Internal Control environment
REVIEW & REVISION	• The Risk Assurance Committee (RAC) meets monthly to ensure an integrated assurance approach • Company's Risk Management & Control Systems are reviewed on a quarterly basis by the MB and SB.	• Policies and tooling were regularly reviewed and improved with the RAC • Integrating risk mitigation with business objectives • Applications mapping exercise completed to anticipate changes as result of new ERP	• Risk Management and Internal Control policies and procedures and tooling are annually discussed and reviewed with the SB	• Continue to improve activities based on internal review and external feedback • Continue to adapt Risk and Internal control framework based on company strategy
INFORMATION, COMMUNICATION & REPORTING	• The Company keeps track of their risks, controls, and actions in appropriate digital solutions • Results are disclosed according to relevant regulatory frameworks	• Quarterly Risk Report of Company's Risk Appetite measurement and main risks and related mitigating actions • Improved disclosure of Climate Change related Risks & Opportunities	• Disclosure of information, internal and external, through digital support and solutions operates adequately	• Enhance existing digital solutions (e.g. embed contingency calculation and analyze its content for trends) • Consider adoption of digital tool aiming to improve risk and control efficiency

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* *Committee of Sponsoring Organizations of the Treadway Commission (COSO)*
COSO is dedicated to providing thought leadership through the development of frameworks and guidance on ERM designed to improve organizational performance, oversight and to reduce the extent of fraud.

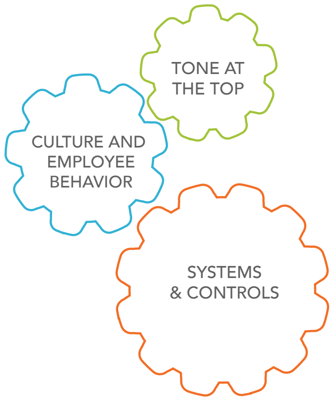
3.5.2 COMPLIANCE PROGRAM

STRATEGY

SBM Offshore aims to enable its employees and business partners to make the right decisions, with commitment to integrity at all levels. In recognition of this commitment, the Company has implemented a comprehensive Compliance Program applicable to the SBM Offshore group.

SBM Offshore's Compliance Program aims to promote an ethical culture throughout SBM Offshore and guides the Company's Management and employees in making value-led decisions, as well as strengthening the management control system to prevent, detect and respond to compliance risks and potential violations of the Code of Conduct, the law and other wrongdoing. The leaders of SBM Offshore are responsible for ensuring that the Company fulfils this commitment. They provide direction to employees to make decisions in line with our Core Values and Code of Conduct and foster and encourage a safe space for employees to speak up. To support leaders in this role, the Compliance function provides guidance and offers various training and communication tools such as newsletters and tailored e-Learning.

Key elements of the Compliance Program:
- Commitment of the Management Board and the Supervisory Board.
- Oversight and autonomy of the Group Compliance Manager and adequate, qualified resources in the department.
- Code of Conduct, compliance policies and procedures (incl. Anti-Bribery and Corruption Policy that is, amongst others, consistent with the UN Convention against corruption).
- Regular communication, training and continued guidance and advice.
- Regular monitoring of compliance risks, mitigating measures and incident and action reporting.
- A thorough third-party management process, including an internal Validation Committee, which reviews the due diligence outcome on high-risk third parties prior to engagement.
- Independent verification (e.g. compliance audits).
- Compliance-related internal financial controls, following ICOFR principles.
- SBM Offshore only engages with third parties who share the same principles of conduct, communicated to all third parties prior to any contractual engagement.
- Confidential reporting procedures, including a Speak Up Line and internal investigations.
- Annual compliance statements for designated staff to monitor adherence to the Code and policies.
- Business conduct related questions part of the annual employee engagement survey.



Speak Up

SBM Offshore's reporting channels and Speak Up Line enable leadership to carefully listen to employees and partners in the value chain about their compliance concerns. SBM Offshore is committed to investigate these concerns promptly, independently and objectively. SBM Offshore's focus is on the prevention of misconduct and to protect the rights of the reporting person and SBM Offshore does not tolerate any form of retaliation against the reporting person. SBM Offshore takes claims of retaliation very seriously and deals with them directly.
- The Speak Up Line is managed by an independent third party, available 24 hours a day, allowing for anonymous and confidential reporting for both internal and external stakeholders.
- Once a report is made through the Speak Up Line, the below steps will be taken.
- SBM Offshore's Integrity Panel oversees and investigates reports of (potential) misconduct.
- Reporting persons will receive a confirmation of their report within 7 days and will receive feedback within a reasonable timeframe, usually not exceeding three months after receiving the report, except in cases where the nature or complexity of the report requires a longer timeframe.
- A revised version of the Speak Up Policy was drafted in 2021, in line with the requirements set in the EU Whistleblowing Directive, and is available on SBM Offshore's website.

3.6 COMPANY TAX POLICY

SBM Offshore's tax policy is summarized as follows:

- The Company aims to be a good corporate citizen in the countries where it operates, by complying with the law and by contributing to countries' progress and prosperity through employment, training and development, local spending and through payment of the various taxes it is subject to, including wage tax, personal income tax, withholding tax, sales tax and other state and national taxes as appropriate.
- The Company aims to be tax-efficient in order to be cost-competitive, while fully complying with local and international tax laws.
- The Company operates in a global context, with competitors, clients, suppliers and a workforce based around the world. A typical FPSO Engineering, Procurement and Construction ('EPC') project sees a hull construction or conversion in Asia, topsides construction in Asia or South America, engineering in Europe or Asia and large-scale procurement from dozens of companies in many countries across the globe. Depending on the particulars of the client contract, the EPC phase may be followed by a lease-and-operate phase involving the country of operations but also support centers of the Company located around the world. In each of these countries, the Company complies with local regulations and pays direct and indirect taxes on local value-added, labor and profits and in some cases pays a revenue-based tax. To coordinate the international nature of its operations and its value flows and to consolidate its global maritime and EPC activities, in 1969 the Company created Single Buoy Moorings Inc, followed in 1986 by SBM Production Contractors Inc. S.A., which continue to perform their functions today from their offices in Marly, Switzerland.

The Company:

- Complies with the OECD transfer-pricing guidelines.
- Supports the OECD's commitment to enhance tax transparency and is committed to full compliance with applicable laws in countries where it operates. Consistent with this approach, the Company supports the initiatives on base erosion and profit shifting, including, but not limited to, Anti Tax Avoidance Directive 2 (ATAD 2), as well as the Directive implementing the minimum taxation (OECD Pillar Two) at EU level. The Company is required to file detailed reports and transfer-pricing documentation in accordance with Base Erosion and Profit Shifting's (BEPS) action 13, as is now implemented in Dutch tax law. The disclosures contained in the country-by-country reporting ('CbCR') have been prepared to meet the OECD requirements and have been filed with the Dutch tax authorities for the year 2022.
- Makes use of the availability of international tax treaties to avoid double taxation.
- Does not use intellectual property as a means to shift profits, nor does it use digital sales. Furthermore, the Company does not apply aggressive intra-company financing structures such as hybrids. In 2023, the Company reported a current corporate income tax charge of US$130 million under IFRS (compared to US$86 million in 2022).
- Endorsed the B Team Responsible Tax Principles in August 2021, the VNO-NCW Tax Governance Code in 2023, and published the SBM Offshore Approach to Tax on its website. This explains the key principles applied to tax matters and the associated governance as well as describing the Company's global tax footprint.
- Regarding the OECD initiative to address the Tax Challenges Arising from the Digitalization of the Economy and its two-pillar solution aiming to reform the international tax system, the Company acknowledges that the implementation of Pillar Two may have some impacts on its income tax charge. However the final assessment on Pillar Two legislation will be known only when final legislation, including all administrative guidance, will be enacted in the domestic law of the relevant jurisdictions. The OECD has released its additional guidance but further discussions and consultations are taking place and will continue in 2024. SBM Offshore will continue to asses the impact of Pillar Two legislation accordingly.

3.7 OPERATIONAL GOVERNANCE

Operational Governance of the Company is managed through:

- GEMS, as introduced in section 3.7.1.
- GTS, as introduced in section 3.7.2.

A detailed certification and classification table is provided in section 5.5, mapping compliance of SBM Offshore entities and sites with international certification standards and codes.

Note: for complementary details on SBM Offshore's approach to Operational Excellence, refer also to section 2.1.4.

3.7.1 GLOBAL ENTERPRISE MANAGEMENT SYSTEM

The Management System is one of the key enablers for the Company to perform its business activities in a consistent, reliable and sustainable manner, meeting client expectations, adapting to new challenges and continuously improving ways of working.

The Management System of SBM Offshore is called the Global Enterprise Management System (GEMS) and is based on several international standards and other good practices. GEMS is the core of a broader ecosystem, including software solutions (e.g. LUCY, SBM Offshore's Human Capital Management System) and other elements such as SharePoint microsites and Group Technical Standards (GTS) as introduced in section 3.7.2. The Group's Vision, Values (section 1.3.1) and Policies are embedded in GEMS to support the correct governance of SBM Offshore's organization and business activities. These form the foundation processes that are consistently applied throughout all offices and fleet operations (in-country offices and vessels).

GEMS is structured around three main process domains: executive processes, core processes and support processes. The core processes have been modelled to show where the company generates value from its activities. GEMS is represented as shown in the illustration. GEMS gives clear and formal ownership of end-to-end processes and clear identification of key controls. It provides a cohesive framework for quality and regulatory compliance, health and safety, security of personnel and assets, protection of the environment, as well as risk and opportunity management throughout the product lifecycle, ensuring the Company's sustainability. GEMS can be accessed in its entirety via the Company's intranet which ensures easy access to all employees.

GEMS

EXECUTIVE PROCESSES

MANAGE GROUP STRATEGY

MANAGE STRATEGIC ALLIANCES

MANAGE SUPPLIERS & STRATEGIC SOURCING

ENSURE SUSTAINABILITY

MANAGE LEGAL & COMPLIANCE

MANAGE ENTERPRISE RISK

MANAGE HSSE, QRM & OPERATIONAL EXCELLENCE

MANAGE TECHNOLOGY & INNOVATION

MANAGE CLIENT & OPPORTUNITY

MANAGE GROUP PRODUCT STANDARD

CORE PROCESSES

TENDER TO CASH

SERVICE TO CASH

PROCURE TO PAY

FORECAST TO CONTROL

RECORD TO REPORT

INVEST TO DIVEST

CONCEPT TO NEW PRODUCT AND SERVICES

HIRE TO RELEASE

SUPPORT PROCESSES & SERVICES

MANAGE DATA & INFORMATION SYSTEM

MANAGE INFORMATION TECHNOLOGY

MANAGE COMMUNICATION

MANAGE DOCUMENTATION

3.7.2 GROUP TECHNICAL STANDARDS

A key driver for the cost of new projects is the technical standards to be applied in addition to the local regulatory requirements. Typically, these standards fall into three categories – customer standards, contractor standards or a hybrid set of customized standards. In the current climate of severe cost-pressure, there is a logical push in the industry towards wider acceptance of contractor standards. By leveraging its expertise – notably through its Fast4Ward® program – SBM Offshore can minimize project customization and efficiently deliver more standard products, with significant cost and schedule savings.

To support this approach, the Company has, over the years, established its own Group Technical Standards (GTS) by integrating key elements of its accumulated project execution and fleet operational experience. The GTS consist of a set of minimum technical requirements applicable to Company products provided to customers on a Lease and Operate basis. They ensure a consistent design approach, optimized from a lifecycle-cost perspective and integrating the Company's policies and standards with respect to personnel safety, environmental protection and asset integrity. Additionally, all GTS documents are formally reviewed and approved by Classification Societies acting as independent third parties.

To date, the Company has executed over 24 major projects using its GTS as the basis of design since they were established in 2003. GTS are now digital and available through a Requirement Management Software since Q1 2022, providing new features for GTS users and the team in charge of GTS development. The main benefits are time-saving, enhanced search and filtering functionalities, data re-use capacity, improved overall quality and multi-support availability.

The GTS are maintained by a team of internal technical authorities and experts covering all key technical aspects of Company products, providing assurance over GTS application during project execution and integrating operational feedback as part of GTS continuous improvement.

In 2023 SBM Offshore started the development of the GTS for its renewable product line and will continue in 2024. The main benefit will be the standardization of requirements for the development of wind farms.

In 2024 SBM Offshore will start improving the quality of the GTS' requirements using Artificial Intelligence, benefits being clearer requirements that are easier to implement for project teams and vendors.

3.8 IN CONTROL STATEMENT

INTRODUCTION

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. The implementation of the internal risk management and control framework at SBM Offshore focuses on managing strategic, financial, compliance and operational risks, as described in section 3.5.1 of the Management Report. As a key part of its scope, the Risk Management function is responsible for the design and monitoring of, and reporting on, the internal control framework.

During 2023, various aspects of risk management were discussed by the Management Board, including the consolidated quarterly Risk Report, Risk Appetite Statement review and the result of the yearly testing Internal Control Over Financial Reporting (ICOFR) campaign. The responsibilities concerning risk management, as well as the lines of defense, were also discussed with the senior management of the Company. There were no major failings in the internal risk management and control systems observed over the period. In addition, the result of the yearly ICOFR testing campaign was reviewed by the Audit Committee and Supervisory Board. This testing campaign did not highlight any major control deficiency and concluded with a consistent level of conformity rate around the organization.

SBM Offshore prepared the In Control Statement 2023 in accordance with the best practice provision 1.4.3 of the Dutch Corporate Governance Code. With due consideration to the above, the Company believes that:

- The Management Report provides sufficient insights into the Company's internal risk management and control systems.
- Its internal risk management and control systems provide reasonable assurance that the financial reporting over 2023 does not contain any errors of material importance.
- Based on the current state of affairs, the Management Board states that it is justified that the financial reporting over 2023 is prepared on a going concern basis; and
- The material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report have been included in the Management Report.

However, the Company cannot provide certainty that its business and financial strategic objectives will be realized or that its approach to internal control over financial reporting can prevent or detect all misstatements, errors, fraud or violation of law or regulations. Financial reporting over 2023 was based upon the best operational information available throughout the year and the Company makes a conscious effort at all times to weigh the potential impact of risk and the cost of control in a balanced manner.

With reference to section 5.25c paragraph 2, sub c of the Financial Markets Supervision Act *(Wet op het financieel toezicht)*, the Management Board states that, to the best of its knowledge:

- The financial statements for 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of SBM Offshore and its consolidated companies.
- The Management Report gives a true and fair view of the position as per December 31, 2023 and that of SBM Offshore's and its affiliated companies development during 2023. Furthermore, the Management Report includes a description of the principal risks facing SBM Offshore.

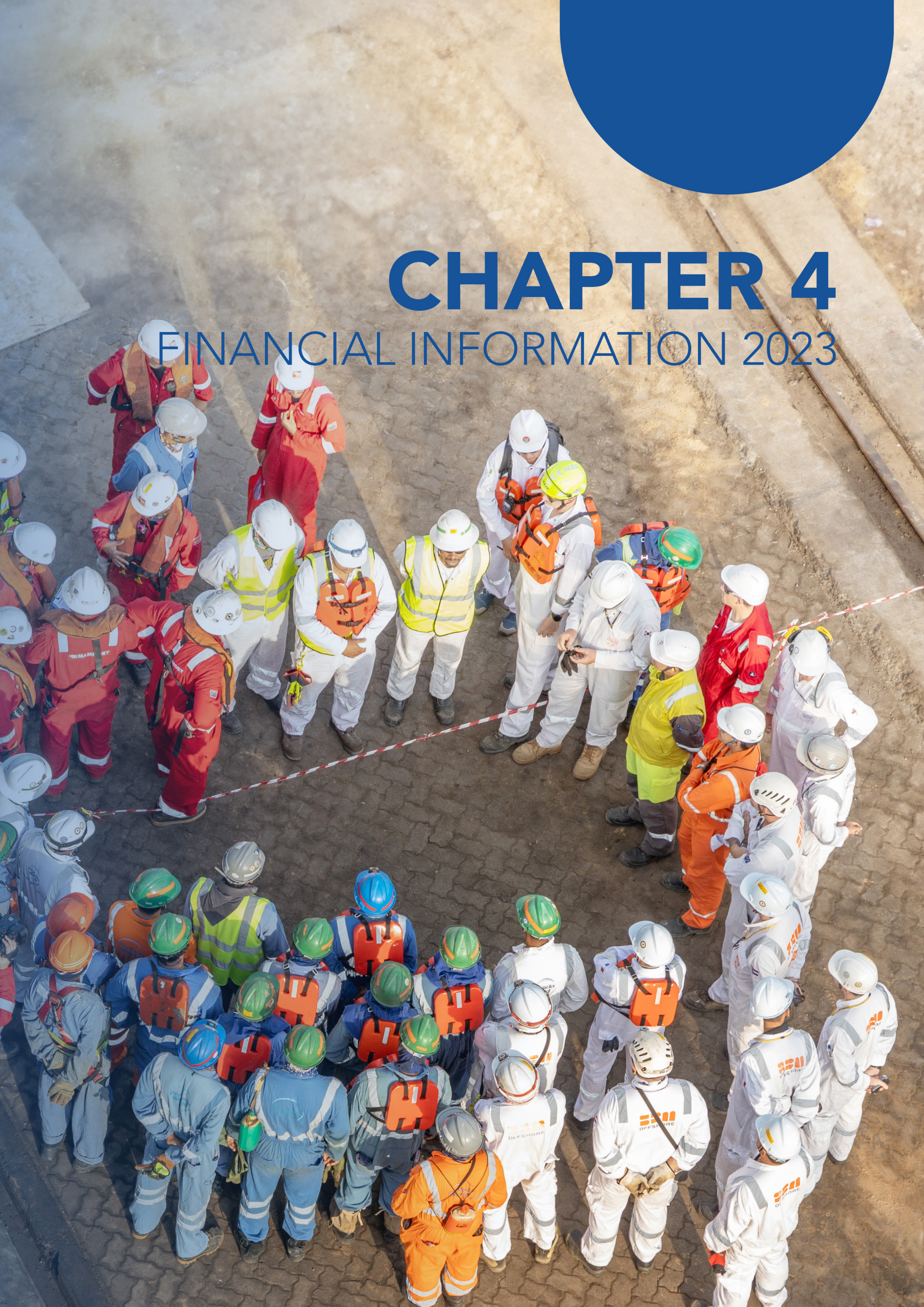
Schiphol, the Netherlands
February 28, 2024

Management Board
Bruno Chabas, CEO
Øivind Tangen, COO
Douglas Wood, CFO

TRUE.
BLUE.
TRANSITION.

CHAPTER 4

FINANCIAL INFORMATION 2023



4 FINANCIAL INFORMATION 2023

4 FINANCIAL INFORMATION 2023

4.1 FINANCIAL REVIEW

4.1.1 FINANCIAL OVERVIEW

in US$ million	FY 2023	FY 2022
IFRS figures		
Revenue	**4,963**	**4,913**
Lease and Operate revenue	1,563	1,414
Turnkey revenue	3,400	3,499
EBITDA[1]	**1,239**	**1,209**
Lease and Operate EBITDA	695	719
Turnkey EBITDA	646	569
Other	(101)	(80)
Profit/(loss) attributable to shareholders	**491**	**450**
Directional figures		
Directional Revenue	**4,532**	**3,288**
Directional Lease and Operate revenue	1,954	1,763
Directional Turnkey revenue	2,578	1,525
Directional EBITDA[2]	**1,319**	**1,010**
Directional Lease and Operate EBITDA	1,124	1,080
Directional Turnkey EBITDA	296	7
Other	(101)	(77)
Directional Profit/(loss) attributable to shareholders	**524**	**115**

1 EBITDA - Profit/(loss) excluding net financing costs, income tax expense, depreciation, amortization and impairment as well as share of profit/(loss) of equity-accounted investees. For a reconciliation to the consolidated income statement, refer to section 4.1.3 Financial Review IFRS.

2 Directional EBITDA - Directional Profit/(loss) excluding Directional net financing costs, Directional income tax expense, Directional depreciation, amortization and impairment as well as Directional share of profit/(loss) of equity-accounted investees. For a reconciliation to IFRS figures, refer to section 4.3.2 Operating segments and Directional reporting.

General

The Company's primary business segments are 'Lease and Operate' and 'Turnkey'. Additionally, the Company discloses separately non-allocated corporate income and expense items presented in the category 'Other'. Revenue and EBITDA are analyzed by segment, but it should be recognized that business activities are closely related.

During recent years, the Company's awarded lease contracts were systematically classified under IFRS as finance leases for accounting purposes, whereby the fair value of the leased asset is recorded as a Turnkey 'sale' during construction. For the Turnkey segment, this accounting treatment results in the acceleration of recognition of lease revenues and profits into the construction phase of the asset, whereas the asset generates the cash mainly only after construction and commissioning activities have been completed, as that is the moment the Company is entitled to start receiving the lease payments. In the case of an operating lease, lease revenues and profits are recognized during the lease period, in effect more closely tracking cash receipts. Following the implementation of accounting standards IFRS 10 and 11 starting January 1, 2014, it has also become challenging to extract the Company's proportionate share of results. To address these accounting issues, the Company discloses Directional reporting in addition to its IFRS reporting. Directional reporting treats all lease contracts as operating leases and consolidates all co-owned investees related to lease contracts on a percentage of ownership basis. Under Directional, the accounting results more closely track cash-flow generation and this is the basis used by the Management Board of the Company to monitor performance and for business planning. Reference is made to 4.3.2 Operating Segments and Directional Reporting for further detail on the main principles of Directional reporting.

The Management Board, as chief operating decision maker, monitors the operating results of the Company primarily based on Directional reporting. The financial information in this section 4.1 Financial Review is presented both under Directional and IFRS while the financial information presented in note 4.3.2 Operating Segments and Directional Reporting is presented under Directional with a reconciliation to IFRS. For clarity, the remainder of the financial statements are presented solely under IFRS, except where expressly stated otherwise.

4.1.2 FINANCIAL HIGHLIGHTS

The main financial highlights of the year and their associated financial impact are reported in note 4.3.1 Financial Highlights.

4.1.3 FINANCIAL REVIEW IFRS

	IFRS	
in US$ million	FY 2023	FY 2022
Revenue	**4,963**	**4,913**
Lease and Operate	1,563	1,414
Turnkey	3,400	3,499
EBITDA	**1,239**	**1,209**
Lease and Operate	695	719
Turnkey	646	569
Other	(101)	(80)
Profit/(loss) attributable to shareholders	**491**	**450**

PROFITABILITY

Accounting treatment of projects under construction

As stated, Directional reporting differs from IFRS. Under IFRS, the construction of FPSO *ONE GUYANA* and finalized EPC works on FPSO *Prosperity* contributed to both Turnkey revenue and gross margin over the period. This is because these contracts are classified as finance leases as per IFRS 16 and are therefore accounted for as a direct sale under IFRS.

The same treatment applied to the construction of *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão and FPSO Sepetiba*, which fully contributed to both Turnkey revenue and gross margin over the period, given these contracts are classified as finance leases. Under Directional, the contribution to Turnkey revenue and gross margin for these projects is limited to the portion of the sale to partners in the special purpose entity owning the units (i.e. respectively 35.5%, 45% and 45%).

With regards to the FPSO for the Whiptail development project and expected award of construction and installation agreements (subject to necessary government approvals and final work order to be received from the client), these align with Directional. As such, the full revenue and margin will be recognized during the construction period as the FPSO's ownership is expected to be transferred to the client at the end of the construction period and before start of operations in Guyana. It will be recognized as a construction contract falling in the scope of IFRS 15.

Finally, contrary to Directional, the FPSO *Liza Unity* sale did not contribute to revenue and margin in the current year as finance lease arrangements are treated as direct sales under IFRS and therefore revenue and margin are recognized over time during the construction period for the present value of the future lease payments, which include the contractual sale price.

Revenue

Total revenue increased by 1% to US$4,963 million compared with US$4,913 million in 2022.

This increase has driven the Lease and Operate segment. Lease and Operate revenue increased by 11% to US$1,563 million, compared with US$1,414 million in the year-ago period. This reflects mainly the following events: (i) FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter of 2023 and (ii) an increase in reimbursable scopes and an improved performance of the fleet, partially offset by (iii) *FPSO Capixaba,* which finished production in 2022 (no contribution to revenue in 2023, in the decommissioning phase), (iv) the remeasurement of future demobilization costs in finance lease contracts leading to the recognition of a reduction of revenue, for the present value of the change and (v) a regular declining profile of interest revenue from finance leases.

Turnkey revenue decreased by 3% to US$3,400 million, compared with US$3,499 million in the year-ago period, mainly explained by (i) the completion of the FPSO *Liza Unity* project during the first quarter of 2022, (ii) a reduced level of progress on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* during 2023 compared to the prior-year period, consistent with the commencement of topsides integration, and (iii) reduced level of activity on FPSO *Prosperity,* which was in a preparation phase for its first oil in November 2023. This was partially offset by (iv) the higher level of activity on FPSO *ONE GUYANA* during the period and the start of FPSO FEED work for the Whiptail development project and (v) additional variation orders on FPSO *Prosperity* (including the variation orders for the compensation of costs incurred by the Company after topside readiness, before the commencement of the charter at first-oil).

EBITDA

EBITDA based on IFRS accounting policies amounted to US$1,239 million, representing a 2% increase compared with US$1,209 million in the year-ago period.

- Turnkey EBITDA increased to US$646 million in the current year, compared with US$569 million, as a result of (i) the successful close-out of the construction activities of FPSO *Prosperity*, delivered over the last quarter of 2023 and (ii) increase in margin contribution from FPSO *ONE GUYANA*, given that the project only reached the requisite 'stage of completion' to allow margin recognition at the very end of 2022. These positive impacts were partially offset by the same elements impacting the decrease in IFRS Turnkey revenue.
- The Turnkey EBITDA margin was at a robust level of 19% of Turnkey revenue, despite some impacts from macro-environment and associated inflation impacts.
- Lease and Operate EBITDA for the current period decreased by 3% to US$695 million versus US$719 million in the same period prior year. The positive impact from the same drivers as the increase in IFRS Lease and Operate Revenue was offset by additional non-recurring maintenance costs for the fleet under operation and the comparative impact of a number of prior-period positive one-offs, including some insurance recoveries. In relation to *FPSO Cidade de Anchieta*, repair costs of the asset incurred in 2023 did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS 16 and therefore have been recognized as an increase in the property, plant and equipment value of *FPSO Cidade de Anchieta*.

The other non-allocated costs charged to EBITDA amounted to US$(101) million in 2023, a US$(21) million increase, compared with the US$(80) million in the year-ago period, which is mainly explained by the implementation of an optimization plan related to the Company's support functions' activities (including US$11 million of restructuring costs), and continuing investment in the Company's digital initiatives.

EBITDA is reconciled to the consolidated income statement as follows:

in US$ million	*Notes*	FY 2023	FY 2022
Profit/(loss)		**614**	**555**
Add: Income tax expense	*4.3.10*	(25)	104
Less: Share of profit/(loss) of equity accounted investees	*4.3.29*	(19)	(12)
Add: Net financing costs	*4.3.9*	575	373
Operating profit/(loss) (EBIT)		**1,145**	**1,020**
Add: Depreciation, amortization and impairment	*4.3.5*	94	189
EBITDA		**1,239**	**1,209**

Net income

Depreciation, amortization and impairment decreased by US$95 million year-on-year, primarily due to: (i) the US$92 million *FPSO Cidade de Anchieta* impairment booked in the prior year, following the shutdown of the vessel and the capitalization of associated tank repair costs (refer to section 4.3.13 Property Plant and equipment) and (ii) *FPSO Capixaba*, which finished production in 2022.

Net financing costs totalled US$(575) million in 2023, compared with US$(373) million in the year-ago period, an increase of 54% compared with the prior year period, mostly explained by (i) increased project financing to fund continued investment in growth of the five FPSOs under construction during the period, (ii) additional interest expense on FPSO Liza Destiny and FPSO *Liza Unity* project loans and (iii) interest on the US$125 million funding loan agreement secured in 2023 with CMFL in relation to *FPSO Cidade de Ilhabela,* in line with the Company aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, partially offset by (iv) the scheduled amortization of project loans.

The effective tax rate over 2023 decreased to (4)%, compared with 16% for the prior year period. The decrease is primarily driven in 2023 by the recognition of a deferred tax asset on a tax goodwill in Switzerland (absent this deferred tax asset, the effective tax rate would stand at 20%).

As a result, 2023 consolidated net income attributable to shareholders stood at US$491million, an increase of US$41 million from the previous year.

STATEMENT OF FINANCIAL POSITION

in millions of US$	2023	2022	2021	2020	2019
Total equity	5,531	4,914	3,537	3,462	3,613
Net debt[1]	8,748	7,881	6,681	5,209	4,416
Cash and cash equivalents	543	683	1,021	414	506
Total assets	17,176	15,889	13,211	11,085	10,287

[1] Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

Total equity increased from US$4,914 million at December 31, 2022 to US$5,531 million. Notwithstanding the dividend distributed to the shareholders of US$197 million, this increase mainly resulted from (i) the positive result over the current period, (ii) capital contributions from non-controlling interests in special purpose entities and (iii) the increase of the hedging reserves. The movement in hedging reserve is mainly caused by (i) the increase in marked-to-market value of forward currency contracts, mainly driven by the depreciation of the US$ exchange rate versus the hedged currencies (especially EUR and BRL), partially offset by (ii) the decrease in marked-to-market value of the interest rate swaps, due to decreasing US$ market interest rates during the year.

Net debt increased by US$867 million to US$8,748 million at year-end 2023. While the Company's net debt was positively impacted by (i) the amount of the net cash proceeds of the sale of FPSO *Liza Unity* (with a cash consideration of US$1,259 million received, primarily used for the full repayment of the US$1,140 million project financing), (ii) the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* of US$154 million and (iii) the Lease and Operate segment's strong operating cash flow, as, in order to fund continued investment growth, the Company drew on project finance facilities for FPSO *Prosperity*, FPSO *ONE GUYANA*, *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão*, the Revolving Credit Facility RCF and the new Revolving Credit Facility for MPF hull financing.

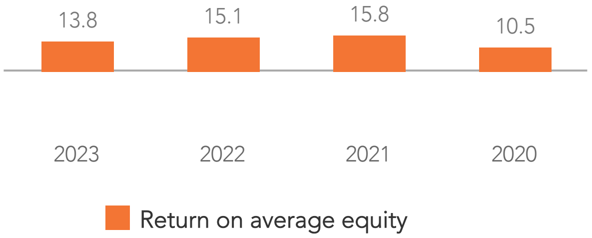
In line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, in 2023, the Company finalized the funding loan agreement and received US$125 million from CMFL in relation to *FPSO Cidade de Ilhabela*.

Almost half of the Company's debt, as of December 31, 2023, consisted of non-recourse project financing (US$4 billion) in special purpose investees. The remainder (US$5.2 billion) comprised (i) borrowings to support the on-going construction of FPSO *ONE GUYANA*, *FPSO Almirante Tamandaré*, *FPSO* A*lexandre de Gusmão,* which will become non-recourse following project execution finalization and release of the related parent company guarantee, (ii) a project loan on *FPSO Sepetiba* (the Company is currently going through the process of releasing the corporate guarantee, after which this project loan will become non-recourse), (iii) the Company's RCF,which was drawn for US$550 million as at December 31, 2023, and (iv) the new US$210 million Revolving Credit Facility for MPF hull financing, completed and fully drawn in December 2023. Cash and cash equivalents amounted to US$543 million (December 31, 2022: US$683 million). Lease liabilities totaled US$85 million as of December 31, 2023.

Total assets increased to US$17.2 billion as of December 31, 2023, compared with US$15.9 billion at year end 2022. This primarily resulted from (i) the increase of contract assets related to the FPSO projects under construction at the end of the year, (ii) the increase in inventory balance for the new multipurpose hull for use on a future FPSO project and (iii) the increase of finance lease receivables following first oil of FPSO *Prosperity* during the current period partially offset by (iv) the decrease of finance lease receivables following the sale of FPSO *Liza Unity* during the current period and (v) a reduction of the gross amount of the finance lease receivables, in line with the repayment schedules.

Return On Average Equity

Return on average equity (ROAE) measures the performance of the Company based on the average equity attributable to the shareholders of the parent company. ROAE is calculated as (underlying) profit attributable to shareholders divided by the annual average of equity attributable to shareholders of the parent company.



2023 ROAE stood at 13.8%, in line with the past three-year average of 13.8%.

4.1.4 FINANCIAL REVIEW DIRECTIONAL

	Directional	
in US$ million	FY 2023	FY 2022
Directional Revenue	**4,532**	**3,288**
Directional Lease and Operate revenue	1,954	1,763
Directional Turnkey revenue	2,578	1,525
Directional EBITDA	**1,319**	**1,010**
Directional Lease and Operate EBITDA	1,124	1,080
Directional Turnkey EBITDA	296	7
Other	(101)	(77)
Directional Profit/(loss) attributable to shareholders	**524**	**115**

	Directional	
in US$ billion	FY 2023	FY 2022
Pro-forma Directional backlog	30.3	30.5

BACKLOG – DIRECTIONAL

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

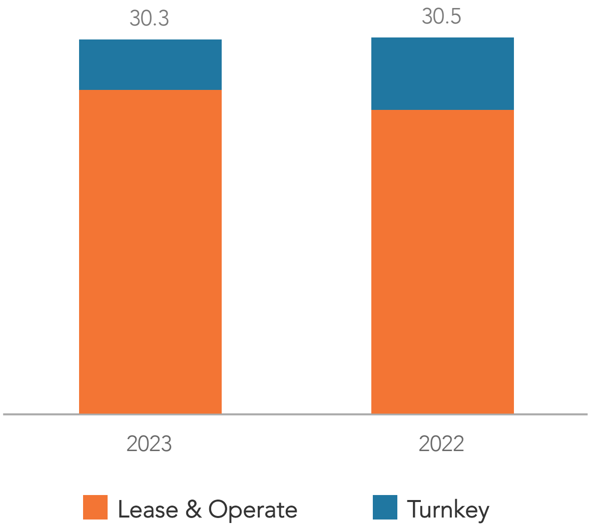
The pro-forma Directional backlog at the end of 2023 reflects the following key assumptions:
- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease.
- The FPSOs *Prosperity* and *ONE GUYANA* contracts covers a maximum period of lease of two years, within which the FPSO ownership will transfer to the client.
- 10 years of operations and maintenance is considered for FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA* following signature of the Operations and Maintenance Enabling Agreement ('OMEA') in 2023.
- The impact of the subsequent sale of FPSOs *Prosperity* and *ONE GUYANA* is reflected in the Turnkey backlog at the end of the maximum two-year period.
- With respect to FPSO for the Whiptail development project, for which the full construction, installation and operations contracts award is subject to necessary government approvals and final work order to be received from the client, the amount included in the pro-forma backlog is limited to the value of the initial limited release of funds to the Company to begin FEED activities and secure a Fast4Ward® hull.
- The 13.5% equity divestment in *FPSO Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

The pro-forma Directional backlog at the end of December 2023 slightly decreased by US$0.2 billion to a total of US$30.3 billion. This 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, offset by turnover for the period which consumed approximately US$4.5 billion of backlog (including the sale of FPSO *Liza Unity* completed in

November 2023, a few months ahead of the end of the maximum lease term in February 2024). The Company's backlog provides cash flow visibility up to 2050.

in billions of US$	Turnkey	Lease & Operate	Total
2024	0.5	2.2	2.7
2025	1.3	2.5	3.8
2026	0.1	2.6	2.7
Beyond 2026	2.1	19.0	21.1
Total pro-forma Directional backlog	**4.0**	**26.3**	**30.3**

Pro-forma Directional backlog (in billions of US$)



PROFITABILITY – DIRECTIONAL

Accounting treatment of projects under construction

It should be noted that the ongoing EPC works on the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Prosperity* did not contribute to Directional net income over the period. This is because the contracts were 100% owned by the Company as of December 31, 2023 and are classified as operating leases as per Directional accounting principles.

The Company has determined that it is optimal from an operational and financial perspective to retain full ownership of the FPSO-owning entity as opposed to partnering on these projects. Therefore, under the Company's Directional accounting policy, the revenue and margin recognition on these two FPSO projects is as follows:

- The Company does not recognize any revenue and margin during the Turnkey phase of the project unless defined invoicing (if any) to the client occurred during the construction phase to cover specific construction work and/or services performed before the commencement of the lease. The upfront payments and variation orders directly paid by the clients are recognized as revenues and the cost of sales associated with the related construction work and/or services are recognized as costs with no margin during construction.
- The Company will book all revenue and margin associated with the lease and operate contracts related to its 100% share during the lease phase, in line with the cash flows.
- Upon transfer of the FPSO to the client, after reaching the end of the lease period or upon an early exercise of the purchase option by the client, the Company will book all revenue and margin associated with the transfer in the Turnkey segment.

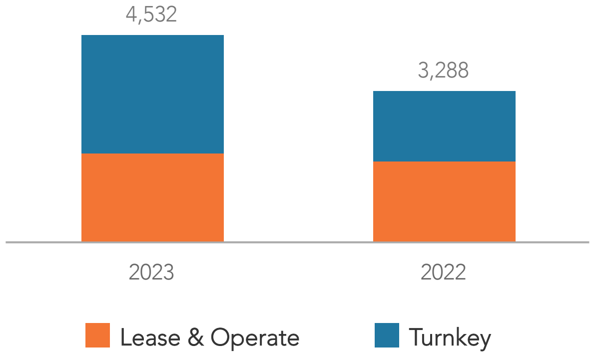
Therefore, the contribution of the FPSO *ONE GUYANA* project to the Directional profit and loss will largely materialize in the coming years following start of production, in line with the operating cash flows. This has been the case for FPSO *Liza Unity* and FPSO *Prosperity*, which started contributing to Directional net income under the Lease and Operate segment following their start of production in 2022 and November 14, 2023 respectively. With regards to the sale of FPSO *Liza Unity*, completed in November 2023, all associated revenue and margin was recognized over the period under the Turnkey segment.

With regards to the FPSO for the Whiptail development project and expected award of construction and installation agreements (subject to necessary government approvals and final work order to be received from the client), the full revenue and margin will be recognized during the construction period. Contrary to other FPSOs in Guyana, the contracts will not be classified as operating leases as per Directional accounting principles as the FPSO's ownership is expected to be transferred to the client at the end of the construction period and before start of operations in Guyana. It will be recognized as a construction contract falling in the scope of IFRS 15.

Directional Revenue

Total Directional revenue increased by 38% to US$4,532 million compared with US$3,288 million in 2022, with the increase primarily attributable to the Turnkey segment.

Directional Revenue (in millions of US$)



This variance of the Directional revenue is further detailed by segment as follows:

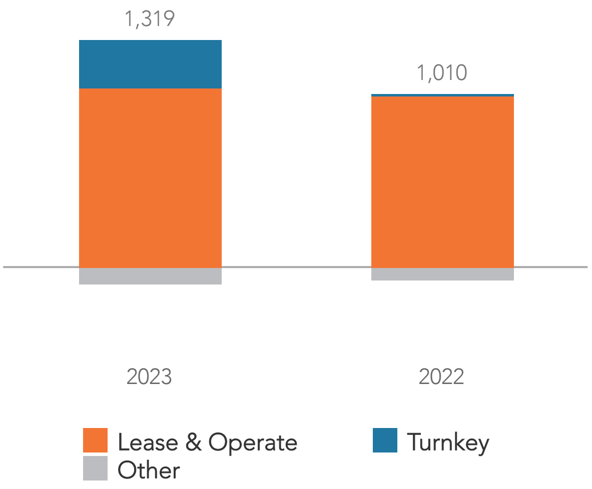
Directional Lease and Operate revenue came in at US$1,954 million, an increase versus US$1,763 million in the prior period. This reflects mainly the following items: (i) FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter 2023 and (ii) an increase in reimbursable scopes and an improved performance of the fleet, partially offset by (iii) *FPSO Capixaba,* which finished production in 2022 (no contribution to Directional revenue in 2023, vessel now in the decommissioning phase).

Directional Turnkey revenue increased to US$2,578 million, representing 57% of total 2023 Directional revenue. This compares with US$1,525 million, or 46% of total Directional revenue in 2022. This increase was mainly driven by the sale of FPSO *Liza Unity*, completed in November 2023. Turnkey revenue was additionally positively impacted by (i) the start of FPSO FEED work for the Whiptail development project and (ii) additional variation orders on FPSO *Prosperity* (including the variation orders for the compensation of costs incurred by the Company after topside readiness, before the commencement of the charter at first-oil). The increase in Directional turnkey revenue was partially offset by (i) the partial divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*), which allowed the Company to recognize 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, (ii) the completion of FPSO *Liza Unity* project in February 2022 and (iii) a reduced level of progress during the period compared with the year-ago period on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão,* consistent with the commencement of topsides' integration.

Directional EBITDA

Directional EBITDA amounted to US$1,319 million, representing a 31% increase compared with US$1,010 million in 2022 with the increase mostly attributable to the Turnkey segment.

Directional EBITDA (in millions of US$)



The variance of Directional EBITDA is further detailed by segment as follows:

- Directional Turnkey EBITDA increased from US$7 million in the year-ago period to US$296 million in the current year, mainly driven by the sale of FPSO *Liza Unity* (completed in November 2023 with recognition of associated margin on the asset sale). This increase was partially offset by:
  - (i) some prior-period positive one-off impacts, including a US$9 million gain recognized in the year-ago period from the disposal of the SBM Installer;
  - (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.

It should be noted that, although the Company recorded a significant decrease in revenue linked to the partial divestment of a 45% interest in *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré* in 2022, there was no comparative impact on Directional EBITDA related to the divestment. This is because the projects had not reached the requisite 'stage of completion' to allow margin to be booked at the time of divestment. With respect to the awarded limited scope for the FPSO for the Whiptail development project that contributed to the revenue during the period, no contribution to Directional EBITDA was recognized as the projects had not reached the requisite 'stage of completion' to allow margin to be recognized at the end of the current year.

Finally, FPSO *Prosperity* and FPSO *ONE GUYANA* are 100% owned by the Company. Despite the increase of activity it has a limited impact on the Directional EBITDA performance on those projects as, during the current period, the direct payments received during construction and before first oil of these units are recognized as revenue but without contribution to gross margin, in accordance with the Company policy for Directional reporting.

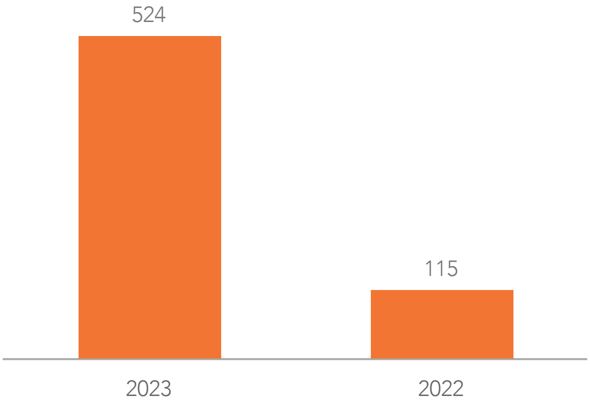
- Directional Lease and Operate EBITDA moved from US$1,080 million in the year-ago period to US$1,124 million in the current year period. This increase resulted from the same drivers as for the Lease and Operate revenue, partially offset by additional non-recurring maintenance costs on the fleet under operation and some prior-period positive one-off impacts including some insurance recoveries. In relation to *FPSO Cidade de Anchieta*, repair costs of the asset incurred in 2023 did not impact the Directional Lease and Operate EBITDA as they met the criteria for capitalization under IAS 16 and therefore have been recognized as an increase in the Property, Plant and equipment value of the *FPSO Cidade de Anchieta*.

- Regarding the FPSO *Liza Unity* sale, whereas the sale of the asset has ended the associated charter agreement contribution to Directional EBITDA, the vessel will continue to be operated and to contribute to Directional L&O EBITDA in the future through the OMEA signed with ExxonMobil Guyana in 2023.

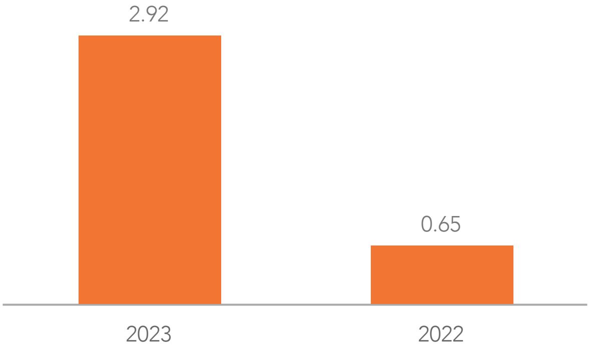
The other non-allocated costs charged to Directional EBITDA amounted to US$(101) million in 2023, a US$(24) million increase compared with the US$(77) million in the year-ago period, which is mainly explained by the implementation of an optimization plan related to the Company's support functions' activities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

Directional Net income

Directional Net income (in millions of US$)



Weighted Average Earnings Per Share Directional (in US$)



Directional depreciation, amortization and impairment decreased by US$(96) million year-on-year. This primarily resulted from (i) US$92 million *FPSO Cidade de Anchieta* impairment booked in the prior year following the shutdown of the vessel and the capitalization of associated tank repair costs (refer to section 4.3.13 Property Plant and equipment), (ii) *FPSO Capixaba,* which finished production in 2022, partially offset by (iii) FPSO *Prosperity* joining the operating fleet in the last quarter of 2023, which marked the beginning of the depreciation of the unit.

Directional net financing costs totaled US$(238) million in 2023, compared with US$(188) million in the year-ago period, an increase of 27% compared with the prior year period, mainly reflecting (i) additional interest expense on FPSO *Liza Destiny* and FPSO *Liza Unity* project loans, (ii) interest expense on FPSO *Prosperity* joining the operating fleet in November 2023 and (iii) interest expense on the US$125 million funding loan agreement secured in 2023 with China Merchant Financial Leasing Ltd ('CMFL') in relation to *FPSO Cidade de Ilhabela,* in line with the Company aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, partially offset by (iv) the scheduled amortization of project loans.

The Directional effective tax rate decreased to 5% versus 45% in the year-ago period, primarily driven in 2023 by the recognition of a deferred tax asset on a tax goodwill in Switzerland (absent this deferred tax asset, the effective tax rate would stand at 22%).

As a result, the Company recorded a Directional net profit of US$524 million, or US$2.92 per share, a 355% and 351% increase respectively when compared with the Directional net profit of US$115 million, or US$0.65 per share, in the year-ago period.

STATEMENT OF FINANCIAL POSITION – DIRECTIONAL

in millions of US$	2023	2022
Directional total equity	1,448	1,078
Directional net debt[1]	6,654	6,082
Directional cash and cash equivalents	563	615
Directional total assets	11,214	10,769
Solvency ratio[2]	29.9	29.6

[1] Directional net debt is calculated as Directional total borrowings (including lease liabilities) less Directional cash and cash equivalents.

[2] Solvency ratio is calculated in accordance with the definition provided in section 4.3.23 Borrowings and lease liabilities - Covenants

Directional shareholders' equity increased by US$370 million from US$1,078 million at year-end 2022 to US$1,448 million at year-end 2023, mostly due to the following items:

- A positive Directional net income of US$524 million in 2023;
- An increase of the hedging reserve net of deferred tax of US$23 million; and
- Partially offset by dividends distributed to the shareholders, decreasing equity by US$197 million.

The movement in the hedging reserve is mainly caused by (i) the increase in marked-to-market value of forward currency contracts, mainly driven by the depreciation of the US$ exchange rate versus the hedged currencies (especially EUR and BRL), partially offset by (ii) the decrease in marked-to-market value of the interest rate swaps, due to decreasing US$ market interest rates during the year.

It should be noted that, under Directional policy, given the Company's substantial aggregate ownership share in the FPSOs under construction, the contribution to profit and equity from these will largely materialize in the coming years at the Company's ownership share in lessor-related SPVs, subject to project execution performance, in line with the generation of associated operating cash flows.

Directional net debt increased by US$572 million to US$6,654 million at year-end 2023. While the Company's net debt was positively impacted by (i) the amount of net cash proceeds from the sale of FPSO *Liza Unity* (with a cash consideration of US$1,259 million received primarily used for the full repayment of the US$1,140 million project financing), (ii) the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* of US$154 million and (iii) the Lease and Operate segment's strong operating cash flow, as, in order to fund continued investment growth, the Company drew on project finance facilities for FPSO *Prosperity*, FPSO *ONE GUYANA*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão*, the Revolving Credit Facility (RCF) and the new Revolving Credit Facility for MPF hull financing.

In line with its aim to diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, in 2023, the Company finalized the funding loan agreement and received US$125 million from CMFL in relation to *FPSO Cidade de Ilhabela*.

Almost half of the Company's debt, as at December 31, 2023, consisted of non-recourse project financing (US$3.3 billion) in special purpose investees. The remainder of the Company's debt (US$3.8 billion) comprised (i) borrowings to support the ongoing construction of FPSO *ONE GUYANA*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão,* which will become non-recourse following project execution finalization and release of the related parent company guarantee, (ii) project loan on *FPSO Sepetiba* (the Company is currently going through the process of releasing the corporate guarantee, after which this project loan will become non-recourse), (iii) the Company's RCF, which was drawn for US$550 million as at December 31, 2023, and (iv) the new US$210 million Revolving Credit Facility for MPF hull financing, completed and fully drawn in

December 2023. The cash and cash equivalents aounted to US$563 million (December 31, 2022: US$615 million) and lease liabilities totaled US$85 million (December 31, 2022: US$47 million).

Directional net debt is reconciled to IFRS figures as follows:

	Notes	**31 December 2023**	31 December 2022
Total borrowings and lease liabilities	*4.3.23*	9,291	8,564
Less: Cash and cash equivalents	*4.3.21*	(543)	(683)
Net debt	*4.3.27*	**8,748**	**7,881**
Impact of lease accounting treatment	*4.3.2*	-	-
Impact of consolidation methods	*4.3.2*	(2,094)	(1,799)
Directional net debt		**6,654**	**6,082**

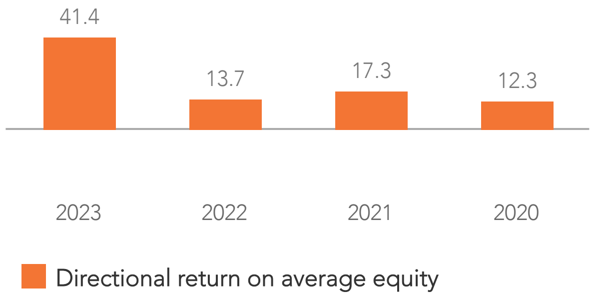
Directional total assets increased to US$11.2 billion as at December 31, 2023, compared with US$10.8 billion at year-end 2022. This resulted from the substantial investments in property, plant and equipment (mainly FPSO *Prosperity*, *FPSO Sepetiba*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão*, FPSO *ONE GUYANA* and awarded limited scope for the FPSO for the Whiptail development project).

The relevant covenants (solvency ratio and interest cover ratio) applicable for the Company's RCF, drawn for c.US$550 million as at year-end 2023, and the new Revolving Credit Facility for MPF hull financing, drawn for c. US$210 million as at year-end 2023, were all met at December 31, 2023. For more detailed information on convenants, please refer to section 4.3.23 Borrowings and Lease Liabilities. In line with previous years, the Company had no off-balance sheet financing.

The Company's Directional financial position has remained strong as a result of the cash flow generated by the fleet, as well as the positive contribution of the turnkey activities.

Directional Return On Average Equity

Directional return on average equity measures the performance of the Company based on the average directional equity attributable to the shareholders of the parent company. Directional retun on average is equity is calculated as directional (underlying) profit attributable to shareholders divided by the annual average of directional equity attributable to shareholders of the parent company.



2023 Directional return on average equity stood at 41.4%, above the past three-year average of 14.4%. This is mainly the result of the sale of FPSO *Liza Unity.*

CASH FLOW / LIQUIDITIES – DIRECTIONAL

Directional cash and undrawn committed credit facilities amount to US$2,276 million at December 31, 2023, of which US$1,208 million is considered as pledged to specific project debt servicing related to FPSO *ONE GUYANA*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão,* or otherwise restricted in its utilization.

The consolidated cash flow statement under Directional reporting is as follows:

in millions of US$	2023	2022
Directional EBITDA	**1,319**	**1,010**
Adjustments for non-cash and investing items		
Directional Addition/(release) provision	51	46
Directional Effect of disposal of property, plant and equipment	902	(9)
Directional (Gain) / loss on acquisition of shares in investees	(0)	(2)
Directional Share-based payments	20	19
Changes in operating assets and liabilities		
Directional (Increase)/Decrease in operating receivables	(211)	(156)
Directional Movement in contract assets	(153)	(115)
Directional (Increase)/Decrease in inventories	(124)	(10)
Directional Increase/(Decrease) in operating liabilities	(84)	117
Directional Income taxes paid	(104)	(100)
Directional Net cash flows from (used in) operating activities	**1,616**	**799**
Directional Capital expenditures	(1,658)	(1,342)
Directional (Addition) / repayments of funding loans	(4)	6
Directional Cash flows from changes in interests of subsidiaries	0	(307)
Directional Cash receipts from sale of investments in joint ventures	(0)	0
Directional Other investing activities	23	44
Directional Net cash flows from (used in) investing activities	**(1,639)**	**(1,600)**
Directional Additions and repayments of borrowings and lease liabilities	287	717
Directional Dividends paid to shareholders	(197)	(178)
Directional Share repurchase program	(5)	-
Directional Payments from/to non-controlling interests for change in ownership	(21)	-
Directional Proceeds from settlement of interest rate swaps	154	-
Directional Interest paid	(248)	(181)
Directional Net cash flows from (used in) financing activities	**(29)**	**359**
Directional Foreign currency variations	0	(3)
Directional Net increase/(decrease) in cash and cash equivalents	**(52)**	**(444)**

The Company generated strong Directional operating cash flows mainly as a result of the cash flow from the fleet under operations and the proceeds received from FPSO *Liza Unity* sale.

Cash generated from the strong Directional operating cash flows, drawdowns on project financings, the RCF, the Revolving Credit Facility for MPF hull financing, the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* of US$154 million, the US$125 million funding loan agreement received from CMFL in relation to *FPSO Cidade de Ilhabela*, together with some of the Company's existing cash was primarily used to:

- 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.
- Repayment of the project loan following the FPSO *Liza Unity* sale;
- Pay dividends to shareholders; and
- Service the Company'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.

4.1.5 OUTLOOK AND GUIDANCE

The Company's 2024 Directional revenue guidance is around US$3.5 billion, of which around US$2.2 billion is expected from the Lease and Operate segment and around US$1.3 billion from the Turnkey segment.

2024 Directional EBITDA guidance is around US$1.2 billion for the Company.

4.2 CONSOLIDATED FINANCIAL STATEMENTS

4.2.1 CONSOLIDATED INCOME STATEMENT

in millions of US$	Notes	2023	2022
Revenue from contracts with customers		4,452	4,383
Interest revenue from finance lease calculated using the effective interest method		510	530
Total revenue	4.3.2/4.3.3	**4,963**	**4,913**
Cost of sales	4.3.5	(3,543)	(3,731)
Gross margin		**1,420**	**1,182**
Other operating income/(expense)	4.3.4/4.3.5	(11)	28
Selling and marketing expenses	4.3.5	(22)	(16)
General and administrative expenses	4.3.5	(183)	(154)
Research and development expenses	4.3.5/4.3.7	(37)	(35)
Net impairment gains/(losses) on financial and contract assets	4.3.5/4.3.8	(21)	15
Operating profit/(loss) (EBIT)		**1,145**	**1,020**
Financial income	4.3.9	25	12
Financial expenses	4.3.9	(601)	(385)
Net financing costs		**(575)**	**(373)**
Share of profit/(loss) of equity-accounted investees	4.3.29	19	12
Profit/(loss) before income tax		**589**	**660**
Income tax expense	4.3.10	25	(104)
Profit/(loss)		**614**	**555**
Attributable to shareholders of the parent company		491	450
Attributable to non-controlling interests	4.3.30	123	105
Profit/(loss)		**614**	**555**

Earnings/(loss) per share

	Notes	2023	2022
Weighted average number of shares outstanding	4.3.11	179,235,116	177,906,466
Basic earnings/(loss) per share in US$	4.3.11	2.74	2.53
Fully diluted earnings/(loss) per share in US$	4.3.11	2.70	2.50

4.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of US$	2023	2022
Profit/(loss) for the period	**614**	**555**
Cash flow hedges	62	654
Deferred tax on cash flow hedges	(57)	-
Foreign currency variations	(2)	2
Items that are or may be reclassified to profit or loss	**4**	**656**
Remeasurements of defined benefit liabilities	(4)	7
Items that will never be reclassified to profit or loss	**(4)**	**7**
Other comprehensive income/(expense) for the period, net of tax	**1**	**664**
Total comprehensive income/(expense) for the period, net of tax	**615**	**1,219**
Of which		
- on controlled entities	599	1,197
- on equity-accounted entities	15	22
Attributable to shareholders of the parent company	509	976
Attributable to non-controlling interests	106	243
Total comprehensive income/(expense) for the period, net of tax	**615**	**1,219**

4.2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of US$	*Notes*	**31 December 2023**	31 December 2022
ASSETS			
Property, plant and equipment	*4.3.13*	384	314
Intangible assets	*4.3.14*	153	117
Investment in associates and joint ventures	*4.3.29*	288	290
Finance lease receivables	*4.3.15*	6,276	5,468
Other financial assets	*4.3.16*	151	151
Deferred tax assets	*4.3.17*	247	12
Derivative financial instruments	*4.3.20*	258	465
Total non-current assets		**7,757**	**6,818**
Inventories	*4.3.18*	149	25
Finance lease receivables	*4.3.15*	526	1,725
Trade and other receivables	*4.3.19*	901	795
Income tax receivables		7	18
Contract assets	*4.3.3*	7,134	5,681
Derivative financial instruments	*4.3.20*	158	145
Cash and cash equivalents	*4.3.21*	543	683
Total current assets		**9,419**	**9,071**
TOTAL ASSETS		**17,176**	**15,889**
EQUITY AND LIABILITIES			
Issued share capital		50	48
Share premium reserve		1,007	1,007
Treasury shares		(26)	(42)
Retained earnings		2,478	2,179
Other reserves		224	204
Equity attributable to shareholders of the parent company	*4.3.22*	**3,733**	**3,397**
Non-controlling interests	*4.3.30*	1,797	1,517
Total Equity		**5,531**	**4,914**
Borrowings and lease liabilities	*4.3.23*	8,186	6,873
Provisions	*4.3.24*	383	309
Deferred tax liabilities	*4.3.17*	173	38
Derivative financial instruments	*4.3.20*	8	25
Other non-current liabilities	*4.3.25*	95	127
Total non-current liabilities		**8,845**	**7,371**
Borrowings and lease liabilities	*4.3.23*	1,105	1,691
Provisions	*4.3.24*	203	178
Trade and other payables	*4.3.25*	1,347	1,501
Income tax payables		57	41
Derivative financial instruments	*4.3.20*	89	192
Total current liabilities		**2,800**	**3,603**
TOTAL EQUITY AND LIABILITIES		**17,176**	**15,889**

4.2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in millions of US$	Notes	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2023		**48**	**1,007**	**(42)**	**2,179**	**204**	**3,397**	**1,517**	**4,914**
Profit/(loss) for the period		-	-	-	491	-	**491**	123	**614**
Foreign currency translation		2	-	(1)	-	(2)	**(1)**	(1)	**(2)**
Remeasurements of defined benefit provisions		-	-	-	-	(4)	**(4)**	-	**(4)**
Cash flow hedges		-	-	-	-	23	**23**	(17)	**6**
Total comprehensive income for the period		**2**	**-**	**(1)**	**491**	**17**	**509**	**106**	**615**
IFRS 2 vesting cost of share based payments		-	-	-	-	20	**20**	-	**20**
Re-issuance treasury shares on the share based scheme		-	-	21	(2)	(16)	**4**	-	**4**
Purchase of treasury shares		-	-	(5)	-	-	**(5)**	-	**(5)**
Cash dividend		-	-	-	(197)	-	**(197)**	(81)	**(278)**
Transaction with non-controlling interests	*4.3.25 / 4.3.30*	-	-	-	6	-	**6**	255	**261**
At 31 December 2023		**50**	**1,007**	**(26)**	**2,478**	**224**	**3,733**	**1,797**	**5,531**

in millions of US$	Notes	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2022		**51**	**1,034**	**(69)**	**1,910**	**(347)**	**2,579**	**957**	**3,537**
Profit/(loss) for the period		-	-	-	450	-	**450**	105	**555**
Foreign currency translation		(3)	-	4	-	1	**2**	(0)	**2**
Remeasurements of defined benefit provisions		-	-	-	-	7	**7**	-	**7**
Cash flow hedges		-	-	-	-	516	**516**	139	**654**
Total comprehensive income for the period		**(3)**	**-**	**4**	**450**	**524**	**976**	**243**	**1,219**
IFRS 2 vesting cost of share based payments		-	-	-	-	19	**19**	-	**19**
Re-issuance treasury shares on the share based scheme		(0)	-	22	1	(19)	**4**	-	**4**
Purchase of treasury shares		-	-	-	-	-	**-**	-	**-**
Cash dividend		-	-	-	(178)	-	**(178)**	(40)	**(218)**
Transaction with non-controlling interests	*4.3.30*	-	-	-	(4)	-	**(4)**	357	**353**
Other	*4.3.22*	-	(26)	-	-	26	**-**	-	**-**
At 31 December 2022		48	1,007	(42)	2,179	204	**3,397**	1,517	**4,914**

4.2.5 CONSOLIDATED CASH FLOW STATEMENT

in millions of US$	Notes	2023	2022
Cash flow from operating activities			
Profit/(loss) before income tax		**589**	**660**
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation and amortization		65	85
Impairment		31	105
Net financing costs		573	373
Share net income of associates and joint ventures		(19)	(12)
Share based compensation		20	19
Net gain on sale of Property, Plant and Equipment		(0)	(9)
(Increase)/Decrease in working capital:			
- (Increase)/Decrease Trade and other receivables		(58)	(25)
- (Increase)/Decrease Contract assets		(2,774)	(3,023)
- (Increase)/Decrease Inventories		(124)	(10)
- Increase/(Decrease) Trade and other payables		(226)	303
Increase/(Decrease) Other provisions		112	142
Reimbursement finance lease assets		1,743	439
Income taxes paid		(101)	(96)
Net cash flows from (used in) operating activities		**(169)**	**(1,049)**
Cash flow from investing activities			
Investment in property, plant and equipment		(128)	(41)
Investment in intangible assets	*4.3.14*	(45)	(41)
Additions to funding loans	*4.3.16*	(11)	(13)
Redemption of funding loans	*4.3.16*	1	27
Interest received		24	9
Dividends received from equity-accounted investees		17	92
Proceeds from disposal of property, plant and equipment	*4.3.13*	0	34
Purchase of interests in equity-accounted investees		(1)	(0)
Net cash flows from (used in) investing activities		**(142)**	**67**
Cash flow from financing activities			
Equity funding from/repayment to non-controlling interests	*4.3.30*	235	357
Additions to borrowings and loans	*4.3.23*	3,440	1,536
Repayments of borrowings and lease liabilities	*4.3.23*	(2,988)	(779)
Dividends paid to shareholders and non-controlling interests		(279)	(217)
Payments from/to non-controlling interests for change in ownership	*4.3.30*	(21)	0
Share repurchase program		(5)	-
Proceeds from settlement of interest rate swaps	*4.3.20*	154	-
Interest paid		(366)	(252)
Net cash flows from (used in) financing activities		**170**	**646**
Net increase/(decrease) in cash and cash equivalents		**(141)**	**(335)**
Net cash and cash equivalents as at 1 January		683	1,021
Net increase/(decrease) in net cash and cash equivalents		(141)	(335)
Foreign currency variations		1	(3)
Net cash and cash equivalents as at 31 December		**543**	**683**

The reconciliation of the net cash and cash equivalents as at December 31, 2023, with the corresponding amounts in the statement of financial position, is as follows:

Reconciliation of net cash and cash equivalents as at 31 December

in millions of US$	31 December 2023	31 December 2022
Cash and cash equivalents	543	683
Net cash and cash equivalents	**543**	**683**

4.2.6 GENERAL INFORMATION

SBM Offshore N.V. has its registered office in Amsterdam, the Netherlands, and is located at Evert van de Beekstraat 1-77, 1118 CL, Schiphol, the Netherlands. SBM Offshore N.V. is the holding company of a group of international marine technology-oriented companies. The Company globally provides services in the offshore oil and gas industry and alternative energy sources.

The Company is registered at the Dutch Chamber of Commerce under number 24233482 and is listed on the Euronext Amsterdam stock exchange.

The consolidated financial statements for the year ended December 31, 2023 comprise the financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US dollars, except when otherwise indicated. Figures may not add up due to rounding.

The consolidated financial statements were authorized for issue by the Supervisory Board on February 28, 2024.

4.2.7 ACCOUNTING PRINCIPLES

A. ACCOUNTING FRAMEWORK

The consolidated financial statements of the Company have been prepared in accordance with, and comply with, International Financial Reporting Standards ('IFRS') and interpretations adopted by the European Union, which were effective for the financial year beginning January 1, 2023, and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The Company financial statements included in section 4.4 are part of the 2023 financial statements of SBM Offshore N.V.

New Standards, Amendments and Interpretations applicable as of January 1, 2023

The Company has adopted the following new standards as of January 1, 2023:

- IFRS 17 – 'Insurance Contracts';
- Amendments to IAS 8 – 'Definition of Accounting Estimates';
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies';
- Amendments to IAS 12 – 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'; and
- Amendments to IAS 12 – 'International Tax Reform – Pillar Two Model Rules'.

IFRS 17 Insurance Contracts

IFRS 17 is the new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. This standard applies to all types of insurance contracts, regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Company has made a thorough assessment of its transactions against the scope of IFRS 17 and concluded that, despite the fact it does have some transactions that may fall within the scope of IFRS 17, those transactions are either scoped out (such as warranties provided to its customers) or an accounting policy choice is available (e.g., fixed-fee service contracts). The Company has decided to apply the accounting policy option to not apply IFRS 17 where permitted.

Therefore, this new standard had no impact on the consolidated financial statements of the Company.

Definition of Accounting Estimates – Amendments to IAS 8
This amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors in IAS 8. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendment had no impact on the consolidated financial statements of the Company.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
These amendments provide guidance and examples to help entities applying materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful, by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had a minor impact on the consolidated financial statements of the Company. The Company has performed a reassessment of its accounting policy disclosures against the amended guidance, which resulted in minor changes to the section on accounting policies.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
This amendment aims to narrow the scope of the initial recognition exception ('IRE') provided in IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities.

The impact of the application of this amendment to IAS 12 relates to lease transactions in which the Company is the lessee, and for which the Company applied the initial recognition exemption.

This amendment resulted in the recognition of additional deferred tax assets and deferred tax liabilities on the balance sheet at January 1, 2023, of US$11 million and US$10 million respectively, with an insignificant net impact of less than US$1 million. Considering the materiality, the Company has recognized the impact fully in 2023.

Amendments to IAS 12 – 'International Tax Reform – Pillar Two Model Rules'
With regards to the amendments to IAS 12 on International Tax Reform – Pillar Two Model Rules the amendment:
- Provide a mandatory temporary exception to the requirements in IAS 12 to recognize and disclose information about deferred tax assets and liabilities arising from Pillar Two Model Rules.

The Company has been monitoring the accounting discussion around the recognition of deferred taxes arising from Pillar Two Model Rules and, following the amendment requirements, the Company did not recognize any deferred taxes in its financial statements 2023 related to potential impacts of top-up taxes arising from such legislation. The mandatory temporary exception applies immediately.
- Introduce new disclosure requirements, which are only applicable to annual financial statements commencing on or after January 1, 2023.

As the Company is within the scope of the Pillar Two legislation, the Company is in the process of assessing the applicable regulations and understanding the requirements. The EU has published the Directive (EU) 2022/2523, in the Official Journal of the EU, on December 22, 2022, aiming to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU, based on a system of two interlocked rules, together referred to also as the 'GloBE rules', through which an additional amount of tax (so-called 'Top-up Tax') should be collected when the effective tax rate in a given jurisdiction is below 15%. Following the EU Directive, the Dutch government issued its draft proposal of the Minimum Taxation Act 2024 in October 2022 for consultation, while on December 15, 2022, the Council of the European Union formally adopted the directive implementing the minimum taxation at EU level. On December 19, 2023 the Dutch Senate approved the Minimum Tax Act 2024. The measures are considered to be substantively enacted for financial statements ending after 19 December 2023. The main rule of the Minimum Tax Act 2024 (so-called Income Inclusion Rule or IIR) will become effective on or after December 31, 2023 with the backstop rule (so-called Undertaxed Profits Rule or UTPR) becoming effective on or after December 31, 2024. On top of the IIR and UTPR, the jurisdictions that will implement an IIR are generally expected to also implement a Qualifying Domestic Minimum Top-up Tax or QDMTT.

The Company will be impacted by the GloBE rules, the result of the assessment of the expected impact is disclosed under 4.3.10 Income Tax Expense as per requirements of the issued IAS 12 amendment.

Standards and Interpretations not mandatorily applicable to the Company as of January 1, 2023

Standards and amendments published by the IASB and endorsed by the European Union
The following standards and amendments published by the IASB and endorsed by the European Union are not mandatorily applicable as of January 1, 2023:

- Amendments to IFRS 16 – 'Lease Liability in a Sale and Leaseback'; and
- Amendments to IAS 1 – 'Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants'.

The Company is currently assessing the impact of amendments issued, however the Company does not expect a material impact on the financial statements due to their future adoption.

Standards and amendments published by the IASB and not yet endorsed by the European Union
Other new standards and amendments have been published by the IASB but have not been endorsed yet by the European Commission. Early adoption is not possible until European Commission endorsement. Those which may be relevant to the Company are set out below:

- Amendments to IAS 7 and IFRS 7 – 'Disclosures: Supplier Finance Arrangements'; and
- Amendments to IAS 21 - Lack of exchangeability.

The Company does not expect a significant effect on the financial statements due to the adoption of the remaining amendments. Other standards and amendments are not relevant to the Company.

B. CRITICAL ACCOUNTING POLICIES

Critical accounting policies that involve a high degree of judgment or complexity, or areas where assumptions and estimates are material, are disclosed in the paragraphs below.

(a) Use of estimates and judgment

When preparing the financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome in the income statement. The actual outcome may differ from these estimates and assumptions due to changes in facts and circumstances. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Estimates:
Significant areas of estimation and uncertainty in applying accounting policies that have the most significant impact on amounts recognized in the financial statements are:

The measurement and recognition of revenues on construction contracts based on the input method:
Revenue of the Company is measured and recognized, based on the input method (i.e. costs incurred). Costs and revenue at completion are reviewed periodically throughout the life of the contract. This requires a large number of estimates, especially of the total expected costs at completion, due to the complex nature of the Company's construction contracts. Judgment is also required for the accounting of contract modifications and claims from clients where negotiations or discussions are at a sufficiently advanced stage. Costs and revenue (and the resulting gross margin) at completion reflect, at each reporting period, the Management's current best estimate of the probable future benefits and obligations associated with the contract. The policy for measurement of transaction price, including variable considerations (i.e. claims, performance-based incentives), is included below in the point (d) Revenue.

In case a contract meets the definition of an onerous contract as per IAS 37, provisions for anticipated losses are made in full in the period in which they become known.

Impairments:
Assumptions and estimates used in the discounted cash flow model and the adjusted net present value model to determine the value in use of assets or group of assets (e.g. discount rates, residual values and business plans) are subject to uncertainty. There is a possibility that changes in circumstances or in market conditions could impact the recoverable amount of the asset or group of assets.

The anticipated useful life of the leased facilities under an operating lease:
Management uses its experience to estimate the remaining useful life of an asset. The actual useful life of an asset may be impacted by an unexpected event that may result in an adjustment to the carrying amount of the asset.

Uncertain income tax treatment:
The Company is subject to income taxes in multiple jurisdictions. Significant judgment is required in determining the Company's overall income tax liability. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company takes into account the following considerations when determining the liabilities related to uncertain income tax treatment:

- When necessary, the Company engages with local tax advisers, which provide advice on the expected view of tax authorities on the treatment of judgmental areas of income tax;
- The Company considers any changes in tax legislation, and knowledge built based on prior cases, to make an estimate/ judgment on whether or not to provide for any tax payable; and
- The Company takes into account any dispute resolutions, case law and discussions between peer companies and the tax authorities on similar cases over an uncertain tax treatment.

The Company consistently monitors each issue around uncertain income tax treatments across the group in order to ensure that the Company applies sufficient judgment to the resolution of tax disputes that might arise from examination of the Company's tax position by relevant tax authorities.

The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The income tax liabilities include any penalties and interest that could be associated with a tax audit issue. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will influence the income tax and deferred tax provisions in the period in which such determination is made.

The Company's exposure to litigation and non-compliance:
The Company identifies and provides analysis on a regular basis of current litigation and measures, when necessary, provisions based on its best estimate of the expenditure required to settle the obligations, taking into account information available and different possible outcomes at the reporting date.

The warranty provision:
A warranty provision is accrued during the construction phase of projects, based on historical warranty expenditure per product type. At the completion of a project, a warranty provision (depending on the nature of the project) is therefore provided for and reported as provision in the statement of financial position. Following the acceptance of a project, the warranty provision is released over the warranty period. For some specific claims formally notified by the customer and which can be reliably estimated, an amount is provided in full and without discounting. An overall review of the warranty provision is performed by Management at each reporting date. Nevertheless, considering the specificity of each asset, actual warranty expenditures could vary significantly from one project to another and therefore differ materially from initial statistical warranty provision provided at the completion of a said project.

The timing and estimated cost of demobilization:
The estimated future costs of demobilization are reviewed on a regular basis and adjusted when appropriate. Nevertheless, considering the long-term expiry date of the obligations, these costs are subject to uncertainty. Cost estimates can vary in response to many factors, including, for example, new demobilization techniques, the Company's own experience on demobilization operations, future changes in laws and regulations, and the timing of demobilization operations.

Estimates and assumptions made in determining these obligations can therefore lead to significant adjustments to the future financial results. Nevertheless, the cost of demobilization obligations at the reporting date represents Management's best estimate of the present value of the future costs required.

Significant estimates and judgments in the context of current economic and geopolitical environment
During the 2023 financial year, there was significant commodity price volatility, high inflation, rising interest rates and increasing energy prices that increased the current economic and geopolitical uncertainty. Accordingly, the Company reassessed its significant estimates and judgments. The following main areas identified by the Company as potentially affected by the current global circumstances are:

- Key assumptions used in the impairment test of assets, or group of assets;
- Expected credit losses; and
- Additional costs in order to satisfy the performance obligations on some of the construction contracts, mainly due to expected delay in the project delivery following lockdown periods in China, international travel restrictions, remote working, pressure on the supply chain and a general increase in global inflation.

The impact of the current economic and geopolitical environment on the impairment of the tangible assets is disclosed in note 4.3.13 Property, Plant and Equipment. Regarding the Company's considerations for estimation of expected credit losses, refer to note 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets. In relation to the impact of additional costs incurred due to these current macroeconomic circumstances when satisfying the Company's performance obligations, refer to note 4.3.3 Revenue.

Following the assessments, the Company does not expect any significant impact in other areas.

Judgments:
In addition to the above estimates, the Management exercises the following judgments:

Lease classification as Lessor:
When the Company enters into a new lease arrangement, the terms and conditions of the contract are analyzed in order to assess whether or not the Company retains the significant risks and rewards of ownership of the asset subject of the lease contract. To identify whether risks and rewards are retained, the Company systematically considers, among others, all the examples and indicators listed by IFRS 16.63, on a contract-by-contract basis. By performing such an analysis, the Company makes a significant judgment to determine whether the arrangement results in a finance lease or an operating lease. This judgment can have a significant effect on the amounts recognized in the consolidated financial statements and its recognition of profits in the future. The most important judgment areas assessed by the Company are (i) determination of the fair value, (ii) determination of the useful life of the asset, (iii) the highly specialized nature of an FPSO constructed on behalf of the client and (iv) the probability of the client exercising the purchase or termination option (if relevant).

(b) Leases: accounting by lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property, plant and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

When assets are leased under a finance lease, the present value of the lease payments is recognized as a finance lease receivable. Under a finance lease, the difference between the gross receivable and the present value of the receivable is recognized as revenue during the lease phase. Lease income is, as of the commencement date of the lease contract, recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The discount rate used to measure the net investment in the lease is the interest rate implicit in the lease. During the construction phase, revenue is recognized over time, as per IFRS 15, due to the fact the Company is acting as manufacturer lessor (refer to accounting policy (d) Revenue).

(c) Impairment of non-financial assets

Under certain circumstances, impairment tests must be performed. Assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the higher of an asset's Cash Generating Unit's ('CGU') fair value, less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. An impairment loss is recognized for the amount by which the assets, or CGU's carrying amount, exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. The Company bases its future cash flows on detailed budgets and forecasts.

Non-financial assets, other than goodwill, that have been impaired are reviewed for possible reversal at financial position date, when circumstances which caused the initial impairment have improved or no longer exist.

(d) Revenue

The Company provides design, supply, installation, operation, life extension and demobilization of Floating Production, Storage and Offloading (FPSO) vessels. The vessels are either owned and operated by SBM Offshore and leased to its clients (Lease and Operate arrangements) or supplied on a Turnkey sale basis (construction contracts). Even in the latter case, the vessels can be operated by the Company, under a separate operating and maintenance agreement, after transfer to the clients.

Other products of the Company include: Turret Mooring Systems ('TMS'), Floating Offshore Wind ('FOW') and brownfield and offshore (off)loading terminals. These products are mostly delivered as construction, lease or service type agreements.

Some contracts include multiple deliverables (such as Front-End Engineering Design ('FEED'), engineering, construction, procurement, installation, maintenance, operating services, demobilization). The Company assesses the level of integration between different deliverables and the ability of the deliverable to be performed by another party. Based on this assessment, the Company ascertains whether the multiple deliverables are one, or separate, performance obligation(s).

The Company determines the transaction price for its performance obligations based on contractually agreed prices. The Company has various arrangements with its customers in terms of pricing, but, in principle (i) the construction contracts have agreed fixed pricing terms, including fixed lump sums and reimbursable type of contracts, (ii) the majority of the Company's lease arrangements have fixed lease rates and (iii) the operating and service type of contracts can be based on fixed lump sums or reimbursable type of contracts. The Lease and Operate contracts generally include a variable component for which the treatment is described below under 'Lease and Operate contracts'. In rare cases when the transaction prices are not directly observable from the contract, they are estimated based on expected cost plus margin (e.g. based on an operating service component in a lease arrangement).

The Company assesses, for each performance obligation, whether the revenue should be recognized over time or at a point in time. This is explained more in detail under the below sections 'Construction contracts' and 'Lease and Operate contracts'.

The Company can agree on various payment arrangements that generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds installments invoiced to the client, a contract asset is recognized (see note 4.3.3 Revenue). If the installments invoiced to the client exceed the work performed, a contract liability is recognized (see note 4.3.25 Trade and Other Payables).

Revenue policies related to specific arrangements with customers are described below.

Construction contracts:

The Company, under its construction contracts, usually provides Engineering, Procurement, Construction and Installation ('EPCI') of vessels. The Company assesses the contracts on an individual basis as per the policy described above. Based on the analysis performed for existing contracts:

- The construction contracts generally include one performance obligation due to significant integration of the activities involved; and
- Revenue is recognized over time as the Company has an enforceable right to payment for performance completed to date and the assets created have no direct alternative use.

Based on these requirements, the Company concludes that, in principle, construction contracts meet the criteria of revenue to be recognized over time. Revenue is recognized at each period based upon the advancement of the work, using the input method. The input method is based on the ratio of costs incurred to date to total estimated costs. Up to the moment that the Company can reasonably measure the outcome of the performance obligation, revenue is recognized to the extent of cost incurred.

Complex projects that present a high-risk profile due to technical novelty, complexity or pricing arrangements agreed with the client are subject to independent project reviews at advanced degrees of completion in engineering. An independent project review is an internal, but independent, review of the status of a project, based upon an assessment of a range of project management and company factors. Until this point, and when other significant uncertainties related to the cost at completion are mitigated, revenue is recognized to the extent of cost incurred.

Due to the nature of the services performed, variation orders and claims are commonly billed to clients in the normal course of business. The variation orders and claims are modifications of contracts that are usually not distinct and are therefore normally considered as part of the existing performance obligation. When the contract modification (including claims) is initially approved by oral agreement or implied by customary business practice, the Company recognizes revenue only to the extent of contract costs incurred. Once contract modifications and claims are approved, the revenue is no longer capped at the level of costs and is recognized based on the input method.

Generally, the payments related to the construction contracts (under EPCI arrangements) are corresponding to the work completed to date, therefore the Company does not adjust any of the transaction prices for the time value of money. However the time value of money is assessed on a contract-by-contract basis and in case the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction price is adjusted for the identified and quantified financing component.

Furthermore, finance lease arrangements under which the Company delivers a unit to a client are treated as direct sales (see also point (b) above), therefore revenue is recognized over time during the construction period as the present value of the lease payments accruing to the lessor, discounted using a market rate of interest. In order to determine the revenue to be recognized, based on this policy, the Company determines the applicable discount rate using a market rate of interest that takes into account, among others: time value of money, financing structure and risk profile of a client and project.

Lease and Operate contracts:
The Company provides, to its customers, possibilities to lease the units under charter contracts. Charter contracts are multi-year contracts and some of them contain options to extend the term of the lease or terminate the lease earlier. Some of the contracts also contain purchase options that are exercisable throughout the lease term.

Charter rates
Charter rates received on long-term operating lease contracts are reported on a straight-line basis over the period of the contract once the facility has been brought into service. The difference between straight-line revenue and the contractual day-rates, which may not be constant throughout the charter, is accounted for as deferred income.

Revenue from finance lease contracts is, as of the commencement date of the lease contract, recognized over the term of the lease using the amortized cost method, which reflects a constant periodic rate of return.

Operating fees
Operating fees are received by the Company for facilitating receipt, processing and storage of petroleum services on board the facilities which occur continuously through the term of the contract. As such, they are a series of services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time, based on input methods by reference to the stage of completion of the service rendered, either on a straight-line basis for lump sum contracts or in line with cost incurred on reimbursable contracts.

Bonuses/penalties
On some contracts, the Company is entitled to receive bonuses (incentives) or incurs penalties, depending on the level of interruption of production or processing of oil. Bonuses are recognized as revenue once it is highly probable that no significant reversal of revenue recognized will occur, which is generally the case only once the performance bonus is earned.

Penalties are recognized as a deduction of revenue when they become probable. For estimation of bonuses and penalties, the Company applies the 'most likely' method, where the Company assesses which single amount is the most likely in a range of possible outcomes.

Contract costs

The incremental costs of obtaining a contract with a customer are recognized as an asset when the costs are expected to be recovered. The Company uses a practical expedient that permits the costs to be expensed to obtain a contract as incurred when the expected amortization period is one year or less. The costs of obtaining a contract that are not incremental are expensed as incurred, unless those costs are explicitly chargeable to the customer. Bid, proposal, and selling and marketing costs, as well as legal costs incurred in connection with the pursuit of the contract, are not incremental, as the Company would have incurred those costs even if it did not obtain the contract.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another IFRS standard (e.g. IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset for the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

An asset recognized for contract costs is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract assets

Contract assets, as defined in IFRS 15, represent the Company's construction work-in-progress. Construction work-in-progress is the Company's right to consideration in exchange for goods and services that the Company has transferred to the customer. The Company's contract assets are measured as accumulated revenue, recognized over time, based on progress of the project, net of installments invoiced to date. The invoiced installments represent the contractually agreed unconditional milestone payments during the construction period and these amounts are classified as trade receivables until the amount is paid. The Company recognizes any losses from onerous contracts under provisions, in line with IAS 37. Further, the impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9. The Company applies the simplified approach in measuring expected credit losses for contract assets. In case of contract asset balances relating to the finance lease contracts, the Company applies the low credit risk simplification of IFRS 9 for the computation of the expected credit loss. The simplification is applied as the credit risk profile of these balances has been assessed as low.

In prior consolidated financial statements, the Company has presented contract assets as Construction work-in-progress in the consolidated statement of financial position, as well as the notes to the consolidated financial statements.

Contract liabilities

The Company recognizes a contract liability (see note 4.3.25 Trade and Other Payables) where installments are received in advance of satisfying the performance obligation towards the customer.

(e) Operating segment information

As per IFRS 8, an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose segmental operating results are regularly reviewed by the entity's chief operating decision maker, and for which distinct financial information is available.

The Management Board, as chief operating decision maker, monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, gross margin, EBIT and EBITDA, and prepared in accordance with Directional reporting. The Company has two reportable segments:

- The Lease and Operate segment includes all earned day-rates on operating lease and operate contracts.

- The Turnkey segment includes revenues from Turnkey supply contracts and after-sales services, which consist mainly of large production systems, large mooring systems, deepwater export systems, fluid transfer systems, tanker loading and discharge terminals, design services and supply of special components and proprietary designs and equipment. The new energy business, which mainly relates to floating offshore wind solutions, also forms part of the Turnkey segment.

No operating segments have been aggregated to form the above reportable segments.

The Company's corporate overhead functions do not constitute an operating segment as defined by IFRS 8 'Operating segments' and are reported under the 'Other' section in note 4.3.2 Operating Segments and Directional Reporting.

Operating segment information is prepared and evaluated based on Directional reporting, for which the main principles are explained in note 4.3.2 Operating Segments and Directional Reporting.

(f) Demobilization obligations

The demobilization obligations of the Company are either stated in the lease contract or derived from the international conventions and the specific legislation applied in the countries where the Company operates assets. Demobilization costs will be incurred by the Company at the end of the operating life of the Company's facilities.

For operating leases, the net present value of the future obligations is included in property, plant and equipment, with a corresponding amount included in the provision for demobilization. As the remaining duration of each lease reduces, and the discounting effect on the provision unwinds, accrued interest is recognized as part of financial expenses and added to the provision. The subsequent updates of the measurement of the demobilization costs are recognized, both impacting the provision and the asset.

In some cases, when the contract includes a demobilization bareboat fee that the Company invoices to the client during the demobilization phase, a receivable is recognized at the beginning of the lease phase for the discounted value of the fee. When the receivable is recognized, it is limited to the amount of the corresponding demobilization obligation. These receivables are subject to expected credit loss impairment, which are analyzed together with the finance lease receivable using the same methodology.

For finance leases, demobilization obligations are analyzed as a component of the sale recognized under IFRS 15. It is determined whether the demobilization obligation should be defined as a separate performance obligation. In that case, because the demobilization operation is performed at a later stage, the related revenue is deferred until the demobilization operations occur. Subsequent updates of the measurement of the demobilization costs are recognized immediately through the contract liability, for the present value of the change.

C. OTHER MATERIAL ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

(a) Distinction between current and non-current assets and liabilities

The Company classifies its assets as current when it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. Inventory and contract balances are classified as current while the time when these assets are sold or consumed might be longer than twelve months. In the context of Company's operations it is considered that its operating cycle begins with the construction of the vessels up to the moment of sale or transfer to finance lease receivable. Financial assets are classified as current when they are realized within twelve months. Liabilities are classified as current when they are expected to be settled within less than twelve months and the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. All other assets and liabilities are classified as non-current.

(b) Consolidation

The Company's consolidated financial statements include the financial statements of all controlled subsidiaries.

In determining, under IFRS 10, whether the Company controls an investee, the Company assesses whether it has (i) power over the investee, (ii) exposure or rights to variable returns from its involvement, and (iii) the ability to use power over investees to affect the amount of return. To determine whether the Company has power over the investee, multiple contractual elements are analyzed, among which (i) voting rights of the Company at the General Meeting, (ii) voting rights of the Company at Board level and (iii) the power of the Company to appoint, reassign or remove other key management personnel.

For investees, whereby such contractual elements are not conclusive because all decisions about the relevant activities are taken on a mutual consent basis, the main deciding feature resides then in the deadlock clause existing in shareholders' agreements. In case a deadlock situation arises at the Board of Directors of an entity, whereby the Board is unable to conclude a decision, the deadlock clause of the shareholders' agreements generally stipulates whether a substantive right is granted to the Company or to all the partners in the entity to buy its shares through a compensation mechanism that is fair enough for the Company or one of the partners to acquire these shares. In case such a substantive right resides with the Company, the entity will be defined under IFRS 10 as controlled by the Company. In case no such substantive right is held by any of the shareholders through the deadlock clause, the entity will be defined as a joint arrangement.

Subsidiaries:
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated using the full consolidation method.

All reciprocal transactions between two controlled subsidiaries, with no profit or loss impact at consolidation level, are fully eliminated for the preparation of the consolidated financial statements.

Interests in joint ventures:
The Company has applied IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. In determining, under IFRS 11, the classification of a joint arrangement, the Company assesses that all joint arrangements are structured through private limited liability companies incorporated in various jurisdictions. As a result, assets and liabilities held in these separate vehicles are those of the separate vehicles and not those of the shareholders of these limited liability companies. Shareholders have no direct rights to the assets, nor primary obligations for liabilities of these vehicles. As a result, the Company classifies its joint arrangements to be joint ventures. Joint ventures are accounted for using the equity method.

Investments in associates:
Associates are all entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control over those policies. Investments in associates are accounted for using the equity method.

When losses of an equity-accounted entity are greater than the value of the Company's net investment in that entity, these losses are not recognized unless the Company has a constructive obligation to fund the entity. The share of the negative net equity of these is first accounted for against the loans held by the owner towards the equity-accounted company that forms part of the net investment. Any excess is accounted for under provisions.

Reciprocal transactions carried out between a subsidiary and an equity-accounted entity are not eliminated for the preparation of the consolidated financial statements. Only transactions leading to an internal profit (e.g. for dividends or internal margin on asset sale) are eliminated, applying the percentage owned in the equity-accounted entity.

The financial statements of the subsidiaries, associates and joint ventures are prepared for the same reporting period as the Company and the accounting policies are in line with those of the Company.

(c) Non-derivative financial assets

The Company's financial assets consist of finance lease receivables, loans to joint ventures and associates and trade and other receivables. The accounting policy on trade and other receivables is described separately.

Finance lease receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market.

Loans to joint ventures and associates relate primarily to interest-bearing loans to joint ventures. These financial assets are initially measured at fair value plus transaction costs (if any) and subsequently measured at amortized cost.

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:
- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(d) Borrowings (bank and other loans) and lease liabilities

Borrowings are recognized on settlement date, being the date on which cash is paid or received. They are initially recognized at fair value, net of transaction costs incurred (transaction price), subsequently measured at amortized cost and classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized into the cost of the asset in the period in which they are incurred. Otherwise, borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowings are derecognized when the Company either discharges the borrowing by paying the creditor or is legally released from primary responsibility for the borrowing, either by process of law or by the creditor.

Lease liabilities, arising from lease contracts in which the Company is the lessee, are initially measured at the net present value of the following:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the lease liability and finance cost. Finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(e) Foreign currency transactions and derivative financial instruments

Foreign currency transactions are translated into the functional currency, the US dollar, at the exchange rate applicable on the transaction date. At the closing date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement. At the closing date, non-monetary assets and liabilities stated in foreign currency remain translated into the functional currency using the exchange rate at the date of the transaction.

Translation of foreign currency income statements of foreign operations (except for foreign operations in hyper-inflationary economies) into US dollars is converted at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of foreign operations are recorded in other comprehensive income as foreign currency translation reserve. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and borrowings of such investments, are taken to Company equity. On disposal or partial disposal of a foreign operation, any corresponding cumulative exchange differences are transferred from equity to profit or loss.

Derivative financial instruments held by the Company are aimed at hedging risks associated with market risk fluctuations. The Company uses primarily forward currency contracts, interest rate swaps and commodity contracts to hedge foreign currency risk, interest rate risk and commodity price risk. Further information about the financial risk management objectives and policies is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

A derivative instrument (cash-flow hedge) qualifies for hedge accounting when all relevant criteria are met. A cash-flow hedge aims at reducing risks incurred by variations in the value of future cash flows that may impact net income. In order for a derivative to be eligible for hedge accounting, the following criteria must be met:
- There is an economic relationship between the hedging instrument and the hedged item.
- The effect of credit risk does not dominate the value changes resulting from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that used for risk management purposes.

All derivative instruments are recorded and disclosed in the statement of financial position at fair value. Purchases and sales of derivatives are accounted for at trade date. Where a portion of a financial derivative is expected to be realized within twelve months of the reporting date, that portion is presented as current; the remainder of the financial derivative as non-current.

Changes in fair value of derivatives designated as cash-flow hedge relationships are recognized as follows:
- The effective portion of the gain or loss of the hedging instrument is recorded directly in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement. The gain or loss which is deferred in equity, is reclassified to the net income in the period(s) in which the specified hedged transaction affects the income statement.
- The changes in fair value of derivative financial instruments that do not qualify as hedging in accounting standards are directly recorded in the income statement.

The sources of hedge ineffectiveness are:
- The non-occurrence of the hedged item;
- The change in the principal terms of the hedged item;
- The severe change of the credit risk of the Company and, or the derivative counterparty.

When measuring the fair value of a financial instrument, the Company uses market observable data as much as possible. Fair values are categorized into different levels in a fair value hierarchy, based on the inputs used in the valuation techniques. Further information about the fair value measurement of financial derivatives is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

(f) Provisions

Provisions are recognized if, and only if, the following criteria are simultaneously met:
- The Company has an ongoing obligation (legal or constructive) as a result of a past event.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- The amount of the obligation can be reliably estimated; provisions are measured according to the risk assessment or the exposed charge, based upon best-known facts.

Demobilization provisions relate to estimated costs for demobilization of leased facilities at the end of the respective lease period or operating life.

Warranty provisions relate to the Company's obligations to replace or repair defective items that become apparent within an agreed period, starting from final acceptance of the delivered system. These assurance-type warranties are provided to customers on most Turnkey sales. These provisions are estimated on a statistical basis regarding the Company's past experience or on an individual basis in the case of any warranty claim already identified. These provisions are classified as current by nature as it coincides with the production cycle of the Company.

Other provisions include provisions like commercial claims, regulatory fines related to operations and local content penalty. In relation to local content penalty, Brazilian oil and gas contracts typically include local content requirements. These requirements are issued by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP) to the winning concessionaire/consortia of auctioned Brazilian exploratory blocks or areas at the end of the bidding round, with the intention to strengthen the domestic Brazilian market and expand local employment. The owning concessionaire/consortia normally contractually passes such requirements on to, among other suppliers, the company delivering the FPSO. For the

Company's Brazilian contracts, the Company assesses the execution strategy and may decide that execution of the project in locations other than Brazil is more beneficial. Such a decision takes into account factors such as optimization of overall cost of delivery, quality and timeliness. As a result, following the chosen execution strategy, the Company may expect to not meet entirely the agreed local content requirements. In such circumstances, the expected penalty to be paid, as a result of not meeting the local content requirements, is determined, based on management's best estimate and recognized as provision during the construction period. The corresponding cost is expensed over the construction period of the asset.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of such items. The capital value of a facility to be leased and operated for a client is the sum of external costs (such as shipyards, subcontractors and suppliers), internal costs (design, engineering, construction supervision, etc.), third-party financial costs including interest paid during construction and attributable overhead.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of assets include the initial estimate of costs of demobilization of the asset net of reimbursement expected to be received by the client.

Costs related to major overhaul, which meet the criteria for capitalization, are included in the asset's carrying amount. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate line items of property, plant and equipment. The depreciation charge is calculated, based on future anticipated economic benefits, e.g. based on the unit of production method or on a straight-line basis as follows:
- New build Fast4Ward® FPSO up to 30 years (included in vessels and floating equipment);
- Converted tankers FPSO 10-20 years (included in vessels and floating equipment);
- Floating equipment 3-15 years (included in vessels and floating equipment);
- Buildings 30-50 years;
- Other assets 2-20 years;
- Land is not depreciated.

Regarding useful lives for vessels in operation, they are usually aligned with the lease period. Useful lives and methods of depreciation are reviewed at least annually and adjusted if appropriate.

The assets' residual values are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses arising on disposals or retirement of assets are determined by comparing any sales proceeds and the carrying amount of the asset. These are reflected in the income statement in the period that the asset is disposed of or retired.

Right-of-use assets related to the Company's lease contracts in which the Company is a lessee are included in Property, plant and equipment. Right-of-use assets and corresponding liabilities are recognized when the leased asset is available for use by the Company. Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs; and
- Restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized, on a straight-line basis, as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and accumulated impairment losses.

Software is recognized at historical cost and is amortized, on a straight-line basis, over its useful life. The useful life of software is generally between 3 and 5 years, dependent on the type of software.

Research costs are expensed when incurred. In compliance with IAS 38, development costs are capitalized if all of the following criteria are met:

- The projects are clearly defined.
- The Company is able to reliably measure expenditures incurred by each project during its development.
- The Company is able to demonstrate the technical feasibility of the project.
- The Company has the financial and technical resources available to achieve the project.
- The Company can demonstrate its intention to complete, to use or to commercialize products resulting from the project.
- The Company is able to demonstrate the existence of a market for the output of the intangible asset, or, if it is used internally, the usefulness of the intangible asset.

When capitalized, development costs are carried at cost, less any accumulated amortization and impairment losses. Amortization begins when the project is complete and available for use. It is amortized over the period of expected future benefit, which is generally between 3 and 5 years.

(i) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventories comprise semi-finished, finished products and the Company's Fast4Ward® Multi Purpose Floater ('MPF') valued at cost, including attributable overheads and spare parts stated at the lower of purchase price or market value. MPFs under construction are accounted for as inventories until they are allocated to awarded projects and then reclassified from inventories to contract assets.

(j) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and are therefore all classified as current. Trade receivables are recognized initially at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost, using the effective interest method. The Company applies the simplified approach in measuring expected credit losses for trade receivables.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method. Interest income, together with gains and losses when the receivables are derecognized or impaired, is recognized in the income statement.

(k) Impairment of finance lease receivables

For finance lease receivables, the Company assumes that the credit risk has not increased significantly since the initial recognition if the finance lease receivable is determined to have a low credit risk at the reporting date (i.e. the Company applies the low credit risk simplification). As a result, if the finance lease receivable is determined to have a low credit risk at the reporting date, the Company recognizes a 12-month expected credit loss.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and in hand fulfilling the following criteria: a maturity of usually less than three months, highly liquid, a fixed exchange value and an extremely low risk of loss of value.

(m) Share capital

Ordinary shares and protective preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(n) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the associated tax is also recognized in other comprehensive income or directly in equity.

Income tax expenses comprise corporate income tax due in countries of incorporation of the Company's main subsidiaries and levied on actual profits. Income tax expense also includes the corporate income taxes which are levied on a deemed profit basis and revenue basis (withholding taxes in the scope of IAS 12). This presentation adequately reflects the Company's global tax burden.

(o) Deferred tax

Deferred tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is provided for on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(p) Employee benefits

Pension obligations: the Company operates various pension schemes that are generally funded through payments determined by periodic actuarial calculations to insurance companies or are defined as multi-employer plans. The Company has both defined benefit and defined contribution plans:
- A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
- A defined contribution plan is a pension plan under which the Company pays fixed contributions to public or private pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions to defined contribution plans and multi-employer plans are recognized as an expense in the income statement as incurred.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date, less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs. The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that have maturity dates approximating to the terms of the Company's obligations.

The expense recognized within the EBIT comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact on actuarial debt and interest income on plan assets are recognized under the net financing cost.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in comprehensive income.

Share-based payments: within the Company there are four types of share-based payment plans that qualify as equity settled:
- Restricted Share Unit (RSU);
- Short-term Incentive Program of Bonus Shares and Matching Shares;
- Value Creation Stake (VCS); and
- Ownership Shares.

The estimated total amount to be expensed over the vesting period related to share-based payments is determined by (i) reference to the fair value of the instruments determined at the grant date, and (ii) non-market vesting conditions included in assumptions about the number of shares that the employee will ultimately receive. Main assumptions for estimates are revised at statement of financial position date. Total cost for the period is charged or credited to the income statement, with a corresponding adjustment to equity.

When equity instruments vest, the Company issues new shares, unless the Company has Treasury shares in stock.

Any cancellation of matching shares will lead to an accelerated expense recognition of the total fair value, with a corresponding adjustment to equity.

(q) Trade payables

Trade payables are amounts due to suppliers for goods sold or services received in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and are therefore classified as current. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.3.1 FINANCIAL HIGHLIGHTS

Impact of current economic and geopolitical environment
During 2023, uncertainty and volatility in geopolitics and markets has continued.

Construction activities for the Company's major projects were impacted in early 2023 by the effects of the COVID-19 pandemic and, in particular, response measures in China during the first months of 2023. Since then, the impact of the COVID-19 pandemic has normalized.

Despite the fact that the Company does not have any significant business activity in Ukraine or Russia, the Russia-Ukraine war has added pressure on price inflation and the global supply chain, notably from (i) rising prices and/or shortage of certain materials and services and (ii) delays in logistics.

Further, in 2023, U.S.-China tensions, and latterly the Israel-Gaza war, have accelerated geopolitical pressures that have adversely impacted the macroeconomic environment, in terms of high inflation, energy market pressure and increasing interest rates. While the Company does not have any material business activity in the Middle East region, it has significant activities in China related to construction projects. In that context, the Company is closely monitoring and assessing those macroeconomic and geopolitical risks on a regular basis, especially in regards to potential exposure with its Chinese suppliers. So far, the Company assessment is that the current risk is considered as moderate.

In order to mitigate the impact of the above events, project teams are working closely, with both client teams and suppliers, to mitigate any impact on project execution. The degree to which these challenges can be mitigated varies from project to project. The Company has demonstrated its ability, and agility, to navigate through this challenging environment with FPSO *Prosperity* and *FPSO Sepetiba* producing and on hire, respectively in November 2023 and early January 2024. As at the date of the 2023 consolidated financial statement, the ultimate delivery of major projects still under construction is not considered at risk, based on currently known circumstances.

Regarding the operation of the fleet, challenges brought by the pandemic have been properly handled, thanks to specific measures implemented over the last three years, which have so far demonstrated their efficacy. The Company achieved a solid performance and the fleet uptime stood at 98.2%[1], in line with historical performance.

Due to the pandemic and the current economic and geopolitical environment, the Company incurred additional costs in satisfying its performance obligations on some of its Turnkey projects. This was mainly due to the overall pressure on the global supply chain, delay in projects following lock-down periods in China, subsequent acceleration programs negotiated with sub-contractors, international travel restrictions and remote working and a general increase in commodity prices. The costs contributed to the progress of the transfer of control of the construction asset to the client over the construction period. When the costs are partially recharged to the Company's clients, it is considered as part of the total consideration for the project, which is recognized as revenue over time.

For the operational costs, incremental costs from the implementation of specific measures linked to the safe management of the impacts from the COVID-19 pandemic have been minimal during 2023. The Company, to a large extent, has inflation adjustment clauses in its Lease & Operate contracts, which additionally mitigate the costs linked to overall cost inflation.

In order to mitigate the impact of increasing interest rates on its financing, the Company manages its exposure through upfront interest rate swaps upon contract award or through reimbursed contract clauses with its clients. The hedge ratio of the floating-rate debt and the associated interest rate swaps is above 90%.

SBM Offshore, given its involvement in Guyana, maintains a regular oversight of the evolving geopolitical landscape in the region in collaboration with its partners, clients and local authorities. The company operations were not impacted in 2023 and no disruptions to the ongoing operations are expected. However, based on the current situation, SBM Offshore is continuously evaluating risk factors and potential evolution of the geopolitical situation which could impact its current or future operations in the region.

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[1] Fleet uptime without FPSO Mondo.

Completion of US$1.63 billion financing of FPSO Almirante Tamandaré

On March 31, 2023, the Company announced the completion of the project financing of *FPSO Almirante Tamandaré* for a total of US$1.63 billion.

The project financing is provided by a consortium of 13 international banks, with insurance cover from four international Export Credit Agencies (ECA). The financing is composed of five separate facilities with a c. 6.3% weighted average cost of debt and a 14-year post-completion maturity for both the ECA-covered facilities and the uncovered facility.

The FPSO's design incorporates SBM Offshore's industry-leading Fast4Ward® new build, multi-purpose hull. It will be the largest oil-producing unit in Brazil, with a processing capacity of 225,000 barrels of oil and 12 million m^3 of gas per day. The FPSO will have an estimated greenhouse gas (GHG) emission intensity below 10 $kgCO_2e$/boe and will benefit from emission-reduction technologies, such as closed-flare technology which increases gas utilization, preventing it from being burnt into the atmosphere.

FPSO Almirante Tamandaré is owned and operated by a special-purpose company owned by affiliated companies of SBM Offshore (55%) and its partners (45%). The FPSO will be deployed at the Búzios field in the Santos Basin, approximately 180 kilometers offshore Rio de Janeiro in Brazil, under a 26.25-year lease-and-operate contract with Petróleo Brasileiro S.A. (Petrobras). Petrobras is operating the Búzios field in partnership with CNODC and CNOOC.

Signing of 10-year Operations and Maintenance Enabling Agreement for Guyana FPSO fleet with ExxonMobil Guyana

On May 2, 2023, the Company announced it had signed a 10-year Operations and Maintenance Enabling Agreement with Esso Exploration & Production Guyana Ltd ('ExxonMobil Guyana') for the Operations and Maintenance of FPSOs *Liza Destiny*, *Liza Unity*, *Prosperity* and *ONE GUYANA*. This framework agreement establishes new terms related to the operations of the Guyana FPSO fleet for a period of 10 years up to 2033. The lease terms and durations remain the same for all units, with a 10-year lease for FPSO *Liza Destiny* and up to two years lease for FPSOs *Prosperity* and *ONE GUYANA*, after which the FPSOs' ownership will transfer to the client. This contract supports SBM Offshore's long-term business vision in Guyana, enabling the Company to perform local and sustainable investments in people and infrastructure, as well as to deploy its digital and operational technologies to the Guyana fleet. The estimated impact on the revenue backlog is around US$3 billion, based on various operating and maintenance assumptions.

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 SBM Offshore and ExxonMobil Guyana's experience and resources to increase team efficiency and foster synergies between the two companies.

Completion of US$1.615 billion financing of FPSO Alexandre de Gusmão

On June 20, 2023, the Company announced the completion of the project financing of *FPSO Alexandre de Gusmão* for a total of US$1.615 billion.

The project financing is provided by a consortium of 12 international banks with insurance cover from three international Export Credit Agencies (ECA). The financing is composed of four separate facilities with a ca. 6.6% weighted average cost of debt and a 14-year post-completion maturity for both the ECA-covered facilities and the uncovered facility.

The FPSO's design incorporates SBM Offshore's industry-leading Fast4Ward® new build, multi-purpose hull. It will have a processing capacity of 180,000 barrels of oil and 12 million m^3 of gas per day. The FPSO will have an estimated greenhouse gas (GHG) emission intensity within the range of 8-12 $kgCO_2e$/boe for the Company's new build FPSOs, benefiting from proprietary emission reduction technologies.

FPSO Alexandre de Gusmão is owned and operated by special-purpose companies owned by affiliated companies of SBM Offshore (55%) and its partners (45%). The FPSO will be deployed at the Mero unitized field, located in the Santos Basin approximately 160 kilometers offshore Rio de Janeiro in Brazil, under a 22.5-year lease-and-operate contract with Petróleo Brasileiro S.A. (Petrobras). The Mero unitized field is operated by Petrobras (38.6%), in partnership with Shell Brasil (19.3%), TotalEnergies (19.3%), CNPC (9.65%), CNOOC (9.65%) and Pré-sal Petróleo S.A. – PPSA (3.5%), representing the Government in the non-contracted area.

Partnership Agreement for FPSO CO_2-Capture Solution

On September 15, 2023, the Company and Mitsubishi Heavy Industries Ltd. (MHI) announced the signing of a Partnership Agreement that will offer a CO_2-capture solution for Floating Production Storage and Offloading vessels (FPSO) as they are producing oil and gas from offshore reservoirs. The agreement follows a successful engineering and design study between the companies, demonstrating the technical feasibility and commercial readiness of CO_2-capture technology offshore.

- The CO_2-capture solution will apply MHI's proprietary 'Advanced KM CDR Process™' technology, jointly developed with The Kansai Electric Power Co., Inc.
- The technology enables significant greenhouse gas emissions reductions from FPSOs, by capturing CO_2 from onboard gas turbines.
- It is estimated that the CO_2-capture technology can reduce CO_2 emissions from overall FPSO operations by up to 70%.
- The solution is being developed as part of SBM Offshore's emissionZERO® program and is based on a combination of MHI's proprietary CO_2-capture technology and SBM Offshore's industry-leading Fast4Ward® principles.
- Demand for decarbonization of FPSO operations is expected to increase rapidly. Through this collaboration, the companies will aim to open the door to development of offshore CO_2 capture and storage, making a concrete contribution to carbon neutrality efforts.

Award of FEED contracts for Whiptail project in Guyana

On October 13, 2023, the Company announced it had been awarded contracts to perform Front End Engineering and Design (FEED) for a Floating Production, Storage and Offloading vessel (FPSO) for the Whiptail development project in Guyana.

Following FEED and subject to government approvals in Guyana of the development plan, project sanction, including final investment decision by ExxonMobil Guyana Limited, an affiliate of ExxonMobil Corporation, to release the second phase of work, SBM Offshore will construct and install the FPSO. The FEED contract award triggers the initial release of funds by ExxonMobil Guyana Limited to begin FEED activities, and commits a Fast4Ward® hull for the execution of the Whiptail development project in Guyana.

Under the contracts, the FPSO's ownership is expected to be transferred to the client at the end of the construction period and before start of operations in Guyana. The construction costs are expected to be partially funded by senior loans which will be repaid at the time of the FPSO's transfer to the client.

SBM Offshore is expected to operate the FPSO through its integrated operations and maintenance model, combining SBM Offshore and ExxonMobil's expertise and experience, leveraging key learning and the operational excellence of the units currently deployed in Guyana.

The contract is classified as a construction contract falling in the scope of IFRS 15.

FPSO Liza Unity Purchase by ExxonMobil Completed

On November 9, the Company announced that it and ExxonMobil Guyana Limited, an affiliate of ExxonMobil Corporation, have completed the transaction related to the purchase of FPSO *Liza Unity*, a few months ahead of the end of the maximum lease term, in February 2024. The purchase allows ExxonMobil Guyana to assume ownership of the unit while SBM Offshore will continue to operate and maintain the FPSO up to 2033.

The transaction comprises a total cash consideration of US$1,259 million. The net cash proceeds will primarily be used for the full repayment of the US$1.14 billion project financing and as such will decrease SBM Offshore's net debt position.

The FPSO *Liza Unity* has been on hire since February 2022 and, since 2023, has been operated through the integrated operations and maintenance model, combining SBM Offshore and ExxonMobil's expertise and experience delivering outstanding operational performance.

Under IFRS reporting, the exercise of the purchase option received from ExxonMobil, in the amount of US$1,259 million, which was included in the finance lease receivable, led to a derecognition of the finance lease receivable against the payment received by the Company, with no impact on the net result.

Under Directional reporting, the net book value of the FPSO *Liza Unity*, at US$902 million, was derecognized as cost of sales, and the consideration received of US$1,259 million was recognized as Revenue, with a positive impact in profit or loss, of US$357 million.

FPSO Prosperity producing and on hire

On November 14, the Company announced that FPSO *Prosperity* produced first oil as of November 14, 2023, and is formally on hire.

The FPSO *Prosperity* utilizes a design that largely replicates the design of the FPSO *Liza Unity*. As such, the design is based on SBM Offshore's industry-leading Fast4Ward® program that incorporates the Company's new build, multi-purpose hull combined with several standardized topsides modules. The FPSO is designed to produce 220,000 barrels of oil per day, will have associated gas treatment capacity of 400 million cubic feet per day and water injection capacity of 250,000 barrels per day. The FPSO is spread-moored in a water depth of about 1,900 meters and will be able to store around 2 million barrels of crude oil.

The FPSO is part of the Payara development, which is the third development in the Stabroek block, circa 200 kilometers offshore Guyana. ExxonMobil Guyana Limited, an affiliate of ExxonMobil Corporation, is the operator and holds a 45 percent interest in the Stabroek block, Hess Guyana Exploration Ltd. holds a 30 percent interest and CNOOC Petroleum Guyana Limited holds a 25 percent interest.

Raising of new US$210 million Revolving Credit Facility for MPF hull financing

On December 15, 2023, the company announced to have secured a US$210 million Revolving Credit Facility for the financing of the construction of Fast4Ward® Multi-Purpose Floater (MPF) hulls. The tenor of the Revolving Credit Facility is eighteen months, with an extension option for another six months. Repayment is expected to take place upon sale of the MPF hulls or upon drawdown of the relevant project loan.

Under the Company's industry-leading Fast4Ward® program, eight standardized MPF hulls have been ordered to date, with seven allocated to projects and one supporting tendering activities.

Impact of business re-alignment on deferred taxes and future impact of Pillar Two on financial statement disclosures

As part of various business developments including the effects of Pillar Two, a business re-alignment under the existing Swiss tax regime applicable to Swiss companies of the Company took place. This notably has had a positive impact in respect of Pillar Two, based on the implementing measures as they currently stand (refer to 4.3.10 Income Tax Expense). The re-alignments resulted in the recognition of a deferred tax asset for a net amount of US$141 million in relation to a tax goodwill in Switzerland (refer to note 4.3.17 Deferred Tax Assets and Liabilities and 4.3.10 Income Tax Expense).

The SBM Offshore group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Netherlands, the jurisdiction in which the company is incorporated, and will come into effect from January 1, 2024. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure (refer to 4.2.7 Accounting Principles). The Company will be impacted by the GloBE rules, and the result of the assessment of the expected impact is disclosed under 4.3.10 Income Tax Expense as per the requirements of the issued IAS 12 amendment.

4.3.2 OPERATING SEGMENTS AND DIRECTIONAL REPORTING

OPERATING SEGMENTS

The Company's reportable operating segments as defined by IFRS 8 'Operating segments' are:

- Lease and Operate;
- Turnkey;
- Other.

DIRECTIONAL REPORTING

Strictly for the purposes of this note, the operating segments are measured under Directional reporting, which in essence follows IFRS, but with two main exceptions:

- All lease contracts are classified and accounted for as if they were operating lease contracts under IFRS 16. Some lease and operate contracts may provide for defined invoicing ('upfront payments') to the client occurring during the construction phase or at first-oil (beginning of the lease phase), to cover specific construction work and/or services performed during the construction phase. These 'upfront payments' are recognized as revenues and the costs associated with the construction work and/or services are recognized as 'Cost of sales' with no margin during the construction. As a consequence, these costs are not capitalized in the gross value of the assets under construction.
- All investees related to Lease and Operate contracts are accounted for at the Company's share as if they were classified as joint operations under IFRS 11, whereby all lines of the income statement, statement of financial position and cash flow statement are consolidated, based on the Company's percentage of ownership (hereafter referred to as 'percentage of ownership consolidation'). All joint ventures and associates within the Turnkey segment (such as yards and installation vessel) remain equity accounted. Therefore, when the Company has partners in the lessor-related SPV owning the lease contract with the client, the Company recognizes revenue as well as margin associated with the EPC works to the extent of the partners' shares in the lessor SPV. In situations where the Company reduces its percentage of ownership after award date of the contract, due to a disposal of shares to a partner, the relevant portion of the assets and liabilities already accounted at transaction date are derecognized. This derecognition is accounted against (i) the recognition of the fair value of any consideration received and associated revenue and (ii) the recognition of cost of sales, from contract award to transaction date and to the extent of the ownership divested.
- All deferred tax impacts generated by intragroup elimination are not recognized.

In 2023, all other accounting principles remain unchanged compared with applicable IFRS standards.

The above differences to the consolidated financial statements between Directional reporting and IFRS are highlighted in the reconciliations provided in this note on revenue, gross margin, EBIT and EBITDA as required by IFRS 8 'Operating segments'. The Company also provides the reconciliation of the statement of financial position and cash flow statement under IFRS and Directional reporting. The statement of financial position and the cash flow statement under Directional reporting are evaluated regularly by the Management Board in assessing the financial position and cash generation of the Company. The Company believes that these disclosures should enable users of its financial statements to better evaluate the nature and financial effects of the business activities in which it engages, while facilitating the understanding of the Directional reporting by providing a straightforward reconciliation with IFRS for all key financial metrics.

SEGMENT HIGHLIGHTS

The Directional Lease and Operate Revenue and Directional EBITDA increased versus the year-ago period, mainly driven by (i) FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter 2023 (ii) an increase in reimbursable scopes and an improved performance of the fleet, partially offset by (iii) *FPSO Capixaba,* which finished production in 2022 (no contribution to Directional revenue in 2023, now in the decommissioning phase).

The Directional Turnkey Revenue and Directional EBITDA increased versus the year-ago period. This increase was mainly driven by the sale of FPSO *Liza Unity* in 2023. Directional Turnkey revenue was additionally positively impacted by (i) the awarded limited scope for the FPSO for the Whiptail development project and (ii) additional variation orders on FPSO *Prosperity* (including the variation orders for the compensation of costs incurred by the Company after topside readiness, before the commencement of the charter at first-oil). The increase in Directional Turnkey revenue was partially offset by (i) the partial divestment on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* in 2022, which allowed the Company to recognize revenue for all the EPCI related work performed on these projects up to divestment date, to the extent of the partners' ownership in lessor-related SPVs, (ii) the completion of FPSO *Liza Unity* project in February 2022, and (iii) a reduced level of progress during the period, compared with the year-ago period, on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, consistent with the commencement of topsides' integration.

2023 operating segments (Directional)

	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
Directional revenue	**1,954**	**2,578**	**4,532**	**-**	**4,532**
Directional Cost of sales	(1,285)	(2,185)	(3,469)	-	(3,469)
Directional Gross margin	**669**	**394**	**1,063**	**-**	**1,062**
Directional Other operating income/ expense	0	0	0	(11)	**(11)**
Directional Selling and marketing expenses	(0)	(22)	(22)	(0)	**(22)**
Directional General and administrative expenses	(30)	(62)	(92)	(91)	**(183)**
Directional Research and development expenses	(7)	(30)	(37)	(0)	**(37)**
Directional Net impairment gains/(losses) on financial and contract assets	1	(21)	(20)	(2)	**(22)**
Directional Operating profit/(loss) (EBIT)	**633**	**259**	**892**	**(104)**	**788**
Directional Net financing costs					(238)
Directional Share of profit of equity-accounted investees					4
Directional Income tax expense					(30)
Directional Profit/(Loss)					**524**
Directional Operating profit/(loss) (EBIT)	633	259	892	(104)	**788**
Directional Depreciation, amortization and impairment	492	37	529	3	**532**
Directional EBITDA	**1,124**	**296**	**1,421**	**(101)**	**1,319**
Other segment information :					
Directional Impairment charge/(reversal)	6	-	6	-	**6**

Reconciliation of 2023 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
Revenue				
Lease and Operate	1,954	(529)	139	1,563
Turnkey	2,578	707	115	3,400
Total revenue	**4,532**	177	253	**4,963**
Gross margin				
Lease and Operate	669	(94)	97	671
Turnkey	394	290	64	748
Total gross margin	**1,063**	196	161	**1,420**
EBITDA				
Lease and Operate	1,124	(527)	98	695
Turnkey	296	284	65	646
Other	(101)	-	(0)	(101)
Total EBITDA	**1,319**	(243)	163	**1,239**
EBIT				
Lease and Operate	633	(91)	96	638
Turnkey	259	287	66	612
Other	(104)	-	0	(104)
Total EBIT	**788**	196	162	**1,145**
Net financing costs	(238)	(218)	(119)	(575)
Share of profit of equity-accounted investees	4	-	15	19
Income tax expense	(30)	(2)	57	25
Profit/(loss)	**524**	(24)	114	614
Impairment charge/(reversal)	6	0	2	8

The reconciliation from Directional reporting to IFRS comprises two main steps:

- In the first step, those lease contracts that are classified and accounted for as finance lease contracts under IFRS are restated from an operating lease accounting treatment to a finance lease accounting treatment.
- In the second step, the consolidation method is changed (i) from percentage of ownership consolidation to full consolidation for those Lease and Operate-related subsidiaries over which the Company has control, and (ii) from percentage of ownership consolidation to the equity method for those Lease and Operate-related investees that are classified as joint ventures, in accordance with IFRS 11.

Impact of lease accounting treatment

For the Lease and Operate segment, the restatement from an operating to a finance lease accounting treatment has the main following impacts for the 2023 period:

- Revenue reduced by US$(529) million. During the lease period, under IFRS, the revenue from finance leases is limited to that portion of charter rates that is recognized as interest, using the interest effective method. Under Directional reporting, in accordance with the operating lease treatment, the full charter rate is recognized as revenue, on a straight-line basis. Directional Lease and Operate EBITDA is similarly impacted (reduction of US$(527) million) for the same reasons.
- Gross margin is reduced by US$(94) million. Under IFRS, gross margin and EBIT from finance leases equal the recognized revenue, following the declining profile of the interest recognized using the effective interest method. On the other side, under the operating lease treatment applied under Directional, the gross margin and the EBIT correspond to the revenue, less depreciation of the recognized property, plant and equipment, both accounted for on a straight-line basis over the lease period.

For the Turnkey segment, the restatement from operating to finance lease accounting treatment had the following impacts over the 2023 period:

- Revenue and gross margin increased by US$707 million and US$290 million respectively. This primarily resulted from the two following opposite effects:
  - An increase, mainly due to the accounting treatment of the Company's FPSOs, which were under construction during the period (FPSO *Prosperity, FPSO Sepetiba, FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão*, FPSO *ONE GUYANA)* and accounted for as finance leases under IFRS. Under IFRS, a finance lease is considered as if it were a sale of the asset, leading to recognition of revenue during the construction of the asset corresponding to the present value of the future lease payments. This (mostly not-yet-cash) revenue is recognized within the Turnkey segment.
  - Partially offset by the FPSO *Liza Unity* sale, where the consideration received in the amount of US$1,259 million was recognized as Directional Revenue and the net book value in the amount of US$902 million was derecognized as Directional cost of sales, generating a positive impact in Directional profit or loss in the amount of US$357 million under Directional reporting. Under IFRS reporting, the consideration received was already included in the finance lease receivable and led to a derecognition of the finance lease receivable against the payment received by the Company, with no impact on the net result.
- The impact on Turnkey EBIT and EBITDA is largely in line with the impact on gross margin.

Net financing costs increased by US$(218) million. During construction, interest on project loans are expensed under IFRS while they are capitalized in the vessel under construction under Directional. As a result of the above elements, restatement from operating to finance lease accounting treatment results in an aggregate decrease of net profit of US$(24) million under IFRS when compared with Directional reporting.

Impact of consolidation methods

The impact of consolidation methods in the above table describes the net impact from:

- Percentage of ownership consolidation to full consolidation for those Lease and Operate-related subsidiaries over which the Company has control, resulting in an increase of revenue, gross margin, EBIT and EBITDA;
- Percentage of ownership consolidation to the equity accounting method for those Lease and Operate-related investees that are classified as joint ventures, in accordance with IFRS 11, resulting in a decrease of revenue, gross margin, EBIT and EBITDA.

For the Lease and Operate segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT, EBITDA and net profit under IFRS when compared with Directional reporting. This reflects the fact that the majority of the Company's FPSOs that are leased under finance lease contracts, are owned by subsidiaries over which the Company has control and which are consolidated using the full consolidation method under IFRS.

For the Turnkey segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT and EBITDA. This reflects the fact that under IFRS reporting the Company recognizes the full revenue, gross margin, EBIT and EBITDA in the subsidiaries that are not totally owned by the Company, but over which the Company has the control.

As a result of the above elements, the restatement of the impact of consolidation methods results in an aggregate increase of net profit of US$114 million under IFRS when compared with Directional reporting.

2022 operating segments (Directional)

	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
Directional revenue	**1,763**	**1,525**	**3,288**	**-**	**3,288**
Directional Cost of sales	(1,272)	(1,452)	(2,723)	-	(2,724)
Directional Gross margin	**492**	**73**	**565**	**-**	**564**
Directional Other operating income/ expense	16	8	24	(3)	**20**
Directional Selling and marketing expenses	0	(16)	(16)	(0)	**(16)**
Directional General and administrative expenses	(28)	(50)	(78)	(75)	**(154)**
Directional Research and development expenses	(5)	(30)	(35)	-	**(35)**
Directional Net impairment gains/(losses) on financial and contract assets	11	2	13	(1)	**12**
Directional Operating profit/(loss) (EBIT)	**484**	**(12)**	**471**	**(80)**	**392**
Directional Net financing costs					(188)
Directional Share of profit of equity-accounted investees					0
Directional Income tax expense					(88)
Directional Profit/(Loss)					**115**
Directional Operating profit/(loss) (EBIT)	484	(12)	471	(80)	**392**
Directional Depreciation, amortization and impairment	596	19	615	3	618
Directional EBITDA	**1,080**	**7**	**1,087**	**(77)**	**1,010**
Other segment information					
Directional Impairment charge/(reversal)	109	1	110	0	**110**

Reconciliation of 2022 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	**Total Consolidated IFRS**
Revenue				
Lease and Operate	1,763	(482)	133	1,414
Turnkey	1,525	1,854	120	3,499
Total revenue	**3,288**	1,372	253	**4,913**
Gross margin				
Lease and Operate	492	(52)	111	551
Turnkey	73	500	59	632
Total gross margin	**565**	449	169	**1,182**
EBITDA				
Lease and Operate	1,080	(479)	118	719
Turnkey	7	506	57	569
Other	(77)	-	(2)	(80)
Total EBITDA	1,010	26	173	**1,209**
EBIT				
Lease and Operate	484	(42)	120	562
Turnkey	(12)	494	59	540
Other	(80)	-	(2)	(82)
Total EBIT	**392**	451	177	**1,020**
Net financing costs	(188)	(91)	(93)	(373)
Share of profit of equity-accounted investees	0	(0)	12	12
Income tax expense	(88)	(14)	(2)	(104)
Profit/(loss)	115	346	94	555
Impairment charge/(reversal)	110	12	(3)	119

Reconciliation of 2023 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
ASSETS				
Property, plant and equipment and Intangible assets[1]	8,515[2]	(7,977)	(0)	538
Investment in associates and joint ventures	10	-	278	288
Finance lease receivables	0	5,373	1,428	6,801
Other financial assets	244[3]	(167)	18	95
Contract assets	282	4,706	2,146	7,134
Trade receivables and other assets	1,275	40	46	1,361
Derivative financial instruments	326	-	90	416
Cash and cash equivalents	563	-	(20)	543
Assets held for sale	0	-	-	0
Total Assets	**11,214**	1,975	3,986	**17,176**
EQUITY AND LIABILITIES				
Equity attributable to parent company	1,450	2,280	3	3,733
Non-controlling interests	(2)	13	1,786	1,797
Equity	**1,448**	2,293	1,790	**5,530**
Borrowings and lease liabilities	7,218[4]	-	2,072	9,290
Provisions	682	(188)	92	586
Trade payable and other liabilities	1,570	56	19	1,646
Deferred income	211	(187)	2	27
Derivative financial instruments	86	-	11	97
Total Equity and Liabilities	**11,214**	1,975	3,986	**17,176**

[1] Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

[2] Includes US$4,346 million related to units under construction (i.e. FPSOs Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

[3] Includes US$220 million related to demobilization receivable

[4] Includes US$3.3 billion non-recourse debt and US$85 million lease liability.

Consistent with the reconciliation of the key income statement line items, the above table details:

- The restatement from the operating lease accounting treatment to the finance lease accounting treatment for those lease contracts that are classified and accounted for as finance lease contracts under IFRS; and
- The change from percentage of ownership consolidation to either full consolidation or equity, accounting for investees related to Lease and Operate contracts.

Impact of lease accounting treatment

For the statement of financial position, the main adjustments from Directional reporting to IFRS as of December 31, 2023 are:

- For those lease contracts that are classified and accounted for as finance lease contracts under IFRS, derecognition of property, plant and equipment recognized under Directional reporting (US$(7,977) million) and subsequent recognition of (i) finance lease receivables (US$5,373 million) and (ii) contract assets (US$4,706 million) for those assets still under construction.
- For operating lease contracts with non-linear bareboat day rates, a deferred income provision is recognized to show linear revenues under Directional reporting. The part of the balance (US$(187) million) is derecognized for the contracts that are classified and accounted for as finance lease contracts under IFRS.
- Restatement of the provisions for demobilization and associated non-current receivable assets, mainly impacting other financial assets (US$(167) million) and provisions (US$(188) million).

As a result, the restatement from operating to finance lease accounting treatment gives rise to an aggregate increase of equity of US$2,293 million under IFRS when compared with Directional reporting. This primarily reflects the earlier margin recognition on finance lease contracts under IFRS when compared with Directional reporting.

Impact of consolidation methods

The above table of statement of financial position also describes the net impact of moving from percentage of ownership consolidation to either full consolidation, for those lease related investees in which the Company has control, or equity accounting, for those investees that are classified as joint ventures under IFRS 11. The two main impacts are:

- Full consolidation of asset-specific entities that mainly comprise finance lease receivables (representing the net present value of the future lease payments to be received) and non-recourse project debts.
- Derecognition of the individual line items from the statement of financial positions for those entities that are equity-accounted under IFRS, rolling up in the line item 'Investment in associates and joint ventures'.

As a result, the restatement of the impact of consolidation methods gives rise to an aggregate increase of equity of US$1,790 million under IFRS when compared with Directional reporting.

Reconciliation of 2023 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
EBITDA	**1,319**	(243)	163	**1,239**
Adjustments for non-cash and investing items	972	(859)	29	142
Changes in operating assets and liabilities	(571)	(2,050)	(572)	(3,193)
Reimbursement finance lease assets	0	1,718	24	1,743
Income taxes paid	(104)	(0)	4	(101)
Net cash flows from (used in) operating activities	**1,616**	(1,433)	(352)	**(169)**
Capital expenditures	(1,658)	1,486	(1)	(173)
Other investing activities	19	1	11	31
Net cash flows from (used in) investing activities	**(1,639)**	1,487	10	**(142)**
Equity payment from/(repayment to) partners	-	-	235	235
Additions and repayments of borrowings and lease liabilities	287	0	165	452
Dividends paid to shareholders and non-controlling interests	(197)	-	(82)	(279)
Interest paid	(248)	(54)	(64)	(366)
Share repurchase program	(5)	-	-	(5)
Proceeds from settlement of interest rate swaps	155	-	0	155
Net cash flows from (used in) financing activities	**(29)**	(54)	254	**171**
Net cash and cash equivalents as at 1 January	615	-	68	683
Net increase/(decrease) in net cash and cash equivalents	(52)	(0)	(89)	(141)
Foreign currency variations	0	0	0	1
Net cash and cash equivalents as at 31 December	**563**	-	(20)	**543**

Impact of lease accounting treatment

At net cash level, the difference in lease accounting treatment is neutral. The impact of the different lease accounting treatment under Directional reporting versus IFRS is limited to reclassifications between cash-flow activities.

Following the announcement that ExxonMobil Guyana Limited exercised the purchase option for FPSO *Liza Unity* (refer to note 4.3.1 Financial Highlights), the Company received the proceeds of the purchase in the amount of US$1,259 million, which is presented under IFRS reporting as inflow within cash flows from operating activities in the line 'Reimbursement finance lease assets'. Under Directional, the proceeds are also presented within cash flows from operating activities under EBITDA which should be considered together with 'Adjustments for non-cash and investing items' where the net book value of the FPSO *Liza Unity* in the amount of US$902 million recognized as cost of sales was cancelled.

A large part of the capital expenditures (US$1,486 million) are reclassified from investing activities under Directional to net cash flows from operating activity under IFRS, where finance lease contracts are accounted for as construction contracts. Furthermore, the financing costs incurred during the construction of the FPSOs, which are capitalized under Directional as part of asset under construction (and therefore presented in investing activities), are reclassified to financing activities under IFRS.

The impact of the change of lease accounting treatment at EBITDA level is described in further detail in the earlier reconciliation of the Company's income statement.

Impact of consolidation methods

The impact of the consolidation method on the cash flow statement is in line with the impact described for the statement of financial position. The full consolidation of asset specific entities, mainly comprising finance lease receivables and the related non-recourse project debts, results in increased additions and repayments of borrowings under IFRS versus Directional.

Reconciliation of 2022 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
ASSETS				
Property, plant and equipment and Intangible assets[1]	8,196[2]	(7,763)	(2)	432
Investment in associates and joint ventures	6	0	284	289
Finance lease receivables	0	5,739	1,454	7,193
Other financial assets	294[3]	(217)	13	90
Contract assets	170	3,927	1,583	5,681
Trade receivables and other assets	964	(1)	(52)	912
Derivative financial instruments	524	-	86	610
Cash and cash equivalents	615	-	68	683
Assets held for sale	0	0	(0)	0
Total Assets	**10,769**	1,685	3,434	**15,889**
EQUITY AND LIABILITIES				
Equity attributable to parent company	1,080	2,313	4	3,397
Non-controlling interests	(2)	4	1,515	1,517
Equity	**1,078**	2,317	1,519	**4,914**
Borrowings and lease liabilities	6,697[4]	-	1,867	8,564
Provisions	644	(219)	62	487
Trade payable and other liabilities	1,868	(155)	(11)	1,703
Deferred income	265	(258)	(3)	4
Derivative financial instruments	217	-	0	217
Total Equity and Liabilities	**10,769**	1,685	3,434	**15,889**

[1] Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

[2] Includes US$3,650 million related to units under construction (i.e. FPSOs, Prosperity, Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

[3] Includes US$254 million related to demobilization receivable

[4] Includes US$3,706 million non-recourse debt and US$47 million lease liability.

Reconciliation of 2022 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
EBITDA	**1,010**	26	173	**1,209**
Adjustments for non-cash and investing items	54	67	43	163
Changes in operating assets and liabilities	(164)	(1,755)	(846)	(2,764)
Reimbursement finance lease assets	(0)	421	18	439
Income taxes paid	(100)	0	4	(96)
Net cash flows from (used in) operating activities	**799**	(1,242)	(607)	**(1,049)**
Capital expenditures	(1,342)	1,260	(0)	(82)
Other investing activities	(257)	1	406	149
Net cash flows from (used in) investing activities	**(1,600)**	1,261	406	**67**
Equity payment from/repayment to partners	-	-	358	358
Additions and repayments of borrowings and lease liabilities	717	(0)	40	757
Dividends paid to shareholders and non-controlling interests	(178)	-	(39)	(217)
Interest paid	(181)	(20)	(52)	(252)
Share repurchase program	-	-	-	-
Payments to non-controlling interests for change in ownership	0	0	(1)	(0)
Net cash flows from (used in) financing activities	**359**	(20)	306	**646**
Net cash and cash equivalents as at 1 January	1,059	-	(38)	1,021
Net increase/(decrease) in net cash and cash equivalents	(441)	0	106	(335)
Foreign currency variations	(3)	(0)	0	(3)
Net cash and cash equivalents as at 31 December	**615**	-	68	**683**

Deferred income (Directional)

	31 December 2023	31 December 2022
Within one year	52	61
Between 1 and 2 years	44	46
Between 2 and 5 years	59	87
More than 5 years	56	70
Balance at 31 December	**211**	**265**

The Directional deferred income is mainly related to the revenue of those lease contracts, which include a decreasing day-rate schedule. As revenue from lease contract with customers is recognized in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant lease contracts.

GEOGRAPHICAL INFORMATION

The classification by country is determined by the final destination of the product for both revenues and non-current assets.

The revenue by country is analyzed as follows:

2023 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	**Reported segments**	Lease and Operate	Turnkey	**Reported segments**
Brazil	832	572	1,405	940	1,505	2,445
Guyana	688	1,826	2,514	485	1,694	2,179
Angola	247	19	266	4	38	43
Equatorial Guinea	108	1	109	104	0	104
Malaysia	49	3	51	0	5	6
The United States of America	28	2	30	28	2	30
France	-	43	43	-	43	43
Nigeria	-	22	22	-	22	22
Norway	-	25	25	-	25	25
Other	2	65	67	2	65	67
Total revenue	**1,954**	**2,578**	**4,532**	**1,563**	**3,400**	**4,963**

2022 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	**Reported segments**	Lease and Operate	Turnkey	**Reported segments**
Brazil	807	1,063	1,871	922	2,113	3,035
Guyana	541	338	878	360	1,256	1,615
Angola	230	6	236	3	9	12
Equatorial Guinea	101	1	101	92	(0)	92
Malaysia	47	3	50	0	5	5
The United States of America	33	1	34	33	1	34
France	-	25	25	-	25	25
Mozambique	-	19	19	-	19	19
Nigeria	-	14	14	-	14	14
Norway	-	18	18	-	18	18
Other	4	39	43	4	39	43
Total revenue	**1,763**	**1,525**	**3,288**	**1,414**	**3,499**	**4,913**

The non-current assets by country are analyzed as follows:

Geographical information (non-current assets by country)

	31 December 2023		31 December 2022	
	IFRS	DIR	IFRS	DIR
Brazil	5,276	6,115	5,331	5,351
Guyana	1,753	2,468	628	2,857
Angola	252	132	242	178
Switzerland	93	93	264	270
Monaco	77	77	25	25
Malaysia	64	13	79	9
Equatorial Guinea	41	70	57	93
The United States of America	19	19	27	27
France	12	12	12	12
Netherlands	6	6	13	13
Other	163	138	140	115
Total	**7,757**	**9,143**	**6,818**	**8,951**

RELIANCE ON MAJOR CUSTOMERS

Under Directional, two customers each represent more than 10% of the consolidated revenue. Total revenue from these two major customers amounts to US$3,979 million (US$2,643 million and US$1,335 million, respectively). In 2022, the revenue related to the two major customers was US$2,825 million (US$1,823 million and US$1,002 million, respectively). In both 2023 and 2022, the revenue of these major customers were mainly related to the Lease and Operate segment.

Under IFRS, two customers each represent more than 10% of the consolidated revenue. Total revenue from these major customers amounts to US$4,598 million (US$2,213 million and US$2,386 million respectively). In 2022, two customers accounted for more than 10% of the consolidated revenue (US$4,635 million), US$2,988 and US$1,647 million respectively.

4.3.3 REVENUE

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 46% of the Company's 2023 Lease and Operate revenue is made of charter rates related to lease contracts, while the remaining amount originates from operating contracts. The Company recognizes most of its revenue (i.e. more than 97%) over time.

The Company's policy regarding revenue recognition is described in further detail in note 4.2.7 B. Critical Accounting Policies – (d) Revenue. For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 4.3.2 Operating Segments and Directional Reporting.

The Company's construction contracts can last for several years, depending on the type of product, scope and complexity of the project, while the Company's Lease and Operate contracts are generally multiple-year contracts. As a result, the Company has (partially) outstanding performance obligations to its clients (unsatisfied performance obligations) at December 31, 2023. These unsatisfied performance obligations relate to:

- Ongoing construction contracts, including the construction of vessels under finance leases that still need to be completed;
- Ongoing multiple-year operating contracts. Note that for this specific disclosure on unsatisfied performance obligations, the lease component of the Lease and Operate contracts is excluded (this component being described in further detail in notes 4.3.13 Property, Plant and Equipment and 4.3.15 Finance Lease Receivables). As noted, some contracts include (performance) bonuses when earned or penalties incurred under the Company's Lease and Operate contracts. The net amount of performance-related payments for 2023 increased to US$132 million (2022: US$(3) million). This increase is mostly related to the shutdown of *FPSO Cidade de Anchieta* in the year-ago period.

The following table presents the unsatisfied performance obligations as at December 31, 2023 (in billions of US$):

Unsatisfied performance obligations related to:	2023	2022
- constructions contracts including finance leases	2.4	5.8
- operating contracts	13.4	10.6
Total	15.8	16.4

The unsatisfied performance obligations for the committed construction contracts mostly relate to four major construction FPSO contracts. Revenue related to these construction contracts is expected to be recognized over the coming two years in line with the construction progress on these projects.

The unsatisfied performance obligations for the operating contracts relate to i) the Company's vessels leased to clients where the Company is the operator (both operating and finance lease contracts) and ii) one operating contract for operating services on a vessel that is owned by the client. The operating contracts end between 2024 and 2050. The Company will recognize the unsatisfied performance obligation over this period in line with the work performed.

The Company can agree on various payment arrangements which generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds installments invoiced to the client, a contract asset is recognized. If the installments invoiced to the client exceed the work performed, a contract liability is recognized.

As a result of various commercial discussions with clients, the Company recognized revenue amounting to US$7 million in 2023 (2022: US$27 million) originating from performance obligations satisfied in previous periods.

Lease revenue recognized for leases where the Company is the lessor, for both operating and finance leases, relates to fixed and variable lease payments. Most of the Company's revenue from lease contracts is based on fixed day-rates. To the extent that lease payments are dependent on an index or a rate, they are excluded from the initial recognition of the lease payments receivable. The impact related to a change in index or a rate is recognized in the consolidated income statement when a change occurs.

CONTRACT BALANCES

The table below sets out the contract balances for the years 2023 and 2022:

	Notes	31 December 2023	31 December 2022
Current contract liability	*4.3.25*	74	42
Non-current contract liability	*4.3.25*	22	-
Total contract liabilities		**97**	42
Current contract assets		7,134	5,681
Total contract assets		**7,134**	5,681

Contract assets

During the period ended December 31, 2023, the Company completed construction of FPSO *Prosperity,* marking first oil date on November 14, 2023. As of this date, the lease of FPSO *Prosperity* commenced and the contract asset related to this unit was reclassified to finance lease receivables (refer to notes 4.3.1 Financial Highlights and 4.3.15 Finance Lease Receivables).

As a result, the contract asset balance as at December 31, 2023 of US$7,134 million (2022: US$5,681 million) increased in relation to progress made during the period on the construction of *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão, FPSO Sepetiba*, FPSO *ONE GUYANA* and initial limited scope for the FPSO for the Whiptail development project, partly offset by the finalization of the FPSO *Prosperity* construction.

Regarding information about expected credit losses recognized for contract assets, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

Contract liabilities

Current contract liabilities of US$74 million (2022: US$42 million) comprise the amounts of those individual contracts for which the total installments invoiced exceed the revenue recognized over time. Contract liabilities are reported in trade an other payables (see note 4.3.25 Trade and Other Payables).

As at December 31, 2023, current contract liabilities relate to one of the Company's renewable projects and other minor construction projects.

Non-current contract liabilities of US$22 million (2022: nil) have been recognized as at December 31, 2023, following the reassessment of the demobilization performance obligations and associated remeasurement of future demobilization costs in finance lease contracts. This reassessment triggered an increase in the contract liability for demobilization costs. Therefore, as explained in B. Critical Accounting Policies – (f) Demobilization obligations, these future obligations have been recognized during the period through contract liability, for the present value of the change.

The Company recognized revenue of US$31 million during the period, which was included in the contract liabilities as per December 31, 2022.

4.3.4 OTHER OPERATING INCOME AND EXPENSE

	2023	2022
Gains from sale of financial participations, property, plant and equipment	0	9
Other operating income	3	28
Total other operating income	**3**	**37**
Other operating expenses	(2)	(6)
Impairment of other assets and onerous contracts	-	(2)
Restructuring expenses	(11)	0
Total other operating expense	**(13)**	**(8)**
Total	**(10)**	**28**

In 2023, the total other operating income and expense mainly includes a restructuring expense in the amount of US$11 million corresponding to severance costs relating to the implementation of an optimization plan for the Company's support functions' activities, aiming to improve the global performance and cost efficiency. The restructuring impacted approximately 106 employees.

For comparison, in 2022, the total other operating income and expense mainly included US$9 million gain realized from the disposal of the SBM Installer and an insurance recovery of US$27 million in respect of one of the Brazilian units.

4.3.5 EXPENSES BY NATURE

The table below sets out expenses by nature for all items included in EBIT for the years 2023 and 2022:

	Note	2023	2022
Expenses on construction contracts		(2,130)	(2,367)
Employee benefit expenses	*4.3.6*	(842)	(740)
Vessels operating costs		(512)	(412)
Depreciation, amortization and impairment		(94)	(189)
Selling expenses		(10)	(4)
Other costs		(232)	(218)
Total expenses		**(3,820)**	**(3,930)**

In 2023 'Expenses on construction contracts' slightly decreased compared to the previous year. Despite having five FPSO's under construction during the period and the start of FPSO FEED work for the Whiptail development project (compared to five FPSO's in 2022), the reduction is a result of lower progress on Turnkey Brazilian projects and the completion of FPSO

Prosperity partially offset by the higher progress of FPSO *ONE GUYANA* and newly awarded FPSO FEED work for the Whiptail development project.

'Employee benefit expenses' increased due to higher man-hour-related activities in Turnkey projects and the ramp-up of operations on the fleet in operation.

'Vessel operating costs' increased, mainly as a result of a higher scope of work in several vessels and the operational start of FPSO *Prosperity* during the last quarter of 2023, which was partially offset by the impact of *FPSO Capixaba* leaving the fleet. FPSO *Liza Unity,* despite the sale of the unit during 2023, continues to be operated by the Company through the OMEA signed with the client in 2023.

The decrease of 'Depreciation, amortization and impairment' mainly relates to the prior year impairment of US$92 million on *FPSO Cidade de Anchieta* due to the additional costs required for tank repairs, following the shutdown in 2022 and the capitalization of associated tank repair costs, and *FPSO Capixaba,* which finished production in 2022.

Expenses related to short-term leases and leases of low-value assets amounted to US$6 million (2022: US$1 million).

The increase of 'Other costs' is mainly driven by the overall ramp-up of digital activities, with impact on consultancy and software fees, business travel costs and currency exchange differences.

4.3.6 EMPLOYEE BENEFIT EXPENSES

Information with respect to employee benefits expenses are detailed as follows:

	Note	2023	2022
Wages and salaries		(420)	(370)
Social security costs		(57)	(48)
Contributions to defined contribution plans		(39)	(33)
Contributions to defined benefit plans		(2)	1
Share-based payment cost		(26)	(24)
Contractors' costs		(197)	(178)
Other employee benefits		(100)	(88)
Total employee benefits	4.3.5	**(842)**	**(740)**

Wages and salaries increased, due to FPSO *Prosperity* joining the fleet, full ramp-up on *FPSO Sepetiba* before producing and on hire on January 2, 2024, and the increased activity in projects under construction. This was partially offset by *FPSO Capixaba* leaving the fleet (now under decommissioning).

Contractors' costs include expenses related to contractor staff not on the Company's payroll, linked to the Company's strategy of aiming to maintain flexibility in its workforce management. Other employee benefits mainly include commuting, training, expatriate and other non-wage compensation costs.

DEFINED CONTRIBUTION PLAN

The contributions to defined contribution plans includes Company participation in the Merchant Navy Officers Pension Fund (MNOPF). The MNOPF is a defined benefit multi-employer plan, which is closed to new members. The fund is managed by a corporate Trustee, MNOPF Trustees Limited, and provides defined benefits for nearly 21,936 (2022: 22,440) Merchant Navy Officers and their dependents, out of which approximately 29 (2022: 29) are SBM Offshore former employees.

The Trustee apportions its funding deficit between Participating Employers, based on the portions of the Fund's liabilities, which were originally accrued by members in service with each employer. When the Trustee determines that contributions are unlikely to be recovered from a Participating Employer, it can re-apportion the deficit contributions to other Participating Employers.

Entities participating in the MNOPF are exposed to the actuarial risk associated with the current and former employees of other entities through exposure to their share of the deficit of those other entities' default. As there is only a notional allocation of assets and liabilities to any employer, the Company is accounting for the MNOPF in its financial statements as if it was a defined contribution scheme. There are no contributions to the plan agreed at present.

DEFINED BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

The employee benefits provisions recognized relate to:

	Note	2023	2022
Pension plan		(0)	(3)
Lump sums on retirement		8	6
Defined benefit plans		**7**	**3**
Long-service awards		14	12
Other long-term benefits		**14**	**12**
Employee benefits provisions	*4.3.24*	**21**	**15**

The defined benefit plan provision is partially funded as follows:

Benefit asset/liability included in the statement of financial position

	31 December 2023			31 December 2022		
	Pension plans	Lump sums on retirement	Total	Pension plans	Lump sums on retirement	Total
Defined benefit obligation	22	8	30	22	6	**29**
Fair value of plan assets	(22)	-	(22)	(25)	-	**(25)**
Benefit (asset)/liability	**(0)**	**8**	**7**	**(3)**	**6**	**3**

The main assumptions used in determining employee benefit obligations for the Company's plans are shown below:

Main assumptions used in determining employee benefit obligations

in %	2023	2022
Discount rate	1.50 - 3.40	2.50 - 4.25
Inflation rate	2.00	2.00
Discount rate of return on plan assets during financial year	1.50	2.50
Future salary increases	1.00 - 3.00	1.00 - 3.00
Future pension increases	0 - 2.00	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE COMPANY

The remuneration of the key management personnel of the Company paid during the year, including pension costs and performance-related Short-Term Incentives (STI), amounted to US$14 million (2022: US$15 million). There are no loans outstanding to members of the key management or guarantees given on behalf of members of the key management.

The performance-related part of the remuneration of the Management Board, comprising Value Creation Stake and STI components, was 66% (2022: 60%). The Management Board's remuneration decreased in 2023 versus 2022, mainly explained by the decrease to three members in the overall year-by-year comparison.

The total remuneration and associated costs of the Management Board and other key management personnel (members of the Executive Committee) is specified as follows:

Remuneration key management personnel

in thousands of US$	Base salary	STI[1]	Share-based compensation[2]	Other[3]	Pensions[4]	Total remuneration
Management Board Members						
2023	2,186	2,279	3,866	457	585	9,373
2022	3,036	1,864	4,634	546	728	10,808
Other key personnel[5]						
2023	2,021	562	1,292	442	442	4,759
2022	2,124	517	1,075	379	336	4,430
Total 2023	**4,207**	**2,841**	**5,158**	**899**	**1,027**	**14,132**
Total 2022	**5,159**	**2,382**	**5,709**	**925**	**1,064**	**15,238**

[1] For the Management Board this represents the actual STI approved by the Supervisory Board, which has been accrued over the calendar year, payment of which will be made in the following year.

[2] This share-based compensation represents the period expense of share-based payments in accordance with IFRS 2.

[3] Consisting of social charges, lease car expenses, and other allowances.

[4] This represents company contributions to defined contribution pension plans; in case of absence of a qualifying pension scheme such contribution is paid gross, withholding wage tax at source borne by the individuals.

[5] The definition of 'Other key personnel' is aligned with the Executive Committee, as disclosed on the Company's website.

The table above represents the total remuneration in US dollars, being the reporting currency of the Company.

As at December 31, 2023, there are no unvested shares of current and former Management Board members. The total number of vested shares held by current Management Board members are reported in note 4.3.22 Equity Attributable to Shareholders.

SHORT-TERM INCENTIVE PROGRAM OF THE MANAGEMENT BOARD

The Short-Term Incentive Program is based upon short-term operational performance, which includes three sets of performance indicators, as noted below:

- Profitability;
- Growth;
- Sustainability.

The Supervisory Board may adjust the outcome of the STI down by 10%. Any such adjustment would be reported in the Remuneration Report. No such reduction has been made for 2023 or 2022.

For 2023 (equal to 2022), the Supervisory Board concluded that the Company's performance indicators had outcomes ranging from threshold to maximum. For the year 2023, a total of ten performance indicators were established (2022: seven). The Company's performance resulted in performance of 120% (2022: 85%) of salary for the CEO and 90% (2022: 64%) for the other Management Board members.

VALUE CREATION STAKE SHARES OF THE MANAGEMENT BOARD

Under the Remuneration Policy 2022, the members of the Management Board are entitled to a Value Creation Stake, being a number of shares determined by a four-year average share price (volume weighted). These shares vest immediately upon the award date, and must be retained for five years from the vesting date, or, in the event of retirement or termination, two years.

Number of issued shares	2023	2022
Total	242,375	317,510

The number of shares granted is based upon 175% of the individual's base salary and determined by the 4-year average volume-weighed share price (VWAP) over the years 2019 through 2022 (2022: 2018 through 2021), being EUR14.60 (2022: EUR14.61). The grant date fair value of these shares upon issue was EUR14.75, being the opening share price of January 2, 2023 (2022: EUR13.15).

RESTRICTED SHARE UNIT (RSU) PLANS

The number of shares granted under the RSU plan in 2023 was 812,950 (2022: 803,320), with the three-year employment period starting on January 1, 2023 (2022: January 1, 2022).

The annual RSU award is based on individual potential. The RSU plans themselves have no performance condition, only a service condition, and will vest at the end of three years' continuing service. The fair value is determined based on the share price at the grant dates, with an adjustment for the present value of the expected dividends during the vesting period.

	2023	2022
RSU grant date fair value per share	€ 10.85	€ 11.44

For RSUs, a vesting probability (based on expectations on, for example, the number of employees leaving the Company before the vesting date of their respective RSU plan) of 5% is assumed. The Company periodically reviews this estimate and aligns to the actual forfeitures.

OWNERSHIP SHARES

Ownership Shares is an annual award in shares to compensate the overall STI target reduction of 3-6% of annualized gross salary under the Company's 2019 STI plan awarded to employees based on seniority. The Ownership Shares have no performance conditions, only a service condition. The Ownership Shares are subject to a three-year holding requirement after the grant date. This means that a fixed population of onshore employees, based on seniority in the Company, are eligible to the Ownership Shares equal to 4-8% of annualized gross salary.

The total number of Ownership Shares that vested during 2023 was 76,485 shares (2022: 96,333). The fair value of the Ownership Shares is measured at the opening share price of January 2, 2023.

	2023	2022
Ownership Shares grant date fair value per share	€ 14.75	€ 13.15

MATCHING SHARES

Under the STI plans for the management and staff of the Company, 20% of the STI is or can be paid in shares. Subject to a vesting period of three years, an identical number of shares (matching shares) will be issued to participants, assuming a probability of 95%. The Company periodically reviews this estimate and aligns to the actual forfeitures. The grant date fair value is measured indirectly, based on the grant date price of the equity instrument, with an adjustment for the present value of the expected dividends during the vesting period.

The assumptions included in the calculation for the matching shares are:

	2023	2022
Matching shares grant date fair value per share	€ 10.74	€ 11.75

TOTAL SHARE-BASED PAYMENT COSTS

The amounts recognized in operating profit for all share-based payment transactions have been summarized by taking into account both the provisional awards for the current year and the additional awards related to prior years. Total share-based compensation has slightly increased in comparison to 2022.

2023 (in thousands of US$)	Performance shares and RSU/Value Creation Stake	Matching shares	Total
Instruments granted	14,424	5,087	**19,511**
Total expenses 2023	**14,424**	**5,087**	**19,511**

2022 (in thousands of US$)	Performance shares and RSU/Value Creation Stake	Matching shares	Total
Instruments granted	13,327	5,840	**19,167**
Total expenses 2022	**13,327**	**5,840**	**19,167**

Rules of conduct with regard to inside information are in place to ensure compliance with the Act on Financial Supervision. For example, these rules forbid the exercise of options or other financial instruments during certain periods, more specifically when an employee is in possession of price-sensitive information.

The movement in the outstanding number of shares which could potentially vest at a point in time under the Company share-based payment plans is illustrated in the following table.

in number of shares	2023	2022
Outstanding at 1 January	**3,064,079**	**2,910,725**
Granted	1,686,474	1,629,422
Vested	(1,064,211)	(1,125,632)
True-up at vesting	-	-
Cancelled or forfeited	(350,106)	(350,436)
Total movements	**272,157**	**153,354**
Outstanding at 31 December	**3,336,236**	**3,064,079**

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board amounted to EUR601 thousand (2022: EUR658 thousand) and can be specified as follows:

	2023			2022		
in thousands of EUR	Basic remuneration	Committees	Total	Basic remuneration	Committees	Total
Total	**521**	**78**	**599**	**580**	**78**	**658**

There are no share-based incentives granted to the members of the Supervisory Board. Nor are there any loans outstanding to the members of the Supervisory Board or guarantees given on behalf of members of the Supervisory Board. In 2023, the number of Supervisory Board members decreased from 7 to 6.

NUMBER OF EMPLOYEES

Number of employees (by operating segment)

	2023		2022	
By operating segment:	Average	Year-end	Average	Year-end
Lease and Operate	2,420	2,667	2,072	2,172
Turnkey	2,129	2,036	2,110	2,221
Other	639	701	549	576
Total excluding employees working for JVs and associates	**5,187**	**5,404**	**4,731**	**4,969**
Employees working for JVs and associates	531	531	529	530
Total	**5,717**	**5,935**	**5,259**	**5,499**

Number of employees (by geographical area)

	2023		2022	
By geographical area:	Average	Year-end	Average	Year-end
the Netherlands	507	496	471	518
Worldwide	4,680	4,908	4,260	4,451
Total excluding employees working for JVs and associates	**5,187**	**5,404**	**4,731**	**4,969**
Employees working for JVs and associates	531	531	529	530
Total	**5,717**	**5,935**	**5,259**	**5,499**

The figures exclude fleet personnel hired through crewing agencies as well as other agency and freelance staff for whom expenses are included within 'other employee benefits'. The increase of Lease and Operate average headcount is primarily due to FPSO *Prosperity* joining the fleet during the current year and full ramp up on *FPSO Sepetiba* before producing and on hire on January 2nd, 2024, resulting as well in the reduction of the Turnkey segment at year end. The increase in 'Other' is mainly due to temporary headcount transition following the implementation of an optimization plan related to the Company's support functions' activities and a continuing investment in the Company's digital initiatives.

4.3.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to US$37 million (2022: US$35 million) and mainly relate to the internal projects for Renewables development costs and energy transition costs related to emissionZERO® and 'Digital FPSO'.

The amortization of development costs recognized in the statement of financial position is allocated to cost of sales when the developed technology is used through one or several projects. Otherwise, it is allocated to research and development expenses.

4.3.8 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL AND CONTRACT ASSETS

In the context of the current economic and geopolitical environment, during 2023, the Company anticipated a range of possible impacts that could arise from the general economic downturn, the pressure on price inflation, the energy market pressure, increasing interest rates and other governmental actions as a consequence of the geopolitical environment. In response to these effects, the Company (i) reassessed whether there is a significant increase in credit risk related to its financial assets as of December 31, 2023, and (ii) updated estimates in terms of 'probability of default' and 'loss given default' in order to determine the expected credit losses.

Finance Lease Receivables

There was no payment default on any finance lease contract over the period. In addition, despite the overall economic downturn, the Company concluded that the counterparties of the finance lease receivables still have a strong capacity to meet their contractual cash flow obligations, based on existing contractual arrangements, which include parent company guarantees. Based on the available forward-looking information related to the oil price, it is also assumed that none of the assets leased under the Company's finance lease contracts would become uneconomical to operate for clients.

Therefore, the Company concludes that (i) the credit risk has not increased significantly since the initial recognition of the finance lease receivable, and (ii) the finance lease receivables still have a low credit risk as of December 31, 2023. As a result, the Company recognizes a 12-month expected credit loss.

Contract assets and Trade Receivables

As for the finance leases, there was no payment default (including overdue of more than 90 days) on any significant trade receivables over the period. The Company performed, as usual, a detailed analysis of the credit risks associated with significant trade receivables balances as at the reporting date. This did not result in any specific significant increase in credit risks related to its outstanding contract assets and trade receivables.

Other Financial Assets

Overall, the reassessment of the expected credit losses of other financial assets resulted in a limited impact.

During the year, the following gains/(losses) related to credit risks were recognized:

	2023	2022
Impairment losses		
- Movement in loss allowance for trade receivables	(1)	1
- Movement in loss allowance for contract assets	0	0
- Movement in loss allowance for finance lease receivables	0	(0)
(Impairment)/impairment reversal losses on financial lease receivables	-	-
(Impairment)/impairment reversal losses on other financial assets	(20)	14
Net impairment gains/(losses) on financial and contract assets	**(21)**	**15**

During the year 2023, the Company recognized a US$(21) million net impairment loss on financial and contract assets (December 31, 2022: gain of US$15 million attributable to the reversal of an impairment which was previously recognized for a funding loan provided to an equity accounted entity).

4.3.9 NET FINANCING COSTS

	2023	2022
Interest income on loans & receivables	3	0
Interest income on investments	21	10
Net foreign exchange gain	-	-
Other financial income	1	2
Financial income	**25**	**12**
Interest expenses on financial liabilities at amortized cost	(731)	(352)
Interest income / (expenses) on hedging derivatives	139	(28)
Interest expenses on lease liabilities	(5)	(2)
Interest addition to provisions	(1)	(1)
Net cash flow hedges ineffectiveness	-	(1)
Net foreign exchange loss	(3)	(1)
Financial expenses	**(601)**	**(385)**
Net financing costs	**(575)**	**(373)**

The Company has increased its debt (see note 4.3.23 Borrowings and Lease Liabilities) in order to finance its ongoing construction program of five FPSOs during the period.

The increase in net financing costs is mainly due to (i) increased project financing to fund continued investment in growth on the five FPSOs under construction during the period, (ii) additional interest expense on FPSO *Liza Destiny* and FPSO *Liza Unity* variable rate project loans and (iii) interest expense on the US$125 million funding loan agreement secured in 2023 with CMFL in relation to *FPSO Cidade de Ilhabela*, in line with the Company aim to diversify its sources of debt funding and to accelerate equity cash flow from the backlog, partially offset by (iv) the scheduled amortization of project loans.

4.3.10 INCOME TAX EXPENSE

The relationship between the Company's income tax expense and profit before income tax (referred to as 'effective tax rate') can vary significantly from period to period considering among other factors: (i) changes in the blend of income that is taxed based on revenues versus profit, (ii) the different statutory tax rates in the location of the Company's operations and (iii) the possibility to recognize deferred tax assets on tax losses to the extent that suitable future taxable profits will be available.

Some of the taxes are withholding taxes (paid on revenues). The assessment of whether the withholding tax is in scope of IAS 12 is judgmental; the Company has performed this assessment in the past and some of the withholding taxes that the Company pays in certain countries qualify as income taxes, as it creates an income tax credit or it is considered as deemed profit taxation.

Consequently, income tax expense does not change proportionally with profit before income taxes. Significant decreases in profit before income tax typically lead to a higher effective tax rate, while significant increases in profit before income taxes can lead to a lower effective tax rate, subject to the other factors impacting income tax expense, noted above. Additionally, where a deferred tax asset is not recognized on a loss carry forward, the effective tax rate is impacted by the unrecognized tax loss.

The components of the Company's income taxes are:

Income tax recognized in the consolidated Income Statement

	Note	2023	2022
Corporation tax on profits for the year		(129)	(85)
Adjustments in respect of prior years		(1)	(1)
Movements in uncertain tax positions		(2)	3
Total current income tax		**(131)**	**(83)**
Deferred tax	*4.3.17*	156	(20)
Total		**25**	**(104)**

The Company's operational activities are subject to taxation at rates which range up to 35% (2022: 35%).

For the year ended December 31, 2023, the respective tax rates, the change in the blend of income tax based on income withholding tax and deemed profit assessment versus income tax based on net profit, the unrecognized deferred tax asset on certain tax losses, tax-exempt profits and non-deductible costs resulted in an effective tax on continuing operations of (4)% (2022: 16%).

The reconciliation of the effective tax rate is as follows:

Reconciliation of total income tax charge

	2023		2022	
	%		%	
Profit/(Loss) before income tax		**589**		**660**
Share of profit of equity-accounted investees		19		12
Profit/(Loss) before income tax and share of profit of equity-accounted investees		**570**		**648**
Income tax using the domestic corporation tax rate (25,8% for the Netherlands)	25,8%	(147)	25,8%	(167)
Tax effects of :				
Different statutory taxes related to subsidiaries operating in other jurisdictions	(5%)	29	(9%)	57
Withholding taxes and taxes based on deemed profits	8%	(46)	5%	(33)
Non-deductible expenses	10%	(55)	10%	(64)
Non-taxable income	(17%)	98	(19%)	125
Adjustments related to prior years	0%	(1)	0%	(1)
Tax effect originating from current year timing differences and unused tax losses for which no deferred tax is recognized	(26%)	150	4%	(24)
Movements in uncertain tax positions	0%	(2)	(0%)	3
Total tax effects	**(30%)**	**172**	**(10%)**	**63**
Total of tax charge on the Consolidated Income Statement	**(4%)**	**25**	**16%**	**(104)**

The effective tax rate was impacted in 2023 by the recognition of a deferred tax asset on a tax goodwill in Switzerland for a net amount of US$141 million (absent this deferred tax asset, the effective tax rate would stand at 20%), for more detailed information refer to note 4.3.17 Deferred Tax Assets and Liabilities.

Similar to last year, the effective tax was also impacted by unrecognized deferred tax assets concerning Brazil, USA, Switzerland, Luxembourg, Monaco and the Netherlands.

Details of the withholding taxes and other taxes are as follows:

Withholding taxes per country

	2023	2022
Withholding Tax and Overseas Taxes (per location)	Withholding tax	Withholding tax
Brazil	(22)	(20)
Guyana	(22)	(12)
Other	(2)	(1)
Total withholding and overseas taxes	**(46)**	**(33)**

Guyana and other withholding tax

The Company's construction and lease activities related to Guyana are subject to Guyanese withholding tax.

TAX RETURNS AND TAX CONTINGENCIES

The Company files federal and local tax returns in several jurisdictions throughout the world. Tax returns in the major jurisdictions in which the Company operates are generally subject to examination for periods ranging from three to six years. Tax authorities in certain jurisdictions are examining tax returns and in some cases have issued assessments. The Company believes there is a sound basis for its tax positions in those jurisdictions. The Company provides for taxes that it considers probable of being payable as a result of these audits and for which a reasonable estimate may be made. While the Company cannot predict or provide assurance as to the final outcome of these proceedings, the Company does not expect the ultimate liability to have a material effect on its consolidated statement of financial position or results of operations, although it could have a significant adverse effect on its consolidated cash flows.

Each year management completes a detailed review of uncertain tax positions across the Company and makes provisions based on the probability of the liability arising. The principal risks that arise for the Company are in respect of permanent establishment, transfer pricing and other similar international tax issues. In common with other international groups, the difference in alignment between the Company's global operating model and the jurisdictional approach of tax authorities often leads to uncertainty on tax positions.

As a result of the above, in the period, the Company recorded a net tax decrease of US$5 million in respect of ongoing tax audits and in respect of the Company's review of its uncertain tax positions. This decrease is primarily in relation to uncertain tax positions on tax other than corporate income tax. However it is possible that the ultimate resolution of the tax exposures could result in tax charges that are materially higher or lower than the amount provided.

The Company has recognized a deferred tax asset for a gross amount of US$2,184 million in relation to a tax goodwill in Switzerland (refer to note 4.3.17 Deferred Tax Assets and Liabilities). In determining the taxable profits, the Company performed an extensive assessment and modeling to determine that an amount of US$2,043 million could possibly be unrecoverable, which is driven by the assessment of profitability and commercial uncertainties (i.e. future awards) impacting future profits. Based on the uncertainty of recovering this tax asset in future years, in light of applicable enacted Swiss tax regulations, the Company determined the expected value based on a range of possible outcomes. As a result, the Company as of December 31, 2023, recognized a deferred tax asset related to the tax goodwill in Switzerland net of US$141 million in accordance with IAS 12 and IFRIC23.

The Company conducts operations through its various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes. From time to time, the Company may identify changes to previously evaluated tax positions that could result in adjustments to its recorded assets and liabilities. Although the Company is unable to predict the outcome of these changes, it does not expect the effect, if any, resulting from these adjustments to have a material effect on its consolidated statement of financial position, results of operations or cash flows.

IMPACT OF THE GLOBE PILLAR TWO MODEL RULES

In December 2021, the OECD released the GloBE Pillar Two model rules, also referred to as the 'Global Anti-Base Erosion' or 'GloBE' rules, which subsequently led to the issuance of the draft proposal for a GloBE Directive by the European Commission. These rules aim to ensure large multinational enterprises (MNEs) pay a minimum amount of tax on income arising in each jurisdiction in which they operate through introducing a global minimum corporate income tax rate set at 15%. The GloBE rules are intended to be implemented as part of an agreed-upon common approach, introduced via domestic tax law and expected to be effective as from January 1, 2024.

The Company is assessing its exposure to Pillar Two legislation in the jurisdictions in which it operates and acknowledges that:

- Pillar Two represents a significant additional layer of tax calculation and reporting to what is already a very complex tax compliance process for most MNEs. It will ultimately require a new global tax calculation in every jurisdiction in which the Company operates.
- There will likely be divergence in rules as countries adopt slightly different versions in domestic legislation, which will add to the complexity of these calculations.
- The tax base that Pillar Two is determined upon is entirely new and calculations will need to be based, in part, on data that the Company currently does not structurally gather within its tax compliance processes.

As indicated above, the assessment process is complex and is based on legislation which is in various degrees of enactment and subject to further interpretation. Taking this into account, the Company has performed a preliminary assessment which uses assumptions on the specific adjustments envisaged in the Pillar Two legislation. Based on the results for the year 2023, the Company estimated that the potential impact would represent between 0.4% and 0.6% on the effective tax rate. For 2023 this impact primarily concerns entities within the jurisdictions of Bermuda and the Cayman Islands. The Company highlights that the disclosed impact is on the basis of certain assumptions, which eventually might deviate from the actual impact due to differences in interpretation, divergence in rules between jurisdictions and further guidance to be issued.

As the situation is still evolving, it leads to uncertainties of the financial impact in periods in which legislation will be in effect. The Company has been reviewing Pillar Two features providing for simplification and/or relief for multinational enterprises that have genuine economic activities in different jurisdictions. The 2021 transition in Swiss tax regimes applicable to Swiss companies of the Company notably has a positive impact in respect of Pillar Two, as bringing those companies firmly within the scope of Swiss taxation. Therefore, the Company continues to monitor the implementation of the Pillar Two model rules in each jurisdiction's legislation and will implement processes and governance for reporting on the financial impact related to Pillar Two in 2024.

4.3.11 EARNINGS/(LOSS) PER SHARE

The basic earnings per share for the year amounts to US$2.74 (2022: US$2.53), and the fully diluted earnings per share amounts to US$2.70 (2022: US$2.50). Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the net profit/loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive shares into ordinary shares.

The following reflects the share data used in the basic and diluted earnings per share computations:

Earnings per share

	2023	2022
Earnings attributable to shareholders (in thousands of US$)	490,821	450,137
Number of shares outstanding at January 1 (excluding treasury shares)	178,054,655	176,622,557
Average number of treasury shares transferred to employee share programs	1,225,505	1,283,909
Average number of shares repurchased / cancelled	(45,044)	-
Weighted average number of shares outstanding	**179,235,116**	**177,906,466**
Impact shares to be issued	-	-
Weighted average number of shares (for calculations basic earnings per share)	**179,235,116**	**177,906,466**
Potential dilutive shares from stock option scheme and other share-based payments	2,269,314	1,965,043
Weighted average number of shares (diluted)	**181,504,430**	**179,871,509**
Basic earnings per share in US$	2.74	2.53
Fully diluted earnings per share in US$	2.70	2.50

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements, except for the issuance of Value Creation Stake shares for the Management Board, Ownership Shares for the Company's senior management and the Matching Shares and RSUs that have vested on January 1, 2024 (see note 4.3.6 Employee Benefit Expenses).

4.3.12 DIVIDENDS PAID AND PROPOSED AND SHARE REPURCHASE PROGRAM

The Company is evolving its shareholder return policy as follows: "The Company's shareholders return policy is to maintain a stable annual cash return to shareholders which grows over time, with flexibility for the Company to make such cash return in the form of a cash dividend and the repurchase of shares. Determination of the annual cash return is based on the Company's assessment of its underlying cash flow position. The Company prioritizes a stable cash distribution to shareholders and funding of growth projects, with the option to apply surplus capital towards incremental cash returns to shareholders." The policy will be presented for discussion at the Annual General Meeting on April 12, 2024.

As a result, following review of its cash flow position and forecast, the Company intends to pay a total cash return to shareholders of US$220 million in 2024. This represents an increase of 12% compared with the dividend paid in 2023. The cash return is to be composed of a proposed dividend of US$150 million (equivalent to c. US$0.83 per share[2]) combined with a EUR65 million (US$70 million equivalent[3]) share repurchase program. Shares repurchased as part of the cash return will be cancelled. The share repurchase program will be launched on March 1, 2024 and the dividend will be proposed at the Annual General Meeting on April 12, 2024. Going forward, the Company intends to maintain a material level of dividend as part of the annual cash return with US$150 million as a base level.

4.3.13 PROPERTY, PLANT AND EQUIPMENT

The line item 'Property, plant and equipment' consists of property, plant and equipment owned by the Company and right-of-use assets:

Property, plant and equipment (summary)

	31 December 2023	31 December 2022
Property, plant and equipment excluding leases	308	274
Right-of-use assets	77	40
Total	**384**	**314**

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[2] Based on the number of shares outstanding at December 31, 2023. Dividend amount per share depends on number of shares entitled to dividend. The proposed ex-dividend date is April 16, 2024.

[3] Based on the foreign exchange rate on February 22, 2024.

PROPERTY, PLANT AND EQUIPMENT OWNED BY THE COMPANY

The movement of the Property, plant and equipment during the year 2023 is summarized as follows:

2023

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	60	1,813	78	16	**1,967**
Accumulated depreciation and impairment	(41)	(1,596)	(56)	-	**(1,693)**
Book value at 1 January	**19**	**217**	**23**	**16**	**274**
Additions	0	3	6	70	**79**
Disposals	(0)	-	(0)	-	**(0)**
Depreciation	(2)	(30)	(9)	-	**(41)**
Impairment	-	(6)	-	-	**(6)**
Foreign currency variations	0	(0)	1	0	**1**
Other movements	5	(0)	1	(6)	**0**
Total movements	**3**	**(32)**	**(2)**	**65**	**34**
Cost	67	1,821	82	81	**2,051**
Accumulated depreciation and impairment	(45)	(1,637)	(62)	-	**(1,744)**
Book value at 31 December	**22**	**185**	**21**	**81**	**308**

2022

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	63	1,741	83	4	**1,891**
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	**(1,540)**
Book value at 1 January	**25**	**295**	**28**	**4**	**351**
Additions	0	13	5	79	**97**
Disposals	-	(0)	(0)	(0)	**(0)**
Depreciation	(5)	(47)	(11)	-	**(63)**
Impairment	-	(108)	-	-	**(108)**
Foreign currency variations	(1)	0	(1)	(0)	**(2)**
Other movements	0	65	2	(67)	**(0)**
Total movements	**(6)**	**(78)**	**(5)**	**12**	**(77)**
Cost	60	1,813	78	16	**1,967**
Accumulated depreciation and impairment	(41)	(1,596)	(56)	-	**(1,693)**
Book value at 31 December	**19**	**217**	**23**	**16**	**274**

During the 2023 period, the following main events occurred regarding owned property, plant and equipment:

- US$41 million of annual depreciation charges, following the normal depreciation schedule;
- US$79 million additions mainly related to capitalized major overhaul costs related to repair work performed on *FPSO Cidade de Anchieta*.
- US$(6) million impairment of *FPSO Capixaba* residual value due to the reassessment of the expected towing and green recycling costs of the unit following the final selection of a scrapping yard in Denmark.

Property, plant and equipment at year-end comprises of:

- One (2022: one) integrated floating production, storage and offloading system (FPSO) (namely *FPSO Cidade de Anchieta*) consisting of a converted tanker, a processing plant and one mooring system. This FPSO is leased to third parties under an operating lease contract;
- One semi-submersible production platform, the *Thunder Hawk* (2022: one), leased to third parties under an operating lease contract.

The depreciation charge for the semi-submersible production facility *Thunder Hawk* is calculated based on its future anticipated economic benefits, resulting in a depreciation plan based on the unit of production method. All other property, plant and equipment is depreciated on a straight-line basis.

Company-owned property, plant and equipment with a carrying amount of US$178 million (2022: US$195 million) has been pledged as security for liabilities, mainly for external financing.

No interest has been capitalized during the financial year as part of the additions to property, plant and equipment (2022: nil).

FPSO Cidade de Anchieta

FPSO Cidade de Anchieta was shut down from January 22, 2022, following observation of oil near the vessel. Adequate anti-pollution measures were immediately deployed and were effective and inspections quickly identified oil leaks from two tanks. A repair program has been implemented to repair the four tanks required for the safe restart of the vessel in agreement with the client and approved by Class and local authorities as well as for the repair of other tanks for which works progressed as planned during the current year and which will continue over the coming years. This enabled a safe restart at full production on December 17, 2022. In prior year, the total expected net cost of repairs resulted in an adverse cash flow and an impairment of US$92 million.

In the current year, an impairment assessment of *FPSO Cidade de Anchieta* was performed. No additional impairment was recognised in the year 2023.

The recoverable amount of the vessel was determined using its value in use. Significant estimates are part of the impairment calculation:

- If the discount rate (7.4%) used in the impairment test were to vary by +/- 1%, the impairment would change by +/- US$10 million;
- If the cash outflow were to vary by +/- US$20 million, the impairment would change by +/- US$19 million;
- If the cash inflow were to vary by +/- US$20 million, the impairment would change by -/+ US$19 million;
- If the timing of some cash inflow would vary by one year, the impairment would change by + US$7 million.

RIGHT-OF-USE ASSETS

As of December 31, 2023, the Company leases buildings and cars. The movement of the right-of-use assets during the year 2023 is summarized as follows:

2023

	Buildings	Other fixed assets	Total
Book value at 1 January	**39**	**1**	**40**
Additions	54	1	**55**
Disposals	(5)	-	**(5)**
Depreciation	(14)	(1)	**(14)**
Impairment	-	-	**-**
Foreign currency variations	2	0	**2**
Other movements	(1)	(0)	**(1)**
Total movements	**36**	**1**	**37**
Cost	104	4	**108**
Accumulated depreciation and impairment	(29)	(2)	**(31)**
Book value at 31 December	**75**	**2**	**77**

2022

	Buildings	Other fixed assets	Total
Book value at 1 January	**44**	**1**	**45**
Additions	12	1	**13**
Disposals	-	(0)	**(0)**
Depreciation	(14)	(1)	**(15)**
(Impairment)/impairment reversal	-	-	**-**
Foreign currency variations	(2)	(0)	**(2)**
Other movements	(1)	(0)	**(1)**
Total movements	**(5)**	**0**	**(4)**
Cost	72	3	**75**
Accumulated depreciation and impairment	(33)	(2)	**(35)**
Book value at 31 December	**39**	**1**	**40**

During the year 2023, the main movements regarding right-of-use assets related to US$55 million of capitalization of lease extensions and new lease office contracts, partially offset by US$14 million of depreciation charges. In March 2023, the Company extended the lease agreement of one of its office buildings until 2037. This resulted in an increase of US$43 million to right-of-use assets and a similar increase in lease liabilities (refer to note 4.3.23 Borrowings and Lease Liabilities).

Office leases

Significant contracts under buildings relate to the lease of offices. The remaining contract periods of the Company's office rentals vary between one and ten years and most of the contracts include extension options between three and fourteen years. The extension options have been taken into account in the measurement of lease liabilities when the Company is reasonably certain to exercise these options. The lease agreements do not impose any covenants.

OPERATING LEASES AS A LESSOR

The category 'Vessels and floating equipment' mainly relates to facilities leased to third parties under various operating lease agreements which terminate between 2025 and 2031. Leased facilities included in the 'Vessels and floating equipment' amount to:

Leased facilities included in the vessels and floating equipment

	31 December 2023	31 December 2022
Cost	1,821	1,813
Accumulated depreciation and impairment	(1,637)	(1,596)
Book value at 31 December	**185**	**217**

As of December 31, 2023, the units included under leased facilities are *FPSO Cidade de Anchieta* and the semi-submersible production facility *Thunder Hawk*. The book value of the leased facilities included in the vessels and floating equipment has decreased by US$32 million, mainly due to depreciation.

The nominal values of the future expected bareboat receipts (undiscounted lease payments) in respect of the remaining operating lease contracts are:

Nominal values of the future expected bareboat receipts

	31 December 2023	31 December 2022
Within 1 year	105	113
2 years	99	111
3 years	91	104
4 years	91	91
5 years	91	91
After 5 years	214	306
Total	**693**	**816**

A number of agreements have extension options, which have not been included in the above table.

Outstanding purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible *Thunder Hawk* includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as at December 31, 2023.

4.3.14 INTANGIBLE ASSETS

2023

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	38	28	100	19	**185**
Accumulated amortization and impairment	(29)	(20)	-	(19)	**(68)**
Book value at 1 January	**9**	**8**	**100**	**0**	**117**
Additions	6	7	31	-	**45**
Amortization	(5)	(4)	-	-	**(9)**
(Impairment)/impairment reversal	-	-	-	-	**-**
Total movements	**1**	**3**	**31**	**-**	**36**
Cost	44	29	132	19	**224**
Accumulated amortization and impairment	(33)	(18)	-	(19)	**(71)**
Book value at 31 December	**11**	**11**	**132**	**0**	**153**

2022

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	34	25	67	19	**145**
Accumulated amortization and impairment	(25)	(15)	-	(19)	**(59)**
Book value at 1 January	**9**	**11**	**67**	**0**	**86**
Additions	4	3	34	-	**41**
Amortization	(3)	(4)	-	-	**(7)**
(Impairment)/impairment reversal	-	(2)	-	-	**(2)**
Total movements	**1**	**(3)**	**34**	**-**	**31**
Cost	38	28	100	19	**185**
Accumulated amortization and impairment	(29)	(20)	-	(19)	**(68)**
Book value at 31 December	**9**	**8**	**100**	**0**	**117**

The increase in 'Intangible assets under construction' mainly relates to costs capitalized relating to the design and implementation of the new global ERP system, the capitalization of software licenses and other capital expenditures related to the IT infrastructure upgrade project.

Amortization of development costs is included in 'Research and development expenses' in the income statement in 2023 for US$5 million (2022: US$3 million).

Amortization of software is included in 'General and administrative expenses' in the income statement in 2023 for US$4 million (2022: US$4 million).

4.3.15 FINANCE LEASE RECEIVABLES

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

Finance lease receivables (reconciliation gross/net investment)

	31 December 2023	31 December 2022
Gross receivable	9,576	10,330
Less: unearned finance income	(2,775)	(3,137)
Total	**6,801**	**7,193**
Of which		
Current portion	526	1,725
Non-current portion	6,276	5,468

As of December 31, 2023, finance lease receivables relate to the finance lease of:

- FPSO *Prosperity*, which started production in November 2023 for a charter of 2 years;
- FPSO *Liza Destiny*, which started production in December 2019 for a charter of 10 years;
- *FPSO Cidade de Marica*, which started production in February 2016 for a charter of 20 years;
- *FPSO Cidade de Saquarema*, which started production in July 2016 for a charter of 20 years;
- *FPSO Cidade de Ilhabela*, which started production in November 2014 for a charter of 20 years;
- *FPSO Cidade de Paraty*, which started production in June 2013 for a charter of 20 years;
- *FPSO Aseng*, which started production in November 2011 for a charter of 15 years;
- *FPSO Espirito Santo*, which started production in January 2009 for a charter of 15 years until December 2023, and which was extended in December 2020 until December 2028.

The decrease in finance lease receivable is driven by (i) the client exercise of the purchase option for FPSO *Liza Unity* on November 9, 2023, for the amount of US$1,259 million, which was included in the finance lease receivable. As a result, the finance lease receivable was derecognized against the payment made by the client with no impact on the net result, (ii) redemptions as per the payment plans of lease contracts partially offset by (iii) FPSO *Prosperity,* which started production in November 2023.

Unguaranteed residual values

Included in the gross receivable is an amount related to unguaranteed residual values (i.e. scrap value of units). The total amount of unguaranteed residual values at the end of the lease term amounts to US$50 million, as of December 31, 2023, (2022: US$53 million). The 2023 reassessment of unguaranteed residual values resulted in an impairment of US$2 million due to the decrease of scrap value of units.

As per the contractual terms, gross receivables should be invoiced to the lessee within the following periods:

Finance lease receivables (gross receivables invoiced to the lessee within the following periods)

	31 December 2023	31 December 2022
Less than 1 year	1,026	2,221
Between 1 and 2 years	2,060	804
Between 2 and 5 years	2,345	2,389
More than 5 years	4,146	4,916
Total Gross receivable	**9,576**	**10,330**

The significant decrease in the gross receivable 'Less than 1 year' mainly relates to the anticipated exercising of an FPSO *Liza Unity* purchase option which was materialised during the current year. The increase of the gross finance lease receivable in 'Between 1 and 2 years' is mainly explained by FPSO *Prosperity* following first oil in November 2023.

The following part of the net investment in the lease is included as part of the current assets within the statement of financial position:

Finance lease receivables (part of the net investment included as part of the current assets)

	31 December 2023	31 December 2022
Gross receivable	1,026	2,221
Less: unearned finance income	(500)	(496)
Current portion of finance lease receivable	**526**	**1,725**

The maximum exposure to credit risk at the reporting date is the carrying amount of the finance lease receivables, taking into account the risk of recoverability. The Company performed an assessment, which concluded that the credit risk for these receivables has not increased significantly since the initial recognition. The Company does not hold any collateral as security.

Outstanding purchase and termination options

The finance lease contracts of *FPSO Aseng*, FPSO *Liza Destiny* and FPSO *Prosperity*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early. If the client had exercised the purchase option for *FPSO Aseng* as of December 31, 2023, this would have resulted in a gain for the Company. The exercise of the early termination option, under which the Company would retain the vessel, would have resulted in a near breakeven result. If the client had exercised the purchase option for FPSO *Liza Destiny* as of December 31, 2023, this would have resulted in a near breakeven result for the Company while the exercise of the early termination option under which the Company would retain the vessels would have resulted in a gain. If the client had exercised the purchase option or early termination option for FPSO *Prosperity* as of December 31, 2023, this would have resulted in a gain for the Company.

The finance lease contract of *FPSO Espirito Santo* includes a call option for the client to terminate the contract early without obtaining the underlying asset. The exercise of the early termination option would have resulted in a loss for the Company as of December 31, 2023.

The finance lease contracts of FPSO *ONE GUYANA* (under construction as per December 31, 2023) contain options for the client to purchase the underlying asset or terminate the contract early. These options are exercisable at any time starting from the delivery date of the vessel.

4.3.16 OTHER FINANCIAL ASSETS

The breakdown of the non-current portion of other financial assets is as follows:

	31 December 2023	31 December 2022
Non-current portion of other receivables	113	106
Sublease receivables	-	-
Non-current portion of loans to joint ventures and associates	38	45
Total	**151**	**151**

The increase in non-current portion of other receivables relates to the increase of the demobilization receivables, partially offset by the recognition of the linearized revenue for *FPSO Cidade de Anchieta*.

The current portion of (i) other receivables and sublease receivables, and (ii) loans to joint ventures and associates, is included within 'Trade and other receivables' in the statement of financial position.

In relation to the exposure to credit risk at the reporting date on the carrying amount of the interest-bearing loans, non-current portion of other receivables and sublease receivable, please refer to note 4.3.8 Net Impairment Gains/(Losses) on

Financial and Contract Assets and note 4.3.27 Financial Instruments – Fair Values and Risk Management for the risk of recoverability (i.e. for expected credit losses). The Company does not hold any collateral as security.

The breakdown of loans to joint ventures and associates is presented below.

LOANS TO JOINT VENTURES AND ASSOCIATES

	Notes	31 December 2023	31 December 2022
Current portion of loans to joint ventures and associates	*4.3.19*	3	7
Non-current portion of loans to joint ventures and associates		38	45
Total	*4.3.31*	**41**	**52**

The balance of loans to joint ventures and associates has decreased compared with the year-ago period due to the impairment of a funding loan provided to some equity accounted entities.

The maximum exposure to credit risk at the reporting date is the carrying amount of the loans to joint ventures and associates, taking into account the risk of recoverability. The Company does not hold any collateral as security.

4.3.17 DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities and associated net positions are summarized as follows:

Deferred tax positions (summary)

	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	0	-	0	0	-	0
Tax losses	2	-	2	6	-	6
Other	245	173	72	6	38	(32)
Book value at 31 December	**247**	**173**	**74**	**12**	**38**	**(26)**

Deferred tax assets increased by US$234 million during the year of 2023, mainly due to deferred tax recognized in relation to a tax goodwill in Switzerland. Within the frame of the Company's periodical review of its tax positions, the Company had previously identified the need for an evolution of its Swiss structure to bring it in line with shifts in tax paradigms that occurred over the past decade. Accordingly, the Company ceased to apply its decade's-old Swiss tax rulings, initiating a transition process under Swiss law which has resulted in a tax goodwill for a transitory period of time.

The increase in deferred tax liabilities is mainly due to the recognition of tax for the Brazilian and Guyana units under construction in 2023 and on unrealized profits on hedging instruments booked in other comprehensive income for which a total deferred tax liability was recognized in 2023 for an amount of US$59 million (without impact in the income tax charge).

As explained in note 4.3.10 Income Tax Expense, no deferred taxes were recognized for the year ended in December 31, 2023, in relation to the potential impacts of top-up taxes arising from Pillar Two Model Rules.

Movements in net deferred tax positions

		2023	2022
	Note	Net	Net
Deferred tax at 1 January		**(26)**	**(5)**
Deferred tax recognized in the income statement	*4.3.10*	156	(20)
Deferred tax recognized in other comprehensive income		(57)	-
Other		-	-
Foreign currency variations		-	(1)
Total movements		**100**	**(21)**
Deferred tax at 31 December		**74**	**(26)**

Expected realization and settlement of deferred tax positions is within 20 years. The current portion of the net deferred tax position as of December 31, 2023 amounts to US$70 million. The deferred tax losses are expected to be recovered, based on the anticipated profit in the applicable jurisdiction. The Company has US$48 million (2022: US$27 million) of deferred tax assets unrecognized in 2023, due to current tax losses not valued. The term in which these unrecognized deferred tax assets could be settled depends on the respective tax jurisdiction and ranges from five years to an unlimited period of time.

The non-current portion of deferred tax assets amounts to US$157 million (2022: US$9 million). On a cumulative basis, a total amount of US$2,307 million at the end of 2023 (2022: US$220 million) corresponds to deferred tax assets basis unrecognized on temporary differences, unused tax losses and tax credits.

Deferred tax in connection with unused tax losses carried forward, temporary differences and tax credits:

	31 December 2023	31 December 2022
Unused tax losses carried forward, temporary differences and tax credits not recognized as a deferred tax asset	2,306	220
Unused tax losses carried forward, temporary differences and tax credits recognized as a deferred tax asset	247	12
Total	**2,553**	**232**

The material increase of 'Unused tax losses carried forward, temporary differences and tax credit not recognized as a deferred tax asset´is primarily related to the recognition of tax goodwill in Switzerland.

The Company has recognized a deferred tax asset for a gross amount of US$2,184 million in relation to a tax goodwill in Switzerland. In determining the taxable profits, the Company performed an extensive assessment and modeling to determine that an amount of US$2,043 million could possibly be unrecoverable, which is driven by the assessment of profitability and commercial uncertainties (i.e. future awards) impacting future profits. Based on the uncertainty of recovering this tax asset in future years in light of applicable enacted Swiss tax regulations, the Company determined the expected value based on a range of possible outcomes. As a result, the Company as of December 31, 2023, recognized a deferred tax asset related to the tax goodwill in Switzerland net of US$141 million in accordance with IAS 12 and IFRIC 23.

Expiry date on deferred tax assets unrecognized on temporary differences, unused tax losses and tax credits:

	31 December 2023	31 December 2022
Within one year	12	24
More than a year but less than 5 years	17	11
More than 5 years but less than 10 years	38	8
More than 10 years but less than 20 years	2,079	22
Unlimited period of time	160	156
Total	**2,306**	**220**

Deferred tax assets per location are as follows:

Deferred tax positions per location

	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Guyana	2	70	(69)	-	36	(36)
Monaco	14	12	2	2	-	2
Switzerland	221	84	136	7	-	7
the Netherlands	0	1	(0)	3	-	3
Other	9	5	4	0	2	(2)
Book value at 31 December	**247**	**173**	**74**	**12**	**38**	**(26)**

4.3.18 INVENTORIES

	31 December 2023	31 December 2022
Materials and consumables	13	9
Goods for resale	0	4
Multi-purpose floaters under construction	135	13
Total	**149**	**25**

Multi-purpose floaters ('MPFs') under construction relate to the ongoing EPC phase of any Fast4Ward® new-build hulls. Fast4Ward® hulls remain in inventory until they are allocated to a specific FPSO contract.

The increase of the inventory balance at year-end 2023 relates to the new multi-purpose hull for use on a future FPSO project. As per December 31, 2023, the Company has one MPF under construction for use on a future FPSO project.

4.3.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables (summary)

	Note	31 December 2023	31 December 2022
Trade debtors		200	308
Other accrued income		258	198
Prepayments		126	149
Accrued income in respect of delivered orders		74	0
Other receivables		147	75
Taxes and social security		92	57
Current portion of loan to joint ventures and associates	*4.3.16*	3	7
Total		**901**	**795**

The decrease in 'Trade debtors' of US$(108) million is mainly due to the collection of upfront payment for FPSO *Prosperity.*

The increase in 'Other accrued income' is mainly due to FPSO *Prosperity* joining the fleet and additional accrued income on *FPSO Cidade de Anchieta* not yet invoiced after the re-start of operations.

The decrease in prepayments of US$(23) million is mainly related to advance payments to yards related to the new multi-purpose floater hull (MPF).

The increase in accrued income in respect of delivered orders relates to FPSO *Prosperity's* finalization project, including variation orders.

The increase in 'Other receivables' mainly relates to advance payments made in relation to the Brazilian and Guyana fleet.

The carrying amounts of the Company's trade debtors are distributed in the following countries:

Trade debtors (countries where Company's trade debtors are distributed)

	31 December 2023	31 December 2022
Angola	66	48
Brazil	36	17
Guyana	45	208
Equatorial Guinea	8	11
The United States of America	4	3
Australia	1	1
Nigeria	10	4
Canada	10	2
France	6	0
Other	14	14
Total	**200**	**308**

The trade debtors balance is the nominal value less an allowance for estimated impairment losses as follows:

Trade debtors (trade debtors balance)

	31 December 2023	31 December 2022
Nominal amount	204	312
Impairment allowance	(4)	(4)
Total	**200**	**308**

The allowance for impairment represents the Company's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual exposures. Furthermore, the Company uses historical credit loss experience as well as forward-looking information to determine a 1% expected credit loss rate on individually insignificant trade receivable balances. The creation and release for impaired trade debtors due to credit risk are reported in the line item 'Net impairment losses on financial and contract assets' of the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The aging of the nominal amounts of the trade debtors are:

Trade debtors (aging of the nominal amounts of the trade debtors)

	31 December 2023		31 December 2022	
	Nominal	Impairment	Nominal	Impairment
Not past due	82	(1)	236	(3)
Past due 0-30 days	40	(0)	9	(0)
Past due 31-120 days	25	(0)	6	(0)
Past due 121- 365 days	21	(0)	33	(0)
More than one year	36	(2)	27	(0)
Total	**204**	**(4)**	**312**	**(4)**

Not past due are those receivables for which either the contractual or 'normal' payment date has not yet elapsed. Past due are those amounts for which either the contractual or the 'normal' payment date has passed. Amounts that are past due but not impaired relate to a number of Company joint ventures and independent customers for whom there is no recent history of default, or the receivable amount can be offset by amounts included in current liabilities.

For the closing balance and movements during the year of allowances on trade receivables, please refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.20 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2023, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US$ 3-month SOFR (2022: US$ 3-month LIBOR). Details of interest percentages of the long-term debt are included in note 4.3.23 Borrowings and Lease Liabilities. Lastly, the Company held commodity contracts in order to hedge against the fluctuation of operating cash flows and future earnings resulting from movement in commodity prices.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	279	31	248	490	28	463
Forward currency contracts cash flow hedge	86	17	68	50	103	(53)
Forward currency contracts fair value through profit and loss	48	44	4	69	85	(15)
Commodity contracts cash flow hedge	3	4	(1)	-	2	(2)
Total	**416**	**97**	**319**	**610**	**217**	**393**
Non-current portion	258	8	250	465	25	440
Current portion	158	89	69	145	192	(47)

The movement in the net balance of derivative assets and liabilities of US$(74) million over the period is mostly related to (i) the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* of US$154 million, (ii) the increase in marked-to-market value of forward currency contracts, which is mainly driven by the depreciation of the US$ exchange rate versus the hedged currencies (especially EUR and BRL) and (iii) the decrease in marked-to-market value of interest rate swaps, which mainly arises from decreasing US$ market interest rates.

No ineffective portion arising from cash-flow hedges was recognized in the income statement in 2023 (2022: US$1 million). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

No ineffectiveness was recognized due to the IBOR transition, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.21 NET CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash and bank balances	196	109
Short-term investments	347	573
Cash and cash equivalent	**543**	**683**
Net cash and cash equivalent	**543**	**683**

The decrease of the cash and bank balances mainly relates to the significant progress in the projects under construction and the Fast4Ward® new build multi-purpose hulls, partially covered by the additional project financing granted for *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão,* FPSO *ONE GUYANA,* drawdowns on the Company's RCF and on the new Revolving Credit Facility for MPF hull financing, the net cash proceeds of the sale of FPSO *Liza Unity* and the cash generated by the Lease and Operate business segment.

The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US$193 million as per December 31, 2023 (2022: US$235 million). Short-term investment deposits are made for varying periods of up to one year, usually less than three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, China, Equatorial Guinea, Ghana and Nigeria) amounted to US$26 million (2022: US$21 million). These restrictions do not limit the liquidity of the cash balances.

Further disclosure about the fair value measurement is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.22 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the Consolidated Statement of Changes in Equity.

ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euros (EUR200,000,000). This share capital is divided into four hundred million (400,000,000) ordinary shares with a nominal value of twenty-five euro cents (EUR0.25) each and four hundred million (400,000,000) protective preference shares, with a nominal value of twenty-five euro cents (EUR0.25) each. The protective preference shares can be issued as a protective measure as described in note 3.1.8 Stichting Continuïteit SBM Offshore.

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2023	2022
Outstanding at 1 January	**180,671,305**	**180,671,305**
Treasury shares cancelled	-	-
Outstanding 31 December	**180,671,305**	**180,671,305**

All outstanding shares have been fully paid.

TREASURY SHARES

The Company completed its share repurchase program under authorization granted by the AGM of the Company held on April 13, 2023. In the period between November 9, 2023 and November 21, 2023 a total number of 350,000 shares totaling circa EUR4.3 million (circa US$4.6 million) were repurchased. A total number of 1,652,078[4] treasury shares are still reported in the outstanding ordinary shares as at December 31, 2023 (2022: 2,616,650) and are held predominantly for employee share programs. During 2023, a total of 1,314,575 shares (2022: 1,400,258) were transferred to employee share programs.

ORDINARY SHARES

In terms of ordinary shares, 1,791,995 shares were held by members of Management Board, in office as at December 31, 2023 (December 31, 2022: 1,648,665) as detailed below:

Ordinary shares held in the Company by the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2023	Total shares at 31 December 2022
Bruno Chabas	330,965	987,740	1,318,705	1,254,864
Douglas Wood	176,470	123,716	300,186	264,009
Øivind Tangen	78,250	94,854	173,104	129,792
Total	**585,685**	**1,206,310**	**1,791,995**	**1,648,665**

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[4] As per the Dutch Act on Conversion of bearer shares, all bearer shares still outstanding at December 31, 2020 have been converted into registered shares held by the Company as per January 1, 2021 and accordingly the aforementioned shares are currently reported as part of the Treasury shares. A shareholder who hands in a bearer share certificate to the Company before January 2, 2026 is entitled to receive from the Company a replacement registered share. A shareholder may not exercise the rights vested in a share until the shareholder has handed in the corresponding bearer share certificate(s) to the Company.

OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Protective share reserve	Total other reserves
Balance at 1 January 2022	**(104)**	**(167)**	**7**	**(105)**	**22**	**-**	**(347)**
Cash flow hedges							
Change in fair value	(78)	473	-	-	-	-	394
Transfer to financial income and expenses	1	12	-	-	-	-	12
Transfer to construction contracts and property, plant and equipment	62	-	-	-	-	-	62
Transfer to operating profit and loss	48	-	-	-	-	-	48
IFRS 2 share-based payments							
IFRS 2 vesting costs for the year	-	-	-	-	19	-	19
IFRS 2 vested share-based payments	-	-	-	-	(19)	-	(19)
Actuarial gain/(loss) on defined benefit provision							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
Foreign currency variations							
Foreign currency variations	-	-	-	2	(1)	-	1
Mergers and acquisitions	-	-	-	(0)		-	(0)
Other movements							
Reclassification						26	26
Balance at 31 December 2022	**(72)**	**317**	**15**	**(103)**	**21**	**26**	**204**
Cash flow hedges							
Change in fair value	85	(53)	-	-	-	-	32
Deferred tax on cash flow hedges	-	(45)	-	-	-	-	(45)
Transfer to financial income and expenses	-	4	-	-	-	-	4
Transfer to construction contracts and property, plant and equipment	24	-	-	-	-	-	24
Transfer to operating profit and loss	8	-	-	-	-	-	8
IFRS 2 share-based payments							
IFRS 2 vesting costs for the year	-	-	-	-	20	-	20
IFRS 2 vested share-based payments	-	-	-	-	(16)	-	(16)
Actuarial gain/(loss) on defined benefit provision							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	(4)	-	-	-	(4)
Foreign currency variations							
Foreign currency variations	-	-	-	(2)	1	-	(2)
Mergers and acquisitions	-	-	-	0		-	0
Other movements							
Reclassification						-	-
Balance at 31 December 2023	**44**	**224**	**11**	**(105)**	**25**	**26**	**224**

The hedging reserve consists of the effective portion of cash-flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The decreased fair value of interest rate swaps mainly arises from decreasing US$ market interest rates whereas the increased fair value of forward currency contracts is mainly driven by the depreciation of the US$ exchange rate versus the hedged currencies (especially EUR and BRL).

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Management Board, with the approval of the Supervisory Board, has granted a call option to Stichting Continuïteit SBM Offshore to acquire a number of preference shares. As of October 1, 2022, and with reference to articles 5.5 and 5.6 of the Articles of Association of the Company, a 'Protective Preference Shares' reserve amounting to US$26 million (2022: US$26 million) was created at the expense of the share premium reserve at the level of the Company. If and when Stichting Continuiteït SBM Offshore would exercise the call option to acquire preference shares, these preference shares may also be paid-up from the reserve of the Company. In addition to the legal reserves, distributions to the Company's shareholders are restricted to the amount of the statutory reserves.

The Company's total equity as at December 31, 2023 is US$3,733 million, out of which US$2,052 million relates to legal reserves and US$26 million relates to the statutory reserves (December 31, 2022: Total equity of US$3,397 million out of which US$1,860 million relates to legal reserves and US$26 million to the statutory reserves). For more information, reference is made to note 4.5.4 Shareholders' Equity.

4.3.23 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2023	31 December 2022
Borrowings	8,112	6,839
Lease liabilities	74	33
Total Non-current portion of Borrowings and lease liabilities	**8,186**	**6,873**
Borrowings	1,093	1,678
Lease liabilities	11	13
Total Current portion of Borrowings and lease liabilities	**1,105**	**1,691**

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2023	2022
Non-current portion	6,839	5,891
Add: current portion	1,678	1,754
Remaining principal at 1 January	**8,517**	**7,645**
Additions	3,943	1,642
Redemptions	(2,999)	(759)
Transaction and amortized costs	(255)	(10)
Total movements	**688**	**872**
Remaining principal at 31 December	**9,206**	**8,517**
Less: Current portion	(1,093)	(1,678)
Non-current portion	**8,112**	**6,839**
Transaction and amortized costs	472	216
Remaining principal at 31 December (excluding transaction and amortized costs)	**9,677**	**8,734**
Less: Current portion	(1,142)	(1,710)
Non-current portion	**8,535**	**7,023**

The additions in borrowings of US$3,943 million relate mainly to drawdowns on (i) project finance facilities for FPSO *ONE GUYANA,* FPSO *Prosperity*, and *FPSO Sepetiba*, (ii) the new loans achieved for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, (iii) the Company's RCF and SCF, (iv) a funding loan of US$125 million from CMFL in relation to *FPSO Cidade de Ilhabela* and the new Revolving Credit Facility for MPF hull financing of US$210 million.

In the context of *FPSO Cidade de Ilhabela*, during 2023, the Company has created a new entity, Guara Norte Swiss Holding SA, and subsequently transferred 15% non-voting shares to CMFL which, in turn, granted the US$125 million funding loan. The terms of the agreement set out a call and put options that can be exercised at nominal amount of the non-voting shares. Therefore the Company assessed that IAS 32 takes precedence over IFRS 10 and will therefore not recognize a non-controlling interest but rather recognize the liability. This transaction is in line with the Company's aim to diversify its sources of debt funding and to accelerate equity cashflow from the backlog.

As announced on March 31, 2023, the Company has secured the project financing of *FPSO Almirante Tamandaré* for a total of US$1.63 billion. As of December 31, 2023, the Company has drawdown US$1,053 million from the project financing and fully repaid the bridge loan of US$635 million.

As announced on June 20, 2023, the Company has secured the project financing of *FPSO Alexandre de Gusmão* for a total of US$1.615 billion. As of December 31, 2023, the Company has drawdown US$1,165 million from the project financing and fully repaid the bridge loan of US$620 million.

As announced on December 15, 2023, the Company has secured the new Revolving Credit Facility for MPF hull financing for a total of US$210 million. As of December 31, 2023, the Company has fully drawn down this financing.

The redemptions are mostly related to (i) the repayment of the bridge loan facility of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* following the completion of the project financings, the repayment of the FPSO *Liza Unity* loan of US$1,140 million following the sale of the unit to the client (ii) the non-recourse debt repayment schedules.

For further disclosures about fair value measurement, we refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The borrowings, excluding the amount of transaction and amortized costs, have the following forecast repayment schedule:

	31 December 2023	31 December 2022
Within one year	1,142	1,710
Between 1 and 2 years	1,877	1,657
Between 2 and 5 years	3,237	3,010
More than 5 years	3,421	2,357
Balance at 31 December	**9,677**	**8,734**

The borrowings by entity are as follows:

Loans and borrowings per entity

					Net book value at 31 December 2023			Net book value at 31 December 2022		
Entity name	Project name or nature of loan	% Ownership	% Interest[1]	Maturity	Non-current	Current	Total	Non-current	Current	Total
Project Finance facilities drawn										
Tupi Nordeste Sarl	*FPSO Cidade de Paraty*	63.13	5.50%	15-Jun-23	-	-	-	-	72	72
SBM Baleia Azul Sarl	*FPSO Cidade de Anchieta*	100.00	5.50%	15-Sep-27	122	41	163	163	39	202
Alfa Lula Alto Sarl	*FPSO Cidade de Marica*	61.00	5.60%	17-Dec-29	544	128	672	672	121	793
Beta Lula Central Sarl	*FPSO Cidade de Saquarema*	61.00	4.20%	15-Jun-30	712	108	820	820	102	922
Guyana Deep Water UK Limited	FPSO *Liza Destiny*	100.00	SOFR + 1.91%	18-Dec-29	405	70	474	474	67	541
Guyana Deep Water II UK Limited	FPSO *Liza Unity*	100.00	SOFR + 1.76%	09-Nov-23	-	-	-	1,140	(4)	1,136
Guyana Deep Water III UK Limited	FPSO *Prosperity*	100.00	SOFR + 1.86%	29-Aug-25	951	87	1,038	965	(4)	960
Senior secured notes										
Guara Norte Sarl	*FPSO Cidade de Ilhabela*	75.00	5.20%	15-Jun-34	672	48	720	720	44	764
Guaranteed project finance facilities drawn										
Mero 2 Owning B.V.	*FPSO Sepetiba*	64.50	4.30%	15-Jun-38	1,370	56	1,425	1,410	(14)	1,397
Guyana Deep Water IV UK Limited	FPSO *ONE GUYANA*	100.00	5.20%	31-Jul-27	1,077	(4)	1,073	426	-	426
Tamandare Owning B.V.	*FPSO Almirante Tamandaré*	55.00	5.90%	15-Dec-38	920	(10)	911	(3)	635	632
Mero 4 Owning B.V.	*FPSO Alexandre de Gusmão*	55.00	6.40%	15-May-39	1,022	(5)	1,017	(2)	620	618
Bridge loan facility										
Tamandare Owning B.V.	*FPSO Almirante Tamandaré*	55.00	Libor + 0.6%	26-May-23	-	-	-	(3)	635	632
Mero 4 Owning B.V.	*FPSO Alexandre de Gusmão*	55.00	Libor + 0.75%	20-Jul-23	-	-	-	(2)	620	618
Revolving credit facility										
SBM Holding Inc	*Corporate Facility*	100.00	Variable	13-Feb-26	-	550	550	(0)	(1)	(1)
SBM Holding Inc	*Fast4Ward® hull financing*	100.00	SOFR + 1.9%	20-Jun-25	209	(1)	208	(0)	(1)	(1)
Other										
Guara Norte Swiss Holding SA	*FPSO Cidade de Ilhabela*	100.00	7.90%	31-Dec-27	75	25	100	-	-	-
Brazilian Deepwater Production B.V.	*FPSO Espirito Santo*	51.00	SOFR + 1.05%	31-Jan-29	25	-	25	47	-	47
Brazilian Deepwater Production Contractors Ltd.	*FPSO Espirito Santo*	51.00	3.00%	31-Dec-28	8	-	8	5	-	5
Other		100.00			0	-	0	2	-	2
Net book value of loans and borrowings					**8,112**	**1,093**	**9,206**	**6,839**	**1,678**	**8,517**

[1] % interest per annum on the remaining loan balance.

For the project finance facilities, the respective vessels are mortgaged to the banks or to note holders.

The Company has available facilities resulting from (i) the undrawn RCF, (ii) the undrawn portion of FPSO *ONE GUYANA, FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* project facilities, and (iii) short-term credit lines.

Expiry date of the undrawn facilities and unused credit lines

	2023	2022
Expiring within one year	274	274
Expiring beyond one year	2,174	2,452
Total	**2,448**	**2,726**

REVOLVING CREDIT FACILITY (RCF)

The RCF in place as of December 31, 2023, has a maturity date of February 13, 2026. The US$1 billion facility was secured with a selected group of 12 core relationship banks and has an uncommitted option to increase the RCF by an additional US$500 million. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities/working capital, bridge any long-term financing needs, and/or finance general corporate purposes. On December 23, 2021, the RCF was amended by means of an amendment and restatement agreement to reflect a dedicated green funding tranche. By creating this green tranche, US$50 million of the RCF may only be used to fund activities that comply with the Green Loan Principles (primarily activities related to renewable energy projects) and the remaining US$950 million can be used in the following proportions:
- EPC activities/working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months.

The pricing of the RCF is currently based on SOFR. The margin is adjusted in accordance with the applicable leverage ratio, ranging from a minimum level of 0.50% p.a. (0.40% for the green tranche) to a maximum of 1.50% p.a. (1.40% for the green tranche). The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics[5]. The Company's Sustainability performance in 2023 allows the 0.05% margin decrease to remain applicable for 2023.

REVOLVING CREDIT FACILITY FOR MPF HULL FINANCING

The Company has secured a US$210 million revolving credit facility for the financing of the construction of Fast4Ward® Multi-Purpose Floater (MPF) hulls, as announced on December 15, 2023. The tenor of the MPF facility is eighteen months, with an uncommitted extension option for another six months. Repayment is expected to take place upon sale of the MPF hulls or upon drawdown of the relevant project loan. The pricing is based on SOFR and a margin, which is 1.90% per annum for the first 12 months and thereafter 2.10% per annum. The Company has fully drawn this facility as of December 31, 2023.

COVENANTS

The following key financial covenants apply to the RCF, as agreed with the respective lenders on February 13, 2019, and to the new Revolving Credit Facility for MPF hull financing, and, unless stated otherwise, relate to the Company's consolidated financial statements:
- **Solvency**: Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio**: Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2023 additional headroom above the US$1 billion capacity under the RCF exceeded US$870 million.

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[5] Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

For the purpose of covenants calculations, the following simplified definitions apply:

- **IFRS Tangible Net Worth:** Total equity (including non-controlling interests) of the Company in accordance with IFRS, excluding the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income, dividends declared, value of intangible assets and deferred taxes.
- **Consolidated IFRS Tangible Assets:** The Company's total assets (excluding intangible assets) in accordance with the IFRS consolidated statement of financial position less the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income.
- **Consolidated Directional Underlying EBITDA:** Consolidated profit of the Company adjusted for net interest payable, tax and depreciation of assets and impairments, any exceptional or extraordinary items, and by adding back (i) the annualized production EBITDA for units which started operations during the financial year, and (ii) the acquisition annualized EBITDA for units acquired during the financial year.
- **Consolidated Directional Net Interest Payable:** All interest and other financing charges paid up, payable (other than capitalized interest during a construction period and interest paid or payable between wholly owned members of the Company) or incurred by the Company, less all interest and other financing charges received or receivable by the Company, as per Directional reporting.

Covenants

	2023	2022
IFRS Tangible Net Worth	4,968	4,494
Consolidated IFRS Tangible Assets	16,606	15,161
Solvency ratio	29.9%	29.6%
Adjusted (Directional) Underlying EBITDA	1,609[1]	1,036[2]
Consolidated Directional Net Interest Payable	234	190
Interest cover ratio	6.9	5.5

[1] No exceptional items impact 2023 EBITDA. Adjusted Directional Underlying EBITDA includes the annualized production EBITDA for FPSO Liza Prosperity

[2] No exceptional items impact 2022 EBITDA. Adjusted Directional Underlying EBITDA includes the annualized production EBITDA for FPSO Liza Unity

The Leverage ratio based on reported Directional figures, is used to determine the pricing only.

The Company monitors its financial and non-financial covenants for borrowings, which are included in the consolidated financial statement continuously throughout the year. None of the borrowings in the statement of financial position were in default as at the reporting date or at any time during the period.

SUPPLY CHAIN FINANCING

Starting April 2023, the Company has secured short-term funds in the form of a Supply chain financing facility of EUR50 million (or USD equivalent). The pricing of the Supply Chain Financing facility (SCF) is based on a reference rate, depending on the tenor and currency (such as term SOFR for USD) of the individual utilizations. The margin is adjusted in accordance with the currency of the utilization, 0.85% p.a. for payables denominated in EUR and 0.95% p.a. in USD. The Company has utilized the SCF during the year with no outstanding balance as of December 31, 2023.

LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2023.

The movement in the lease liabilities is as follows:

	2023	2022
Principal recognized at 1 January	**46**	**56**
Additions	55	13
Redemptions	(18)	(20)
Foreign currency variations	2	(3)
Other	-	-
Total movements	**39**	**(10)**
Remaining principal at 31 December	**85**	**46**
Of which		
Current portion	11	13
Non-current portion	74	33

The movements in lease liabilities over the period were mainly related to an increase due to the extension of some lease contracts for offices and the regular redemptions and foreign currency translations.

The maturity of the lease liabilities is analyzed in section 4.3.27 financial instruments - fair values and risk management (liquidity risk).

The total cash outflow for leases in 2023 was US$22 million, which includes redemptions of principal and interest payments. Total interest for the period amounted to US$4 million.

4.3.24 PROVISIONS

The movement and type of provisions during the year 2023 are summarized as follows:

Provisions (movements)

	Demobilisation	Warranty	Restructuring	Employee benefits	Other	Total
Balance at 1 January 2023	**119**	**86**	**2**	**15**	**264**	**487**
Arising during the year	40	44	11	4	72	170
Unwinding of interest	1	-	-	1	-	2
Utilized	(31)	(5)	(1)	(1)	(5)	(43)
Released to profit	(0)	(20)	-	(1)	(7)	(30)
Other movement	(0)	-	(5)	4	0	(1)
Balance at 31 December 2023	129	104	7	21	324	586
of which :						
Non-current portion	97	-	-	21	265	383
Current portion	32	104	7	-	59	203

Demobilization

The provision for demobilization relates to the costs for demobilization of the vessels and floating equipment at the end of the respective operating lease periods. The obligations are valued at net present value, and a yearly basis interest is added to this provision. The recognized interest is included in the line item 'Financial expenses' of the consolidated income statement (refer to note 4.3.9 Net Financing Costs).

The increase in the provision for demobilization mainly relates to an increase following the reassessment of the expected decommissioning and green recycling costs of *FPSO Capixaba,* following the final selection of a scrapping yard in Denmark, and the reassessment for *FPSO Cidade de Anchieta*, partially offset by utilization in relation to the progress of the decommissioning activities on *FPSO Capixaba*. In addition, the reassessment of the demobilization obligations and associated future demobilization costs in operating lease contracts triggered an increase of US$3 million in net present value of demobilization costs. Therefore, as explained in B. Critical Accounting Policies – (f) Demobilization obligations, this increase has been recognized both impacting the provision and the asset.

Expected outflows within one year are US$32 million, between one and five years is US$48 million and US$49 million after five years.

Warranty

For most Turnkey sales, the Company gives warranties to its clients. Under the terms of the contracts, the Company undertakes to make good, by repair or replacement, defective items that become apparent within an agreed period, starting from the final acceptance by the client. The increase of the warranty provision consists of new provisions accrued on projects under construction over the period or still under warranty period, which was partially offset by the regular consumption of existing warranty provisions over the applicable warranty period.

Restructuring

During the 2023 financial year, the Company announced the implementation of an optimization plan for its support functions' activities, aiming to improve global performance and cost efficiency. As a result, the Company has recognized a provision in the amount of US$11 million against cost in the income statement (amount included in line 'Other operating income/(expense)'. The restructuring of the Company will impact approximately 106 employees.

Other

Other provisions mainly relate to claims, regulatory fines related to operations, onerous contracts and planned local content penalty on construction projects. The latter was the main driver of the increase in Other provisions during 2023.

On June 21, 2022, the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US$1 million.

On August 1, 2022, the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven, CBB) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023, SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal). On May 25, 2023, the AFM has filed its reply to SBM Offshore's appeal. SBM Offshore is currently awaiting the listing of the hearing, which SBM Offshore's lawyers expect to happen during the 3rd quarter of 2024.

4.3.25 TRADE AND OTHER PAYABLES

Trade and other payables (summary)

	Notes	31 December 2023	31 December 2022
Trade payables		254	204
Accruals on projects		590	933
Accruals regarding delivered orders		76	15
Other payables		101	88
Contract liability	*4.3.3*	74	42
Pension taxation		10	9
Taxation and social security costs		89	81
Current portion of deferred income		4	3
Other non-trade payables		148	125
Total	*4.3.27*	**1,347**	**1,501**

'Trade payables' and 'Accruals on projects' together decreased as a result of lower accrued expenses on ongoing projects and increased payments to suppliers. At the end of the year there were still four FPSOs under construction, two MPF hulls under construction and the awarded initial scope to begin FEED activities for the FPSO for the Whiptail development project.

The increase in 'Accruals regarding delivered orders' mainly relates to FPSO *Prosperity*'s finalization project.

For 'Contract liability' refer to note 4.3.3. Revenue where the movement in current and non-current contract liabilities is explained.

Payables related to 'Taxation and social security' concerns uncertain tax positions related mainly to various taxes other than corporate income tax.

'Other non-trade payables' include a prepayment of US$52 million relating to the future potential participation of partners to charter contracts, which was presented in 'Other non-current liabilities' in 2022, and interest payable and the short-term portion of the outstanding payments related to the Leniency Agreement and the settlement with Brazilian Federal Prosecutor's Office (Ministério Público Federal – 'MPF'). The long-term portion of the outstanding payments related to these agreements is presented in the line item 'Other non-current liabilities' in the Company's statement of financial position.

The line item 'Other non-current liabilities' in the consolidated statement of financial position (refer to 4.2.3 Consolidated Statement of Financial Position) includes non-current contract liabilities of US$22 million as detailed in note 4.3.3 Revenue.

The contractual maturity of the trade payables is analyzed in the liquidity risk section in 4.3.27 Financial Instruments – Fair Values and Risk Management.

During 2023, the Company acquired an additional stake of 49%, through the exercise of a put option in SBM Nauvata Engineering Private Limited (SBM Nauvata), thereby increasing its ownership to 100%. The put option over the interests held by non-controlling shareholders was initially recognized in 2019, when the Company acquired control of SBM Nauvata, as a financial liability. In accordance with IFRS 10 Consolidated Financial Statements, the acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction, with any excess or deficit of consideration paid over the carrying amount of the non-controlling interests being recognized in equity. As of December 31, 2022, the 'Trade and Other Payables' included an amount of US$22.8 million related to the put option, which was derecognized following the exercise of the put option and the cash consideration of US$21 million paid to the non-controlling shareholders. The carrying value of the net assets of SBM Nauvata attributable to non-controlling interests was US$4.3 million, which has been reattributed to retained earnings.

4.3.26 COMMITMENTS AND CONTINGENCIES

PARENT COMPANY GUARANTEES

SBM Offshore N.V., as the parent company, is committed to fulfill various types of obligations arising from customer contracts, such as full performance and warranty obligations.

In the past, the parent company has issued guarantees for contractual obligations in respect of several Group companies, including equity-accounted joint ventures, with respect to long-term lease-and-operate contracts. The few remaining guarantees still active as of December 31, 2023, relate to the Deep Panuke MOPU unit, *Thunder Hawk* semi-submersible platform, *FPSO Mondo* and *FPSO Saxi Batuque*. These were signed prior to 2010.

BANK GUARANTEES

As of December 31, 2023, the Company has provided bank guarantees to unrelated third parties for an amount of US$361million (2022: US$327 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US$654 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.

COMMITMENTS

As at December 31, 2023, the remaining contractual commitments for acquisition of intangible assets, property, plant and equipment and investment in leases amounted to US$859 million (December 31, 2022: US$2,201million). Investment commitments have decreased principally on the construction of *FPSO Almirante Tamandaré* and FPSO *ONE GUYANA*.

CONTINGENT LIABILITY

As at December 31, 2023 the Company did not identify any contingent liabilities.

4.3.27 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

This note presents information about the Company's exposure to risk resulting from its use of financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Accounting classification and fair values

			31 December 2023		31 December 2022	
	Notes	Fair value level	Total book value	Total fair value	Total book value	Total fair value
Financial assets measured at amortized cost						
Finance lease receivables	*4.3.15*	3	6,801	7,053	7,193	7,219
Loans to joint ventures and associates	*4.3.16*	3	41	42	52	51
Total			**6,842**	**7,095**	**7,244**	**7,270**
Financial liabilities measured at amortized cost						
US$ project finance facilities drawn	*4.3.23*	2	9,543	9,604	8,679	8,678
Lease liabilities		3	85	85	46	46
Other debt	*4.3.23*	2	134	133	54	54
Total			**9,762**	**9,822**	**8,780**	**8,778**

Additional information

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities for which the book value is different than fair value in a way that permits the information to be compared with the carrying amounts.
- There are financial assets and financial liabilities measured at fair value, namely the interest rate swaps, forward currency contracts and commodity contracts which are classified at a Level 2 on the fair value hierarchy. Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The carrying amount for these financial assets and liabilities approximates the fair value as at December 31, 2023.
- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is insignificant.
- Classes of financial instruments that are not used are not disclosed.
- No instruments were transferred between Level 1 and Level 2.
- No instruments were transferred between Level 2 and Level 3.
- None of the instruments of the Level 3 hierarchy are carried at fair value in the statement of financial position.

- No financial instruments were subject to offsetting as of December 31, 2023 and December 31, 2022.

The effects of the foreign-currency-related hedging instruments on the Company's financial position and performance including related information are included in the table below:

Effect of the foreign currency, interest swaps and commodity contracts related hedging instruments

	2023	2022
Foreign currency forwards		
Carrying amount	68	(53)
Notional amount	(2,774)	(3,343)
Maturity date	14-8-2024	30-8-2023
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	121	27
Change in value hedged rate for the year (including forward points)	(121)	(27)
Interest rate swaps		
Carrying amount	248	463
Notional amount	8,043	7,253
Maturity date	24-3-2033	22-5-2031
Hedge ratio	95%	94%
Change in discounted spot value of outstanding hedging instruments since 1 January	(214)	606
Change in value hedged rate for the year (including forward points)	214	(606)
Commodity contracts		
Carrying amount	(1)	(2)
Notional amount	62	59
Maturity date	5-9-2024	22-12-2023
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	1	(2)
Change in value hedged rate for the year (including forward points)	(1)	2

MEASUREMENT OF FAIR VALUES

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

	Level 2 and level 3 instruments	Level 3 instruments	
Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value			
Interest rate swaps	Income approach – Present value technique	Not applicable	Not applicable
Commodity contracts	Income approach – Present value technique	Not applicable	Not applicable
Forward currency contracts	Income approach – Present value technique	Not applicable	Not applicable
Financial instrument not measured at fair value			
Loans to joint ventures and associates	Income approach – Present value technique	• Forecast revenues • Risk-adjusted discount rate (5%-11%)	The estimated fair value would increase (decrease) if: • the revenue was higher (lower) • the risk-adjusted discount rate was lower (higher)
Finance lease receivables	Income approach – Present value technique	• Forecast revenues • Risk-adjusted discount rate (4%-9%)	The estimated fair value would increase (decrease) if: • the revenue was higher (lower) • the risk-adjusted discount rate was lower (higher)
Loans and borrowings	Income approach – Present value technique	Not applicable	Not applicable
Other long-term debt	Income approach – Present value technique	Not applicable	Not applicable

DERIVATIVE ASSETS AND LIABILITIES DESIGNATED AS CASH FLOW HEDGES

The following table indicates the period in which the cash flows associated with the cash-flow hedges are expected to occur and the carrying amounts of the related hedging instruments. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for interest rate swaps are estimated using the forward rates as at the reporting date.

Cash flows

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
31 December 2023					
Interest rate swaps (USD SOFR 3 Months)	248	22	104	129	255
Forward currency contracts	68	48	14	-	62
Commodity contracts	(1)	(1)	-	-	(1)
31 December 2022					
Interest rate swaps (USD LIBOR 3 Months)	463	19	254	212	486
Forward currency contracts	(53)	(58)	(9)	-	(67)
Commodity contracts	(2)	(1)	(1)	-	(2)

The following table indicates the period in which the cash-flow hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

Expected profit or loss impact

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
31 December 2023					
Interest rate swaps (USD SOFR 3 Months)	248	22	104	129	255
Forward currency contracts	68	48	14	-	62
Commodity contracts	(1)	(1)	-	-	(1)
31 December 2022					
Interest rate swaps (USD LIBOR 3 Months)	463	19	254	212	486
Forward currency contracts	(53)	(58)	(9)	-	(67)
Commodity contracts	(2)	(1)	(1)	-	(2)

Interest rate swaps

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts will be continuously released to the income statement until the final repayment of the hedged items (please refer to note 4.3.22 Equity Attributable to Shareholders).

Forward currency contracts

Gains and losses recognized in the hedging reserve on forward currency contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. This is mainly within twelve months from the statement of financial position date, unless the gain or loss is included in the initial amount recognized in the carrying amount of fixed assets, in which case recognition is over the lifetime of the asset. If the gain or loss is included in the initial amount recognized in the carrying amount of the cost incurred on construction contracts, the recognition is over time.

Commodities

Gains and losses recognized in the hedging reserve on commodity contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. If the hedged transaction subsequently results in the recognition of non-financial assets (such as inventory, asset under construction) or non-financial liability, the gain or loss is included in the initial cost or other carrying amount of the asset. In such case, this amount is recognized in profit or loss at the same time as the hedged item affects profit or loss.

LOSS ALLOWANCE ON FINANCIAL ASSETS AND CONTRACT ASSETS

The movement of loss allowance during the year 2023 is summarized as follows:

	Finance lease receivable		Contract assets		Trade receivables		Other financial assets	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Opening loss allowance as at 1 January	**(0)**	**(0)**	**(1)**	**(1)**	**(2)**	**(3)**	**(95)**	**(108)**
Increase in loss allowance recognized in profit or loss during the year	-	(0)	(1)	(1)	(3)	(1)	(28)	-
Receivables written off during the year as uncollectible	-	-	-	-	-	-	-	-
Unused amount reversed	**0**	**0**	**1**	**1**	**1**	**2**	**0**	**14**
At 31 December	**(0)**	**(0)**	**(1)**	**(1)**	**(5)**	**(2)**	**(123)**	**(95)**

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and commodity risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company buys and sells derivatives in the ordinary course of business and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set in the Company policy. Generally, the Company seeks to apply hedge accounting in order to manage volatility in the income statement and statement of comprehensive income. The purpose is to manage the interest rate, currency and commodity price risk arising from the Company's operations and its sources of finance. Derivatives are only used to hedge closely correlated underlying business transactions.

The Company's principal financial instruments, other than derivatives, comprise trade debtors and creditors, bank loans, short-term facilities and overdrafts, cash and cash equivalents (including short-term deposits) and financial guarantees. The main purpose of these financial instruments is to finance the Company's operations. Trade debtors and creditors result directly from the business operations of the Company.

Financial risk management is carried out by a central treasury department under policies approved by the Management Board. Treasury identifies, evaluates and hedges financial risks in close co-operation with the subsidiaries and the Chief Financial Officer (CFO) during the quarterly Asset and Liability Committee. The Management Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. It is, and has been throughout the year under review, the Company's policy that no speculation in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from transactional currency exposures, primarily with respect to the euro, Singapore dollar, Chinese Yuan and Brazilian real. Due to the increase of the activities in China, the Company has included its exposure in Chinese Yuan for the year ended on December 31, 2023. The exposure arises from sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the currency exposure once the Company has entered into a firm commitment of a project contract.

For foreign currency risk, the principal terms of the forward currency contract (notional and settlement date) and the future expense or revenue (notional and expected cash flow date) are identical. The Company has established a hedge ratio of 1:1 for all its hedging relationships.

The main Company's exposure to foreign currency risk is as follows based on notional amounts:

Foreign exchange risk (summary)

	31 December 2023				31 December 2022			
in millions of local currency	EUR	SGD	BRL	CNY	EUR	SGD	BRL	CNY
Fixed assets	158	-	277	26	133	-	274	24
Current assets	76	7	1,118	32	99	3	606	18
Long-term liabilities	(136)	(0)	(622)	(18)	(105)	-	(685)	(16)
Current liabilities	(198)	(26)	(1,505)	(160)	(183)	(9)	(1,251)	(101)
Gross balance sheet exposure	**(100)**	**(19)**	**(731)**	**(120)**	**(55)**	**(6)**	**(1,055)**	**(75)**
Estimated forecast sales	4	-	-	-	27	-	-	-
Estimated forecast purchases	(1,242)	(222)	(2,617)	(1,800)	(1,673)	(383)	(1,779)	(1,344)
Gross exposure	**(1,338)**	**(241)**	**(3,348)**	**(1,920)**	**(1,701)**	**(388)**	**(2,834)**	**(1,419)**
Forward exchange contracts	1,362	240	3,129	1,930	1,831	390	2,799	1,439
Net exposure	**24**	**(1)**	**(219)**	**10**	**130**	**1**	**(35)**	**20**

The increase of the BRL exposure results from the requirements of the Brazilian operations for the next three years. The decrease of the EUR and SGD exposure is the result of progress on *FPSO Sepetiba*, FPSO *ONE GUYANA, FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*. CNY exposure has been added to the foreign exchange risk as a result of the Company's increased presence in China for FPSOconstruction and hull preparation.

The estimated forecast purchases relate to project expenditure and overhead expenses for up to three years. The main currency exposures of overhead expenses and Brazilian operations are hedged at 100% for the coming year, between 66% and 100% for the year after, and between 33% and 100% for the subsequent year, depending on internal review of the foreign exchange market conditions.

Foreign exchange risk (exchange rates applied)

	2023	2022	2023	2022
	Average rate		Closing rate	
EUR 1	1.0813	1.0530	1.1050	1.0666
SGD 1	0.7445	0.7253	0.7573	0.7459
BRL 1	0.2003	0.1939	0.2061	0.1892
CNY 1	0.1412	0.1488	0.1407	0.1450

The sensitivity on equity and the income statement resulting from a change of 10% of the US dollar's value against the following currencies at December 31, would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2022.

Foreign exchange risk (sensitivity)

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
31 December 2023				
EUR	(0)	0	(139)	139
SGD	(0)	0	(17)	17
BRL	(0)	0	(50)	50
CNY	(0)	0	(26)	26
31 December 2022				
EUR	(0)	0	(189)	189
SGD	(0)	0	(29)	29
BRL	(0)	0	(33)	33
CNY	(0)	0	(20)	20

As set out above, by managing foreign currency risk, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long-term however, permanent changes in foreign currency rates would have an impact on consolidated earnings.

Interest rate risk

The Company's exposure to risk from changes in market interest rates relates primarily to the Company's long-term debt obligations with a floating interest rate. In respect of controlling interest rate risk, the floating interest rates of long-term loans are hedged by fixed rate swaps for the entire maturity period. The revolving credit facility is intended for the fluctuating needs of construction financing and bears interest at floating rates, which is also swapped for fixed rates when exposure is significant.

For interest rate risk, the principal terms of the interest rate swap (notional amortization, rate-set periods) and the financing (repayment schedule, rate-set periods) are identical. The Company has established a hedge ratio of 1:1, as the hedging layer component matches the nominal amount of the interest rate swap for all its hedging relationships.

Interest rate benchmark reform

The reform and replacement of benchmark interest rates such as USD LIBOR 3M and other interbank offered rates ('IBORs') has become a priority for global regulators. On March 5, 2021, LIBOR's administrator (IBA) set out clear end-dates for new use of USD LIBOR and its cessation as a representative rate:

- December 31, 2021: cessation of USD LIBOR 1W and 2M tenors; deadline for most of new contract to use USD LIBOR as sole reference;
- June 30, 2023: cessation of remaining USD LIBOR tenors.

To transition existing contracts and agreements that reference USD LIBOR to Secured Overnight Financing Rate ('SOFR'), as the benchmark for US$ denominated derivatives and loans, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

Relief applied

The Company has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019:

- When considering the 'highly probable' requirement, the Company has assumed that the USD LIBOR 3M interest rate on which the Company's hedged debt is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Company has assumed that the USD LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based, is not altered by LIBOR reform.
- The Company has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in August 2020 are applied once amendments to financial contracts become effective:

- Changes in the basis for determining contractual cash flows of financial assets and financial liabilities have been reviewed and reflected in updated effective interest rate, once they become effective.
- The Company amended the formal designation of a hedging relationship to reflect the changes that are required by the reform. The reform did not result in a discontinuation of the hedge or designation of a new hedging relationship. When the interest rate benchmark on which the hedged future cash flows had been based is changed, as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognized in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows is based.

In 2021 the Company has started hedging future debt interest rate risk with SOFR interest rate derivatives. For the FPSO *Prosperity* financing, IBOR transition to SOFR principles have been agreed with lenders as of March 31, 2023.

For the FPSO *ONE GUYANA* financing (announced on July 21, 2022), *FPSO Almirante Tamandaré* financing (announced on March 31, 2023) and *FPSO Alexandre de Gusmão* financing (announced on June 20, 2023), the project loans carry a variable interest rate based on SOFR plus margin. No amendments of loan agreements and hedges due to IBOR reform are required.

The Company's Treasury department has completed SBM Offshore's IBOR transition with the support of the Company's Legal department. The amendments to the contractual terms of the USD LIBOR-referenced floating-rate debt and the associated interest rate swaps and the corresponding update of the hedge designation was completed by mid-year 2023. The result of the negotiations with external banks and the implementation of SOFR did not have material impacts on the Company's financial results. The changed reference rate has also been effected in the treasury management system, processes, risk and valuation models.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments (excluding transaction costs) was:

Interest rate risk (summary)

	2023	2022
Fixed rate instruments		
Financial assets	6,856	7,232
Financial liabilities	(891)	(985)
Total	**5,964**	**6,247**
Variable rate instruments (USD LIBOR 3 Months)		
Financial assets	12	12
Financial liabilities (USD LIBOR 3 Months)	-	(6,317)
Financial liabilities (SOFR)	(8,777)	(1,432)
Financial liabilities (future) (USD LIBOR 3 Months)	-	(652)
Financial liabilities (future) (SOFR)	(1,670)	(1,368)
Total	**(10,435)**	**(9,757)**

Interest rate risk (exposure)

	2023	2022
Variable rate instruments (USD LIBOR 3 Months)	-	(6,957)
Variable rate instruments (SOFR)	(10,435)	(2,800)
Less: Reimbursable items (USD LIBOR 3 Months)	-	1,681
Less: Reimbursable items (SOFR)	1,524	321
Less: IRS contracts (USD LIBOR 3 Months)	-	4,774
Less: IRS contracts (SOFR)	8,043	2,479
Exposure	**(867)**	**(502)**

Interest rate risk (sensitivity)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2023				
Variable rate instruments (USD LIBOR 3 Months)	(9)	9	-	-
Variable rate instruments (SOFR)	-	-	-	-
Interest rate swap (USD LIBOR 3 Months)	-	-	-	-
Interest rate swap (SOFR)	-	-	404	(404)
Sensitivity (net)	**(9)**	**9**	**404**	**(404)**
31 December 2022				
Variable rate instruments (USD LIBOR 3 Months)	(5)	5	-	-
Variable rate instruments (SOFR)	-	-	-	-
Interest rate swap (USD LIBOR 3 Months)	-	-	211	(211)
Interest rate swap (SOFR)	-	-	95	(95)
Sensitivity (net)	**(5)**	**5**	**306**	**(306)**

The exposure of US$867 million is primarily arising from (i) the Company's RCF being partially hedged; (ii) the new Fast4Ward® hull financing, which is unhedged, and (iii) the residual exposure on the unhedged portion of project loan facilities for *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA*. The interest rate exposure arising from these loans is mainly offset by the Cash and Cash Equivalents at December 31, 2023.

The sensitivity on equity and the income statement resulting from a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as for 2022.

At December 31, 2023, it is estimated that a general increase of 100 basis points in interest rates would decrease the Company's profit before tax for the year by approximately US$8 million (2022: decrease of US$5 million), mainly related to the residual interest rate exposure.

As set out above, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long-term however, permanent changes in interest rates could have an impact on consolidated earnings.

Commodity risk

Commodity exposure is defined by the Company as the risk of realizing adverse effects on operating cash flows and future earnings resulting from movement in commodity prices. The Company establishes hedge strategies in order to limit their commodity risk exposure in the following:

- Oil exposure is mostly associated to transportation fuels connected with the Company's prospective contract awards, construction contracts, and future decommissioning.
- Aluminum, steel, copper and iron ore exposures arise from the construction, refurbishment, repair of the products embedded in the Company's prospective contract awards, construction contracts and operation contracts.

Incoming lease payments following the Company's contractual arrangements with its clients are not impacted by the oil price.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's other financial assets, trade and other receivables (including committed transactions), derivative financial instruments and cash and cash equivalents.

Credit risk

	2023		2022	
Rating	Assets	Liabilities	Assets	Liabilities
AA	32	(9)	55	(34)
AA-	173	(54)	231	(93)
A+	180	(31)	227	(63)
A	30	(3)	69	-
BBB	1	-	1	-
Non-investment grade	-	-	-	-
Derivative financial instruments	**416**	**(97)**	**583**	**(190)**
AAA	153	-	116	-
AA	6	-	51	-
AA-	343	-	311	-
A+	23	-	178	-
A	10	-	10	-
A-	-	-	0	-
Non-investment grade	8	-	16	-
Cash and cash equivalents and bank overdrafts	**543**	**-**	**683**	**-**

The Company maintains and reviews its policy on cash investments and limits per individual counterparty are set to:
- BBB- to BBB+ rating: US$25 million or 10% of cash available.
- A- to A+ rating: US$75 million or 20% of cash available.
- AA- to AA+ rating: US$100 million or 20% of cash available.
- Above AA+ rating: no limit.

As per December 31, 2023, cash investments above AA+ rating do not exceed US$100 million per individual counterparty. Cash held in banks rated A+ has been diversified in cash investments above AA+ rating since year-end.

Cash held in banks rated AA- is mainly linked to cash pledged to loan reimbursements to those same banks. Cash held in banks rated below A- is mainly related to the Company's activities in Brazil (US$8 million). Cash held in Angola has significantly decreased since 2021 following cash repatriation.

For trade debtors, the credit quality of each customer is assessed, taking into account its financial position, past experience and other factors. Bank or parent company guarantees are negotiated with customers. Individual risk limits are set based on internal or external ratings, in accordance with limits set by the Management Board. At the date of the financial statements, there are two customers that have an outstanding balance with a percentage over 10% of the total of trade and other receivables. Reference is made to note 4.3.19 Trade and Other Receivables for information on the distribution of the receivables by country and an analysis of the ageing of the receivables. Furthermore, limited recourse project financing removes a significant portion of the credit risk on finance lease receivables.

For other financial assets, the credit quality of each counterpart is assessed, taking into account its credit agency rating when available or a comparable proxy.

Regarding loans to joint ventures and associates, the maximum exposure to credit risk is the carrying amount of these instruments. As the counterparties of these instruments are joint ventures, the Company has visibility over the expected cash flows and can monitor and manage credit risk that mainly arises from the joint venture's final client.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In 2023, the Company again conducted various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion remained that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients, the Company has considerable time under charters in which to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection.

Liquidity is monitored using rolling forecasts of the Company's liquidity reserves, based on expected cash flows. Flexibility is secured by maintaining availability under committed credit lines.

The table below analyses the Company's non-derivative financial liabilities, derivative financial liabilities and derivative financial assets into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for borrowings and derivative financial instruments are based on the USD LIBOR/SOFR 3-month rates as at the reporting date.

Liquidity risk 2023

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2023					
Borrowings		436	7,327	6,176	13,939
Lease liabilities		11	44	61	116
Derivative financial liabilities		80	10	-	90
Derivative financial assets		(302)	(539)	(468)	(1,310)
Trade and other payables	*4.3.25*	1,347	-	-	1,347
Total		**1,572**	**6,841**	**5,769**	**14,182**

Liquidity risk 2022

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2022					
Borrowings		2,110	5,885	2,908	10,902
Lease liabilities		13	25	8	46
Derivative financial liabilities		201	52	-	253
Derivative financial assets		(365)	(254)	(185)	(805)
Trade and other payables	*4.3.25*	1,501	-	-	1,501
Total		**3,459**	**5,708**	**2,730**	**11,897**

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure which optimizes the Company's cost of capital while, at the same time, ensuring diversification of sources of external funds.

The Company mainly uses its corporate revolving credit facility (RCF, US$1 billion) and supply-chain financing (SCF, US$54 million) and, going forward, the new revolving credit facility for MPF hulls (US$210 million) to bridge financing requirements on projects under construction prior to putting a dedicated project finance facility in place. When a project finance facility is arranged and draw-downs have started, the RCF is repaid and a corporate guarantee from the Company is put in place for the construction period. When the project facility is drawn in full and the associated FPSO is producing, the corporate guarantee is recovered and the project finance becomes non-recourse debt.

As per December 31, 2023, all the debt associated with operating FPSOs is non-recourse.

The Company has limited appetite to decrease the existing debt in its structure, as this would involve breakage cost, through winding down the hedges and it would decrease the Company's return on equity. From time to time, it may decide to refinance existing facilities in order to increase and/or extend the tenor of leverage subject to sufficient charter tenor and income.

Given the non-recourse nature of a large part of its debt, the Company monitors its capital risk, based on the Lease Backlog Cover Ratio, which is also used by the bank consortium supporting the Company's RCF. Generally, this ratio is calculated as the net present value of the future contracted net cash, after deducting the project finance debt and interest payments of a selected group of FPSO owning entities divided by 1.5 (see note 4.3.23 Borrowings and Lease Liabilities).

The gearing ratios at December 31, 2023 and 2022 were as follows:

Capital risk management

	2023	2022
Total borrowings and lease liabilities	9,291	8,564
Less: net cash and cash equivalents	543	683
Net debt	**8,748**	**7,881**
Total equity	5,531	4,914
Total capital	**14,278**	**12,795**
Gearing ratio	61.3%	61.6%

Climate related risks

The Company has adopted three climate change scenarios to future-proof current strategy and take appropriate action. The scenarios are based on the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) data, as explained in section 5.1.4 Taskforce for Climate-related Disclosure (TCFD):

- The Stated Policies Scenario (STEPS) is designed to provide a sense of the prevailing direction of energy system progression, based on a detailed review of the current policy landscape.
- The Announced Pledges Scenario (APS), illustrates the extent to which announced ambitions and targets can deliver the emissions reductions needed to achieve net zero emissions by 2050.
- The Net Zero Emissions by 2050 Scenario (NZE) is a normative scenario that shows a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050, as per the Paris Agreement.

Through its strategy process, the Company tests the resilience of its portfolio and business model against each of these scenarios. The Company factors in upsides and downsides to demand for new projects in its financial planning depending on various energy transition scenarios. By applying data and these scenarios as included in 1.4.3 Climate Change Risk & Opportunity, the fleet currently operated for its clients will be contributing to energy demand going forward, also in the low case scenarios where fossil energy sees a steeper decline in demand (NZE scenario). The Company does consider that oil & gas supply would be needed in the coming years.

Financial and non-financial information is aligned in order to ensure that the financial impact of climate-related risks is identified. The Company assessed the physical and transitional risks which are disclosed in 1.4.3 Climate Change Risk & Opportunity from a financial statement perspective. Based on the reasonable and supportable information available to date and the outcome of risk assessments, the Company did not identify any circumstances which had an impact on impairment of non-financial assets, provisions or contingent liabilities and assets in the 2023 consolidated financial statements.

Although climate related risks are key drivers of the Company strategy, budgeting exercise, capital allocation and prospects selection, the Company did not experience any significant impact on the financial statements of the period.

The risks will however remain key points of attention for areas such as impairment testing, estimation of remaining useful life, expected credit losses and provisions for future periods.

Other risks

With respect to controlling political risk, the Company has a policy of thoroughly reviewing risks associated with contracts, whether Turnkey or long-term leases. Where political risk cover is deemed necessary and available in the market, insurance is obtained.

4.3.28 LIST OF GROUP COMPANIES

In accordance with legal requirements, a list of the Company's entities that are included in the consolidated financial statements of SBM Offshore N.V. has been deposited at the Chamber of Commerce in Amsterdam.

4.3.29 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The Company has several joint ventures and associates:

Entity name	Partners	Joint venture/ Associate	% of ownership	Country registration	2023 main reporting segment	Project name
Sonasing Xikomba Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	*FPSO N'Goma*
OPS-Serviços de Produção de Petróleos Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Bermuda	Lease & Operate	Angola operations
OPS-Serviços de Produção de Petróleos Ltd. Branch	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Angola	Lease & Operate	Angola operations
Sonasing Sanha Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	*FPSO Sanha*
Sonasing Kuito Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	*FPSO Kuito*
Sonasing Mondo Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	90.00	Bermuda	Lease & Operate	*FPSO Mondo*
Sonasing Saxi Batuque Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.;	Joint venture	90.00	Bermuda	Lease & Operate	*FPSO Saxi-Batuque*
OPS Production Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Bermuda	Lease & Operate	Angola operations
Gas Management (Congo) Ltd.	Maersk group	Joint venture	49.00	Bahamas	Lease & Operate	*Nkossa II FSO*
Malaysia Deepwater Floating Terminal (Kikeh) Ltd.	Malaysia International Shipping Corporation Behard	Joint venture	49.00	Malaysia	Lease & Operate	*FPSO Kikeh*
Malaysia Deepwater Production Contractors Sdn Bhd	Malaysia International Shipping Corporation Behard	Joint venture	49.00	Malaysia	Lease & Operate	*FPSO Kikeh*
Floventis Energy Limited	CIERCO LTD.	Joint venture	70.00	United Kingdom	Turnkey	Cierco
Llŷr Floating Wind Limited	CIERCO LTD.	Joint venture	70.00	Scotland	Turnkey	Cierco
CADEMO Corporation	CIERCO LTD.	Joint venture	70.00	United states of America	Turnkey	Cierco
Normand Installer S.A.	The Solstad group	Joint venture	49.90	Switzerland	Turnkey	Normand Installer
SBM Ship Yard Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Daewoo Shipbuilding & Marine Engineering Co. Ltd.	Associate	33.33	Bermuda	Turnkey	Angolan yard
PAENAL - Porto Amboim Estaleiros Navais Ltda.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; SBM Shipyard	Associate	30.00	Angola	Turnkey	Angolan yard

The Company has no joint operation as per definition provided by IFRS 11 'Joint arrangements'.

The movements in investments in associates and joint ventures are as follows:

	Note	2023	2022
Investments in associates and joint ventures at 1 January		**290**	**361**
Share of profit of equity-accounted investees	4.2.1	19	12
Dividends		(17)	(92)
Cash flow hedges		(2)	9
Capital increase/(decrease)		(0)	-
Foreign currency variations		(0)	1
Share in negative net equity reclassification to loans to joint ventures and associates		-	(1)
Investments in associates and joint ventures at 31 December		**288**	**290**

Share Purchase Agreements signed with Sonangol entities

In July 2023, the Company signed two Share Purchase Agreements with its partner Sonangol EP for (i) the acquisition of Sonangol's equity shares in the lease and operating entities related to FPSOs *N'goma*, *Saxi Batuque* and *Mondo*; and (ii) the full divestment to a Sonangol subsidiary of the Company's equity shares in the parent company of the Angolan based Paenal Yard. Those agreements remain conditional upon several conditions precedent, including consent from clients, lenders, partners and approval by various competent authorities. Therefore, there was no impact considered in the current period from these share purchase agreements.

Outstanding purchase and termination options in finance lease contracts – Joint ventures and associates

The finance lease contract of *FPSO N'Goma*, where the Company is the lessor, includes a call option for the client to purchase the underlying asset or to terminate the contract early. The exercise of the purchase option as per December 31, 2023, would have resulted in a gain for the Company. The exercise of the option to terminate the contract early, in which case the Company retains ownership of the vessel, would result in a gain.

The finance lease contract of *FPSO Kikeh*, where the Company is the lessor, includes a call option for the client to terminate the contract early. The exercise of the option to terminate the contract early, in which case the Company retains ownership of the vessel, would result in a gain.

The following tables present the figures at 100%.

Information on significant joint arrangements and associates – 2023

Project name	Place of the business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends paid	Revenue
FPSO N'Goma	Angola	668	302	211	190	152	85	-	39
Angola operations	Angola	225	2	20	29	27	203	-	291
FPSO Kikeh	Malaysia	153	89	4	-	10	28	35	71
Angolan yard	Angola	52	(0)	43	588	588	28	-	9
Non material joint ventures/associates		70	48	8	109	104	15	-	0
Total at 100%		**1,167**	**441**	**286**	**917**	**880**	**359**	**35**	**410**

Information on significant joint arrangements and associates – 2022

Project name	Place of the business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends paid	Revenue
FPSO N'Goma	Angola	722	448	102	259	227	88	155	55
Angola operations	Angola	178	4	10	28	7	172	-	236
FPSO Kikeh	Malaysia	189	117	6	-	5	36	30	74
Angolan yard	Angola	57	(0)	48	556	556	34	(0)	1
Non material joint ventures/associates		70	49	12	101	67	42	-	0
Total at 100%		**1,217**	**618**	**178**	**944**	**862**	**372**	**184**	**367**

The bank interest-bearing loans and other borrowings held by joint ventures and associates are as follows:

Information on loans and borrowings of joint ventures and associates

				Net book value at 31 December 2023			Net book value at 31 December 2022		
Entity name	% Ownership	% Interest	Maturity	Non-current	Current	Total	Non-current	Current	Total
US$ Project Finance facilities drawn:									
Sonasing Xikomba Ltd	50.00	4.10%	15-05-2026	117	73	190	190	69	259
Normand Installer SA	49.90	6.00%	15-12-2026	11	6	16	-	22	22
Loans from subsidiaries of SBM Offshore N.V.[1]				324	-	324	293	7	300
Loans from other shareholders of the joint ventures and associates				368	-	368	341	6	346
Loans from other joint ventures[2]				266	-	266	255	-	255
Net book value of loans and borrowings				**1,086**	**79**	**1,164**	**1,079**	**103**	**1,182**

[1] Please refer to note 4.3.16 'Loans to joint-ventures and associates' for presentation of the carrying amount of these loans in the Company's Consolidated Statement of financial position.

[2] Mainly loans from the joint ventures SBM Shipyard Ltd to the JV PAENAL - Porto Amboim Estaleiros Navais Ltda.

Aggregated information on joint ventures and associates

	2023	2022
Net result at 100%	2	(18)

Reconciliation equity at 100 % with investment in associates and joint ventures

	2023	2022
Equity at 100%	(72)	(18)
Partner ownership	193	141
Share in negative net equity reclassification to loans to joint ventures and associates	166	166
Investments in associates and joint ventures	**288**	**290**

4.3.30 INFORMATION ON NON-CONTROLLING INTERESTS

The Company has several jointly owned subsidiaries:

Entity name	Partners	% of ownership	Country registration	2023 main reporting segment	Project name
Aseng Production Company Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	*FPSO Aseng*
Gepsing Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	*FPSO Aseng / FPSO Serpentina*
Gepsing Ltd - Equatorial Guinea Branch	GE Petrol	60.00	Equatorial Guinea	Lease & Operate	*FPSO Aseng / FPSO Serpentina*
Brazilian Deepwater Production Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	*FPSO Espirito Santo*
Brazilian Deepwater Production Contractors Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	*FPSO Espirito Santo*
Brazilian Deepwater Production B.V.	Malaysia International Shipping Corporation Behard	51.00	The Netherlands	Lease & Operate	*FPSO Espirito Santo*
Operações Marítimas em Mar Profundo Brasileiro Ltda	Owned by Brazilian Deepwater Production Contractors (see information above)	51.00	Brazil	Lease & Operate	*FPSO Espirito Santo*
Alfa Lula Alto S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	*FPSO Cidade de Marica*

Entity name	Partners	% of ownership	Country registration	2023 main reporting segment	Project name
Alfa Lula Alto Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	*FPSO Cidade de Marica*
Alfa Lula Alto Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	*FPSO Cidade de Marica*
Alfa Lula Alto S.à r.l. (Brazilian branche)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	*FPSO Cidade de Marica*
Beta Lula Central S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	*FPSO Cidade de Saquarema*
Beta Lula Central Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	*FPSO Cidade de Saquarema*
Beta Lula Central Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	*FPSO Cidade de Saquarema*
Beta Lula Central S.à r.l. (Brazilian branche)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	*FPSO Cidade de Saquarema*
Tupi Nordeste S.à.r.l.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Luxembourg	Lease & Operate	*FPSO Cidade de Paraty*
Tupi Nordeste Operações Marítimas Ltda.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Brazil	Lease & Operate	*FPSO Cidade de Paraty*
Tupi Nordeste Holding Ltd.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Bermuda	Lease & Operate	*FPSO Cidade de Paraty*
Tupi Nordeste S.à r.l. (Brazilian branche)	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Bermuda	Lease & Operate	*FPSO Cidade de Paraty*
Guara Norte S.à.r.l.	Mitsubishi Corporation	75.00	Luxembourg	Lease & Operate	*FPSO Cidade de Ilhabela*
Guara Norte Holding Ltd.	Mitsubishi Corporation	75.00	Bermuda	Lease & Operate	*FPSO Cidade de Ilhabela*
Guara Norte Operações Marítimas Ltda.	Mitsubishi Corporation	75.00	Brazil	Lease & Operate	*FPSO Cidade de Ilhabela*
Guara Norte S.à r.l. (Brazilian branche)	Mitsubishi Corporation	75.00	Brazil	Lease & Operate	*FPSO Cidade de Ilhabela*
Mero 2 Operacoes Maritima Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	Brazil	Lease & Operate	*FPSO Sepetiba*
Mero 2 Operacoes Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	Switzerland	Lease & Operate	*FPSO Sepetiba*
Mero 2 Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	*FPSO Sepetiba*
Mero 2 B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	*FPSO Sepetiba*
MERO 2 B.V. (Brazilian Branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	*FPSO Sepetiba*
YTSM JV S.A.	CB&I Nederland B.V.	70.00	Switzerland	Lease & Operate	FPSO *ONE GUYANA*
Tamandare Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	*FPSO Almirante Tamandaré*
Tamandare B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	*FPSO Almirante Tamandaré*
Tamandare Operations Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Switzerland	Lease & Operate	*FPSO Almirante Tamandaré*
Tamandaré Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	*FPSO Almirante Tamandaré*

Entity name	Partners	% of ownership	Country registration	2023 main reporting segment	Project name
MERO 4 Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	*FPSO Alexandre de Gusmão*
MERO 4 B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	*FPSO Alexandre de Gusmão*
Mero 4 Operations Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Switzerland	Lease & Operate	*FPSO Alexandre de Gusmão*
Mero 4 Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	*FPSO Alexandre de Gusmão*
NOVA EAST WIND INC.	Micantia Wind Inc - DP Global Energy Limited	90.00	Canada	Turnkey	Atlantic Canada
Tamandare BV (Brazilian Branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	*FPSO Almirante Tamandaré*
MERO 4 BV (Brazilian Branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	*FPSO Alexandre de Gusmão*

Transaction with non-controlling interests

The US$255 million reported in 4.2.4 Consolidated Statement of Changes in Equity mainly relates to multiple equity contributions from the partners in the subsidiaries Mero 2, Mero 4 and Tamandaré, related to respectively *FPSO Sepetiba*, *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*, out of which US$235 million were cash transactions.

During 2023, the Company acquired the remaining shareholding in SBM Nauvata Private Limited. The Company already exercised control over the investees and now has full ownership over the entity. The transaction was directly booked within equity with a reattribution from non-controlling interests to equity attributable to shareholders. For more information, refer to note 4.3.25 Trade and Other Payables.

Information on non-controlling interests (NCI)

Included in the consolidated financial statements are the following items that represent the Company’s interest in the revenues, assets and loans of the partially owned subsidiaries.

Figures are presented at 100% before elimination of intercompany transactions.

2023

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	118	41	23	0	0	33	8	104
FPSO Espirito Santo	Brazil	151	71	18	97	110	95	-	57
FPSO Cidade de Marica	Brazil	1,512	1,311	68	672	544	185	10	210
FPSO Cidade de Saquarema	Brazil	1,481	1,326	26	820	712	150	16	204
FPSO Cidade de Paraty	Brazil	985	826	9	20	3	71	26	168
FPSO Cidade de Ilhabela	Brazil	1,320	1,122	63	720	672	120	21	203
FPSO Sepetiba	Brazil	2,070	154	8	1,425	1,438	218	-	213
FPSO Almirante Tamandaré	Brazil	1,745	26	23	911	1,005	10	-	513
FPSO Alexandre de Gusmão	Brazil	1,815	0	27	1,017	1,134	36	-	773
FPSO *ONE GUYANA*	Guyana	237	12	0	-	2	196	-	752
Non material NCI		18	4	2	3	2	5	-	0
Total 100%		**11,450**	**4,895**	**268**	**5,685**	**5,622**	**1,119**	**81**	**3,197**

2022

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	124	57	16	0	0	30	9	93
FPSO Espirito Santo	Brazil	130	66	15	114	114	76	7	45
FPSO Cidade de Marica	Brazil	1,577	1,388	71	793	675	174	-	190
FPSO Cidade de Saquarema	Brazil	1,557	1,405	39	922	820	145	10	202
FPSO Cidade de Paraty	Brazil	1,058	901	58	92	0	126	-	156
FPSO Cidade de Ilhabela	Brazil	1,366	1,201	63	764	720	95	14	185
FPSO Sepetiba	Brazil	2,105	170	28	1,397	1,500	151	-	219
FPSO Almirante Tamandaré	Brazil	1,296	-	41	632	56	663	-	1,019
FPSO Alexandre de Gusmão	Brazil	1,002	-	15	618	62	652	-	880
FPSO *ONE GUYANA*	Guyana	196	1	0	-	10	190	-	492
Non material NCI		18	4	2	4	3	7	-	0
Total 100%		**10,428**	**5,192**	**347**	**5,335**	**3,959**	**2,309**	**40**	**3,482**

Reference is made to note 4.3.23 Borrowings and Lease Liabilities for a description of the bank interest-bearing loans and other borrowings per entity.

The risks associated with interests in subsidiaries, joint ventures and associates are described in section 4.3.27 Financial Instruments – Fair Values and Risk Management.The risks identified are deemed to be inherent to the operations of the Company as a whole and includes the risk profiles of interests in other entities.

Included in the consolidated financial statements are the following items that represent the aggregate contribution of the partially owned subsidiaries to the Company consolidated financial statements:

Interest in non-controlling interest (summary)

	2023	2022
Net result	123	105
Accumulated amount of NCI	1,797	1,517

Reconciliation equity at 100 % with Non-controlling interests on partially owned subsidiaries

	2023	2022
Equity at 100%	4,709	4,159
Company ownership	(2,912)	(2,642)
Accumulated amount of NCI	**1,797**	**1,517**

4.3.31 RELATED PARTY TRANSACTIONS

During 2023, the Company made equity contributions towards investees, related to *FPSO Almirante Tamandaré, FPSO Sepetiba*, *FPSO Alexandre de Gusmão* and *FPSO Espirito Santo* (combined US$321 million) projects. There were no other major related party transactions requiring additional disclosure in the consolidated financial statements.

For relations with Supervisory Board members, Management Board members and other key personnel reference is made to note 4.3.6 Employee Benefit Expenses.

The Company has transactions with joint ventures and associates which are recognized as follows in the Company's consolidated financial statements:

Related party transactions

	Note	2023	2022
Revenue		48	16
Cost of sales		(17)	(17)
Loans to joint ventures and associates	*4.3.16*	41	52
Trade receivables		125	70
Trade payables		16	12

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions.

Additional information regarding the joint ventures and associates is available in note 4.3.29 Investment in Associates and Joint Ventures.

4.3.32 INDEPENDENT AUDITOR'S FEES AND SERVICES

Fees included in other operating costs related to PwC, the 2023 and 2022 Company's external independent auditor, are summarized as follows:

in thousands of US$	2023	2022
Audit of financial statements	3,789	2,883
Out of which:		
- invoiced by PwC Accountants N.V.	2,367	1,849
- invoiced by PwC network firms	1,422	1,034
Tax advisory services by PwC network firms	34	66
Other assurance services	153	165
Total	**3,976**	**3,114**

In both 2023 and 2022, the other assurance services were mainly related to the review of the Company sustainability report. No other non-assurance services were conducted.

4.3.33 EVENTS AFTER END OF REPORTING PERIOD

DIVIDEND AND SHARE REPURCHASE PROGRAM

The Company is evolving its shareholder return policy as follows: "The Company's shareholder return policy is to maintain a stable annual cash return to shareholders which grows over time, with flexibility for the Company to make such cash return in the form of a cash dividend and the repurchase of shares. Determination of the annual cash return is based on the Company's assessment of its underlying cash flow position. The Company prioritizes a stable cash distribution to shareholders and funding of growth projects, with the option to apply surplus capital towards incremental cash returns to shareholders." The policy will be presented for discussion at the Annual General Meeting on April 12, 2024.

As a result, following review of its cash flow position and forecast, the Company intends to pay a total cash return to shareholders of US$220 million in 2024. This represents an increase of 12% compared with the dividend paid in 2023. The cash return is to be composed of a proposed dividend of US$150 million (equivalent to c. US$0.83 per share[6]) combined with a EUR65 million (US$70 million equivalent[7]) share repurchase program. Shares repurchased as part of the cash return will be cancelled. The share repurchase program will be launched on March 1, 2024 and the dividend will be proposed at the Annual General Meeting on April 12, 2024. Going forward, the Company intends to maintain a material level of dividend as part of the annual cash return with US$150 million as a base level.

FPSO SEPETIBA PRODUCING AND ON HIRE

On January 5, 2024, SBM Offshore announced that *FPSO Sepetiba* was formally on hire as of January 2, 2024, after achieving first oil and the completion of a 72-hour continuous production test, leading to Final Acceptance by the customer (Petrobrás). Accordingly, as from that date, the lease of *FPSO Sepetiba* will commence and the contract asset related to this unit will be reclassified to finance lease receivables.

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[6] Based on the number of shares outstanding at December 31, 2023. Dividend amount per share depends on number of shares entitled to dividend. The proposed ex-dividend date is April 16, 2024.

[7] Based on the foreign exchange rate on February 22, 2024.

4.4 COMPANY FINANCIAL STATEMENTS

4.4.1 COMPANY BALANCE SHEET

Company balance sheet

Before appropriation of profit	*Notes*	**31 December 2023**	31 December 2022
ASSETS			
Financial fixed assets	*4.5.1*	3,701	3,302
Total fixed assets		**3,701**	**3,302**
Receivables	*4.5.2*	44	102
Cash and cash equivalents	*4.5.3*	1	1
Total current assets		**45**	**103**
TOTAL ASSETS		**3,746**	**3,405**
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Issued share capital		50	48
Share premium reserve		1,007	1,007
Treasury shares		(26)	(42)
Legal reserves	*4.5.4*	2,052	1,860
Statutory reserves	*4.5.4*	26	26
Retained earnings	*4.5.4*	133	48
Profit of the year	*4.4.2*	491	450
Shareholders' equity	*4.5.4*	**3,733**	**3,397**
Provisions	*4.5.5*	1	1
Total non-current liabilities		**1**	**1**
Current liabilities	*4.5.6*	12	7
Total current liabilities		**12**	**7**
TOTAL EQUITY AND LIABILITIES		**3,746**	**3,405**

4.4.2 COMPANY INCOME STATEMENT

Company income statement

For the years ended 31 December	Note	2023	2022
Revenue	4.5.6	4	5
General and administrative expenses	4.5.8	(41)	(33)
Operating profit/(loss) (EBIT)		**(37)**	**(28)**
Other operating expense	4.5.5	-	(1)
Financial income	4.5.9	2	0
Financial expenses	4.5.9	0	(0)
Profit/(Loss) before income tax		**(35)**	**(29)**
Income tax expense	4.5.10	(3)	-
Result of Group companies	4.5.1	529	479
Profit/(Loss) after income tax		**491**	**450**

4.4.3 GENERAL

The Company financial statements are part of the 2023 financial statements of SBM Offshore N.V. Reference is made to section 4.2.6 General Information for additional details on the Company.

SBM Offshore N.V. costs mainly comprise of management activities and cost of the headquarters office at Schiphol, of which part is recharged to Group companies.

PRINCIPLES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The stand-alone financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving’). SBM Offshore N.V. uses the option provided in section 2:362 (8) of the Dutch Civil Code in that the principles for the recognition and measurement of assets and liabilities and determination of result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of SBM Offshore N.V. are the same as those applied for the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. The consolidated financial statements are prepared according to the standards set by the International Accounting Standards Board and adopted by the European Union (referred to as EU-IFRS). Reference is made to the notes to the consolidated financial statements (‘4.2.7 Accounting Principles’) for a description of these principles.

Investments in group companies, over which control is exercised, are stated on the basis of the net asset value. In the event that 20% or more of the voting rights can be exercised, it may be assumed there is control.

Results on transactions, involving the transfer of assets and liabilities between SBM Offshore N.V. and its participating interests or between participating interests themselves, are not incorporated insofar as they are deemed to be unrealized.

The Company recognized income tax expense for financial year 2023, to that extent tax related disclosures are included whereby the comparative figures are reinstated. Taxation information, including deferred tax assets and income tax expense, is presented in note 4.5.1.2 Deferred tax assets and 4.5.10 Income tax expense.

4.5 NOTES TO THE COMPANY FINANCIAL STATEMENTS

4.5.1 FINANCIAL FIXED ASSETS

4.5.1.1 INVESTMENT IN GROUP COMPANIES

The movements in the item Investment in Group companies are as follows:

	2023	2022
Investments net value at 1 January	**3,299**	**2,582**
Result of Group companies	529	479
Capital contributions	0	-
Capital repayments	(137)	(159)
Dividends received	(9)	(121)
Other changes[1]	25	520
Foreign currency variations	(7)	(2)
Movements	**402**	**717**
Investments net value at 31 December	**3,701**	**3,299**

[1] Mainly relates to Cash flow hedges and transaction with non-controlling interests (please refer to note 4.2.4 'Company's Consolidated Statement of changes in equity).

An overview of the information on principal subsidiary undertakings required under articles 2: 379 of the Dutch Civil Code is given below. The subsidiaries of SBM Offshore N.V. are the following (all of which are 100% owned):

- SBM Offshore Holding B.V., Amsterdam, the Netherlands
- SBM Holding Inc. S.A., Marly, Switzerland
- SBM Holding Luxembourg S.à.r.l, Luxembourg, Luxembourg
- SBM Schiedam B.V., Rotterdam, the Netherlands
- SBM Holland B.V., Rotterdam, the Netherlands
- FPSO Capixaba Holding B.V., 's-Gravenhage, the Netherlands

4.5.1.2 DEFERRED TAX ASSETS

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. For more details refer to note 4.4.3 General. The movement in deferred tax assets is as follows:

	2023	2022
Deferred tax at 1 January	3	3
Deferred tax effect on unrecognized tax losses for current year	2	-
Deferred tax effect on unrecognized tax losses in respect of prior year(s)	(5)	-
Foreign currency variations	0	-
Total movements	**(3)**	**-**
Deferred tax at 31 December	**-**	**3**

As of year-end 2023 the Company has re-assessed its recoverability of the deferred tax asset of the fiscal unity and increased the valuation allowance to cover the full deferred tax asset. As a result the net deferred tax asset recognized amounts to nil (2022: US$3 million).

4.5.2 RECEIVABLES

	31 December 2023	31 December 2022
Trade receivables	0	0
Amounts owed by Group companies	42	100
Other debtors	2	2
Total	**44**	**102**

Other receivables fall due in less than one year. The fair value of the receivables reasonably approximates the book value, due to their short-term character.

As at December 31, 2023, the Company has a receivable due from SBM Holding Inc. S.A. (the cash pool leader of SBM Offshore group) amounting to US$42 million (2022: receivable amounting to US$100 million). The lending conditions applied to the outstanding amounts between the cash pool leader and the Company are as follows:

- Fixed fee: The cash pool leader charges a handling fee of 0.075% (2022: 0.075%) to the Company; and
- Interest rate: Any receivable and payable balance that is outstanding for more than 90 days is subject to an interest rate of 3.00% (2022: 0.50%). Depending on whether it is a receivable or a payable balance, it will be either in favor of the Company or in favor of the cash pool leader.

Intercompany receivable from group companies outside of the cash pool are free of interest. In respect of repayment, no formal agreements have been made.

4.5.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are at SBM Offshore N.V.'s free disposal.

4.5.4 SHAREHOLDERS' EQUITY

The shareholders' equity in the parent company financial statements equals the equity attributable to common shareholders presented in the consolidated financial statements, except for legal and statutory reserves. The currency translation reserve, cash flow hedging reserve, capitalized development expenditure and investees equity non-distributable reserve are legal reserves that are required by Dutch law. Furthermore, on the statutory reserves, pursuant to the Company's Articles of Association, a 'Protective Preference Shares' reserve is required to be maintained by the Company.

Legal reserve

	31 December 2023	31 December 2022
Investees equity non-distributable	1,747	1,609
Capitalized development expenditure	142	109
Translation reserve	(105)	(102)
Cash flow hedges	268	244
Total	**2,052**	**1,860**

The 'Investees equity non-distributable' legal reserve relates mainly to non-distributable profits generated by the co-owned entities (refer to note 4.3.29 Investment in Associates and Joint Ventures and 4.3.30 Information on Non-controlling Interests). The agreed principle in the applicable shareholders' agreements is that the shareholders shall procure that any available reserves are distributable after paying any expenses due and taking into account co-owned entity and applicable legal requirements. However, as unanimous decision of shareholders agreements in most of the co-owned entities is required to distribute the profits generated, the equity of these entities is classified as a non-distributable reserve under Dutch guidelines for financial reporting. On a regular basis, the Company ensures that dividends are approved by the partners and distributed accordingly to the shareholders.

Legal reserve for investees equity non-distributable

	2023	2022
Balance at 1 January	1,609	1,511
Movements in financial year	138	98
Balance at 31 December	1,747	1,609

Legal reserve for capitalized development expenditure

	2023	2022
Balance at 1 January	109	75
Additions	38	38
Amortization	(5)	(3)
Foreign currency variation	0	-
Other movements	(0)	-
Balance at 31 December	**142**	**109**

The legal reserve for 'investees equity non-distributable' and 'capitalized development expenditure' are formed by withdrawal from the distributable retained earnings. In the event of depreciation or impairment, the capitalized development expenditure will be reduced by adding it to the retained earnings reserves in the amount of the depreciation or impairment.

If either the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions from the retained earnings cannot be made to the Company's shareholders equivalent to the amount of that negative balance.

Statutory reserve

The Management Board, with the approval of the Supervisory Board, has granted a call option to Stichting Continuïteit SBM Offshore to acquire a number of preference shares. As of October 1, 2022, and with reference to articles 5.5 and 5.6 of the Articles of Association of the Company, a 'Protective Preference Shares' reserve amounting to US$26 million (2022: US$26 million) was created at the expense of the share premium reserve at the level of the Company. If and when Stichting Continuiteït SBM Offshore would exercise the call option to acquire preference shares, these preference shares may also be paid-up from the reserve of the Company. In addition to the legal reserves, distributions to the Company's shareholders are restricted to the amount of the statutory reserves.

Retained earnings

The 'Retained earnings' also includes the 'IFRS 2 share-based payments' amounting to US$25 million (2022: US$21 million). The 'IFRS 2 share-based payments' granted but still unvested are non-distributable by nature.

The Company's total equity, as at December 31, 2023, is US$3,733 million, out of which US$2,052 million relates to legal reserves and US$26 million relates to the statutory reserves (December 31, 2022: Total equity of US$3,397 million, out of which US$1,860 million relates to legal reserves and US$26 million relates to the statutory reserves). For more information on the dividends on common shares, reference is made to note 4.3.12 Dividends paid and proposed.

For an explanation of the shareholders' equity, reference is made to note 4.2.4 Consolidated Statement of Changes in Equity and note 4.3.22 Equity Attributable to Shareholders.

PROPOSED APPROPRIATION OF RESULT

With the approval of the Supervisory Board, it is proposed that the result shown in SBM Offshore N.V. income statement be appropriated as follows (in US$):

Appropriation of result

	2023
Profit/(Loss) attributable to shareholders	491
In accordance with note 4.7.1 to be transferred to the 'Retained earnings'	491
At the disposal of the General Meeting	**-**

It is proposed that US$150 million of retained earnings is distributed among the shareholders. Please refer to note 4.3.33 Events After End of Reporting Period.

4.5.5 PROVISIONS

On June 21, 2022 the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US$1 million.

On August 1, 2022, the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven, CBB) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023, SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal). On May 25, 2023, the AFM has filed its reply to SBM Offshore's appeal. SBM Offshore is currently awaiting the listing of the hearing, which SBM Offshore's lawyers expect to happen during the 3rd quarter of 2024.

4.5.6 CURRENT LIABILITIES

	31 December 2023	31 December 2022
Trade payables	0	0
Taxation and social security costs	0	0
Other liabilities	12	7
Total current liabilities	**12**	**7**

The other current liabilities fall due in less than one year. The fair value of other current liabilities approximates the book value, due to their short-term character.

4.5.7 REVENUE

The revenue comprises of management fees charged to Group company Single Buoy Moorings Inc. S.A. which is the main EPC contractor.

4.5.8 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employee Benefits	(25)	(26)
Other costs	(16)	(7)
Total	**(41)**	**(33)**

The employee benefits include the Management Board remuneration, and recharge of other personnel costs at the headquarters, as well as share-based payments for the entire Group. For further details on the Management Board remuneration, reference is made to note 4.3.6 Employee Benefit Expenses.

The other costs include audit fees, legal, compliance, corporate governance and investor relation costs. For the audit fees reference is made to note 4.3.32 Independent Auditor's Fees and Services.

4.5.9 FINANCIAL INCOME AND EXPENSES

The financial income and expenses relate mainly to foreign currency results and interest charged to and by Group companies to SBM Offshore N.V.

4.5.10 INCOME TAX EXPENSE

The numerical reconciliation between the applicable and effective tax rate is as follows:

	2023	2022
Result before tax of the Company for current year	(35)	(29)
Corporate income tax against applicable rate (25.8%)	**9**	**8**
Results allocated by the members to the Company for current year	(2)	(2)
Non-deductible costs	(5)	(5)
Adjustments in respect of prior year(s)	(0)	-
Profits from foreign operations	(0)	-
Deferred tax effect on unrecognized tax losses for current year	(2)	(1)
Deferred tax effect on unrecognized tax losses in respect of prior year(s)	(3)	-
Total corporate income tax	**(3)**	**-**
Effective corporate income tax rate	**(8%)**	**0%**

The Company is the head of the fiscal unity for the Dutch corporate income tax (refer to 4.5.11 Commitments and Contingencies), where the Company will bear the burden of the corporate income tax charge, based on the taxable income of the fiscal unity, taking into account the losses available for set-off from the previous financial years, exempt profit components and after the addition of non-deductible costs that are attributable to the Netherlands.

The applicable Dutch corporate income tax rate for taxable income up to EUR 200 thousand (2022: EUR 395 thousand) is 19% (2022: 15%) and 25.8% (2022: 25.8%) for profits that exceed EUR 200 thousand (2022: EUR 395 thousand). The effective corporate income tax rate is -8% (2022: 0%).

4.5.11 COMMITMENTS AND CONTINGENCIES

COMPANY GUARANTEES

SBM Offshore N.V. has issued a limited number of parent company guarantees with respect to long-term lease/operate contracts which have all been signed prior to 2010. Please refer to note 4.3.26 Commitments and Contingencies.

FISCAL UNITY

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. All tax liabilities and tax assets are transferred to the fiscal unity parent, however all members of the fiscal unity can be held liable for all tax liabilities concerning the fiscal unity.

Corporate income tax is levied at the head of the fiscal unity, based on the fiscal results allocated by the members to SBM Offshore N.V., taking into account an allocation of the benefits of the fiscal unity to the different members. The settlement amount, if any, is equal to the corporate income tax charge included in the Company income statement.

4.5.12 DIRECTORS' REMUNERATION

For further details on the Directors remuneration, reference is made to note 4.3.6 Employee Benefit Expenses of the consolidated financial statements.

4.5.13 NUMBER OF EMPLOYEES

There were no employees during the year under review (2022: none).

4.5.14 INDEPENDENT AUDIT FEES

For the audit fees relating to the procedures applied to SBM Offshore N.V. and its consolidated group entities by accounting firms and an external independent auditor, reference is made to note 4.3.32 Independent Auditor's Fees and Services of the consolidated financial statements.

4.5.15 EVENTS AFTER END OF REPORTING PERIOD

For information about the subsequent events, reference is made to section 4.3.33 Events After End of Reporting Period of the notes to the consolidated financial statements.

Schiphol, the Netherlands
February 28, 2024

Management Board
Bruno Chabas, Chief Executive Officer
Øivind Tangen, Chief Operating Officer
Douglas Wood, Chief Financial Officer

Supervisory Board
Roeland Baan, Chair
Bernard Bajolet, Vice-Chair
Ingelise Arntsen
Allard Castelein
Hilary Mercer
Jaap van Wiechen

4.6 INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the supervisory board of SBM Offshore N.V.

Report on the audit of the financial statements 2023

Our opinion

In our opinion:

- the consolidated financial statements of SBM Offshore N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2023 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union ('EU-IFRS') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of SBM Offshore N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2023 of SBM Offshore N.V., Amsterdam as included in sections 4.2 up to and including 4.5 of the annual report. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the following statements for 2023: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the Company balance sheet as at 31 December 2023;
- the Company income statement for the year then ended; and
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of SBM Offshore N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risks and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

SBM Offshore N.V. serves the offshore oil and gas industry where the main activity is to design, supply, install, operate and maintain Floating Production, Storage and Offloading (FPSO) vessels. This includes the construction and the leasing and operating of large and complex FPSOs. The Group is comprised of several components and, therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition impacts of climate-related risks.

In paragraph 4.2.7 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant judgements, estimation of uncertainty and the related higher inherent risks of material misstatement in construction contracts, we considered these matters as a key audit matter as set out in the section 'Key audit matters' of this report.

In paragraph 4.3.10 and 4.3.17 of the financial statements, the Company described the expected impact on the fiscal position of the GloBE Pillar Two model rules and the business re-alignment on deferred taxes. Given the complexity and nature of the agreement with the Swiss tax authorities, in relation to the business re-alignment, significant judgements, estimation of uncertainty and the related higher inherent risks of material misstatement, we considered these matters as a key audit matter as set out in the section 'Key audit matters' of this report.

SBM Offshore N.V. assessed the possible effects of climate change and its plans to meet the emissionZERO® commitments on its financial position. In paragraph 1.4.2 and 1.4.3 of the annual report and 4.3.27 of the consolidated financial statements, the management board reflects on climate-related risks and opportunities. The management board concluded that based on their reasonable and supportable information available to date and the outcome of risk assessments, the Company did not identify any circumstances which had an impact on impairment of non-financial assets, provisions or contingent liabilities and assets as of 31 December 2023. It is the management board's assessment that the climate related risks will however remain key points of attention for areas such as impairment testing, estimation of remaining useful life, expected credit losses and provisions. As part of our audit procedures, we discussed management board's climate change scenarios and governance thereof and evaluated the potential impact on the financial position. During the audit we involved our sustainability specialists to assess the climate-related risks. Based on our discussions and evaluation as described above, we had no indication that climate change is a key audit matter or that it impacted our key audit matters.

Other areas of focus, that were not considered as key audit matters, were the valuation of finance lease receivables and segment reporting disclosure. There were also internal control matters identified relating to the IT environment and IT migration to the new ERP system ('IFS') that required additional audit effort, but these were not considered key audit matters.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a Company providing floating production solutions to the offshore energy industry over the full product lifecycle. We included members with relevant industry expertise and specialists in the areas of IT, corporate income tax, valuation, sustainability and employee benefits in our audit team. We also involved forensic specialists in our assessment of fraud risk factors.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: US$30 million

Audit scope

- We conducted audit work in four locations on four components.
- We conducted the group audit from the Netherlands and Portugal. Site visits were conducted in three countries – Monaco, Portugal and Switzerland.
- Audit coverage: 100% of consolidated revenue, 99% of consolidated total assets and 94% of consolidated profit before tax.

Key audit matters

- Estimates and judgements in construction contracts.
- Impact of business re-alignment on deferred taxes and future impact of Pillar Two.

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	US$30 million (2022: US$30 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before income tax.
Rationale for benchmark applied	We used this benchmark and the rule of thumb (%), based on our analysis of the common information needs of the users of the financial statements, including factors such as the headroom on covenants and the financial position of the Group. On this basis, we believe that profit before tax is an important metric for the financial performance of the Group.
Component materiality	Based on our judgement, we allocate materiality to each component in our audit scope that is less than our overall group materiality. The range of materiality allocated across components was between US$21 million and US$27 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above US$10 million (2022: US$10 million) for balance sheet reclassifications and US$3.0 million for profit before tax impact (2022: US$3.0 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

SBM Offshore N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of SBM Offshore N.V.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

The group audit is focused on two components in Monaco (Turnkey as well as Operations) and the treasury department in Marly, Switzerland. Additionally, the Group Corporate Departments located in Amsterdam, the Netherlands and Porto, Portugal, were part of the group scope. During 2023, the management performed restructuring of the Group Corporate Department. As part of the restructuring process, SBM Offshore N.V. created a corporate and business solutions center ("CBSC") in Porto, Portugal, where a number of significant Group Corporate functions were transferred from Amsterdam, the Netherlands, to the new location. From the management board's perspective, the split did not impact the reporting structure process and therefore, CBSC is part of the Group Corporate function and not considered to be a separate component.

The Turnkey as well as Operations components in Monaco were subject to audits of their complete financial information as those components are individually financially significant to the Group.

The processes and financial statement line items managed by the treasury department in Marly, Switzerland, were subject to specified audit procedures

The group engagement team performed audit work on specified balances to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	**100%**
Total assets	**99%**
Profit before tax	**94%**

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the components in Monaco and the treasury department in Marly, Switzerland, we used component auditors who are familiar with the local laws and regulations to perform the audit work. The audit was performed both remotely and at client offices. For the key meetings and audit procedures both the group and component engagement teams visited the client offices. For remote audit procedures we used video conferencing and digital sharing of screens and documents.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality, and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group engagement team visited both the Turnkey as well as Operations components in Monaco given the importance of these components for the consolidated financial statements as a whole and judgements involved in the estimates in construction contracts (refer to the respective key audit matter). For the components in Monaco, we reviewed selected working papers of the respective component auditors. Additionally, the group engagement team also visited the treasury department in Marly, Switzerland, and reviewed selected working papers of the component auditor.

The audit work on the Group Corporate Departments was performed by the group engagement team. In addition to the work on the Group Corporate Departments component, the group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of complex accounting matters at the headquarters. These included impairment assessments, accounting implication assessments of new contracts, share-based payments, taxes including deferred taxes and uncertain tax provisions and directional reporting as part of the segment reporting disclosures.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of SBM Offshore N.V. and its environment and the components of the system of internal control. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risks assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board and the supervisory board whether they are aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we, in co-operation with our forensic specialists, evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
Management override of controls	
Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • Journal entries and other adjustments made in the preparation of the financial statements. • Estimates. • Significant transactions, if any, outside the normal course of business for the Company.	Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of the measures in the processes generating journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed journal entry testing procedures on the following criteria: unexpected account combinations, unusual words, unusual times and unexpected users. In addition, we also tested manual consolidation adjustments. With regard to management's accounting estimates, we evaluated key estimates and judgements for bias, including retrospective reviews of prior year's estimates. We performed substantive audit procedures for the estimates in revenue and construction contracts and deferred taxes. Please refer to key audit matters, sections "Key audit matters "Estimates and judgements in construction contracts", and "Impact of business re-alignment on deferred taxes and future impact of Pillar Two". No significant transactions and neither an indication, outside of the normal course of business, were identified as part of our audit work. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risks	*Our audit work and observations*
Risk of fraud in revenue recognition – construction contracts	
Given the listed status of SBM Offshore N.V., the significant shareholdings of management in SBM Offshore N.V. as a result of share-based payment plans and financial targets for management, the complex nature of the Company's construction contracts and the significant judgements and estimates, revenue recognition of construction contracts was particularly subject to the risk of a material misstatement due to fraud.	Where relevant to our audit, we assessed the design of the internal control measures and the effectiveness of these measures in the processes for recording costs and revenues relating to construction contracts. This includes project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Company's internal project reviews. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk.
The determination of the turnkey segment result based on over time recognition requires significant judgement and management could use this estimate to manipulate the figures to shift between year(s). Due to this, we deem the risk significant for the cut-off and accuracy assertion for revenue.	With respect to the satisfaction of the performance obligations over time and the cut-off and accuracy for individual projects under construction, we examined, discussed, and challenged project documentation on the status, progress, and forecasts with management and legal, finance and technical staff of the Company. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts, where applicable, such as claims and variation orders between the Company, subcontractors and clients and responses thereto.
	In addition, we performed substantive procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues, evaluation of budget variances and obtaining corroborating evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. Furthermore, we evaluated whether there were indications of possible management bias and were alert for any contradictory information.
	We performed audit procedures with respect to significant judgements and accounting estimates. Please refer to section "Key audit matters" for further details.
	At the end of the year, we conducted specific substantive audit procedures regarding the cut-off of construction contracts to determine whether there were any shifts in results per individual project and/or between the current and next financial year.
	Finally, we performed journal entry testing procedures focussed on unexpected account combinations.
	Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition – construction contracts.

Identified fraud risks	*Our audit work and observations*
Risk of fraud in revenue recognition – lease and operate The lease and operate revenues are well predictable, as a significant part is earned based on agreed specific day-rates per vessel and periodic operating fees. However, the contracts can include specific conditions for maluses that, when these occur, may have a negative revenue impact for the specific contracts. When such a condition is not recognised, revenue may be overstated. We consider accuracy, existence, and occurrence as assertions relevant for the risk of fraud in revenue recognition for lease & operate revenues.	Where relevant to our audit, we assessed the design of the internal control measures and the effectiveness of these measures in the processes for recording costs and revenues relating to the lease and operate contracts. This includes gaining an understanding of the underlying contracts, malus arrangements and key performance indicators like up- and downtime to determine the possible impact on the revenue recognition. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. With respect to the satisfaction of the performance obligations for individual contracts, we examined, discussed, and challenged SBM Offshore N.V. on the recognition of maluses with management and legal, finance, and technical staff of the Company. We evaluated and substantiated the outcome of these discussions by examining the completeness of recognized claims and maluses by the Company and responses thereto, performing substantive procedures such as obtaining corroborating or contradictory evidence, evaluation of vessel reports. In addition, as part of our substantive audit procedures we evaluated whether there were indications of possible management bias. Finally, we performed journal entry testing procedures focussed on unexpected account combinations. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition – lease and operate.
Risk of bribery and corruption The Company operates in countries with a higher risk of bribery and corruption based on the Corruption Perception Index of Transparency International. Therefore, we determined this a fraud risk due to the risk of bribery and corruption.	Where relevant to our audit, we assessed the design and effectiveness of the internal control measures with respect to contracts with clients and third party vendors, including agents. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. We held various meetings with management and other SBM Offshore N.V. staff to discuss the risk of bribery and corruption. Amongst others we spoke to the group general counsel, group internal audit director, CFO, COO and CEO. We assessed that no new contracts with agents have been agreed in 2023. In addition, and amongst others we performed the following procedures: • Where applicable, we evaluated minutes of meetings held to identify potential transactions with agents and by agents themselves; • Evaluated internal audit reports and internal reporting's to the audit committee; • Reviewed whistle blower notifications and follow up procedures by management. Finally, we selected journal entries based on specific risk criteria and performed substantive audit procedures. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the risk of bribery and corruption.

We reviewed lawyer's letters, and we incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in paragraph 4.3.27 in the financial statements, the management board performed their assessment of the Company's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the management board's going concern assessment included, amongst others:

- considering whether management board's going concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going concern assessment;
- evaluating the management board's current operating plan including cash flows for at least 12 months from the date of preparation of the financial statements, taking into account current developments in the industry and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the Company's operations, including compliance with relevant covenants;
- performing inquiries of the management board as to its knowledge of going concern risks beyond the period of the management's assessment.

Our procedures did not result in outcomes contrary to management board's assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

Key audit matter	*Our audit work and observations*
Estimates and judgements in construction contracts *Note 4.2.7 and 4.3.3 to the consolidated financial statements* The accounting for contracts with customers under IFRS 15 'Revenue from contracts with customers' is complex and dependent on the specific arrangements between the Group and its clients as agreed upon in the contracts. Management performed a contract analysis on a case-by-case basis to determine the applicable accounting and revenue recognition. Significant judgement is exercised on the following main elements: • identifying the performance obligations and determining whether they are distinct; • the method of revenue recognition as either point in time or over time; • contract modifications and variable consideration, are complex and subjective. Based on our risk assessment, the most critical and judgmental estimates to determine satisfaction of the performance obligations over time are: • the estimates of the costs to complete the project; • the measurement of progress towards complete satisfaction of the performance obligation; • assessment of risks and contingencies that a project is or could be facing. During 2023, the Group continued to face global macroeconomic turmoil and operational challenges. These include price inflation of materials and services and supplier capacity constraints. The degree to which these challenges influenced the cost to complete varied from project to project and can be significant. Given the magnitude of the amounts involved (US$3.4 billion of turnkey revenue and US$7.1 billion of contract assets), the complex nature of the Company's construction contracts and the significant judgements and estimates, these areas were particularly subject to the significant risk of misstatement related to either error or fraud. Based on the above considerations we considered this area to be a key audit matter.	We reviewed management's assessment in respect to method of revenue recognition as either point in time or over time. We performed look-back procedures as part of our risk assessment by comparing the estimates included in the current projects with past projects of similar nature and previous estimates of the same project, as this provides insight in the ability of management to provide reliable estimates. The outcome of these look-back procedures confirmed our understanding and risk assessment related to project estimates. We gained an understanding of processes, evaluated and tested the relevant controls the Group designed and implemented within its process to record costs and revenues relating to construction contracts. Our procedures included project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Group's internal project reviews. We found that we, in the context of our audit, could rely on these internal control procedure. With respect to the satisfaction of the performance obligations over time we examined project documentation on the status, progress, and forecasts of projects under construction and discussed and challenged those with management, finance, and technical staff of the Group. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts, where applicable, such as claims and variation orders between the Group, subcontractors and clients and responses thereto. In addition, we performed procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues, evaluation of budget variances and obtaining corroborating or contradictory evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. In addition, as part of our substantive audit procedures we evaluated whether there were indications of possible management bias. Our audit procedures did not indicate material findings with respect to the estimates and judgements in construction contracts.

Key audit matter	*Our audit work and observations*
Impact of business re-alignment on deferred taxes and future impact of Pillar Two *Note 4.3.10 and 4.3.17 to the consolidated financial statements* The SBM Offshore group is within the scope of the OECD Pillar Two model rules. As part of various business developments, including the effects of Pillar Two, the Company initiated a business re-alignment under the existing Swiss tax regime, applicable to Swiss companies. The re-alignment resulted in the recognition of a deferred tax asset for a gross amount of US$ 2.2 billion in relation to a tax goodwill in Switzerland (see note 4.3.17 Deferred Tax Assets and Liabilities). This notably has a positive impact on the Company in respect of Pillar Two based on the implementing measures as they currently stand (see Note 4.3.10 Income tax expense). Given the complexity and nature of the agreement with Swiss tax authorities in relation to the business re-alignment, management performed an extensive assessment, involved management's experts and developed a model regarding the impact on the existing tax strategy. Amongst others, management applied significant judgement in determining the forecasted taxable profits. The Company determined that an amount of approximately US$ 2.0 billion of the deferred tax asset could possibly be unrecoverable which is driven by two main factors. One is the assessment of profitability and commercial uncertainties (i.e. future awards) impacting future profits. The other factor is the uncertainty of recovering this tax asset in future years in light of applicable enacted Swiss tax regulations. The Company determined the expected value of the uncertainty based on a range of possible outcomes. As a result, the Company as of December 31, 2023, recognized a deferred tax asset related to the tax goodwill in Switzerland net of US$ 141 million in accordance with IAS 12 and IFRIC 23. Pillar Two legislation was enacted in the Netherlands, the jurisdiction in which the Company is incorporated and will come into effect from 1 January 2024. The OECD Pillar Two model rules are complex and the implementation in several jurisdictions is still uncertain. Since the Pillar Two legislation was not effective at the reporting date, there is no current tax impact in 2023. The Company included the expected impact of the Pillar Two legislation in the Note 4.3.10 Income tax expense. Based on the magnitude of the amounts involved, complexity, nature, and tax consequences including on Pillar Two, the re-alignment of the agreement with Swiss tax authorities, the significant judgements and estimates, these areas were particularly subject to the significant risk of material misstatement. Based on the above considerations we considered this area to be a key audit matter.	Management provided us with an extensive impact assessment consisting of multiple memos prepared by experts on the anticipated impact of the OECD Pillar Two rules and the business re-alignment under the existing Swiss tax regime, applicable to Swiss companies, resulting in a deferred tax asset relating to tax goodwill. We obtained all relevant legal and tax documents, such as the agreement with Swiss tax authorities, and assessed these as a basis for the business re-alignment. We involved our tax specialists in the Netherlands and Switzerland to evaluate and test management's overall assessment. This involved the evaluation of the positions taken by management and management's experts on corporate tax, the underlying calculations, the agreement with Swiss tax authorities and related disclosures. We challenged management on their assumptions used and estimates included in their assessment. In respect to the management's experts, we performed the following work: • Evaluated the competence, capabilities and objectivity of those experts; • Obtained an understanding of the work performed by management's experts; • Evaluated the appropriateness of the work of management's experts. We examined the modelling used by management to determine the deferred tax asset by jurisdiction and assessed the recoverability through agreeing the forecasted taxable profits with approved business plans per Swiss company. We assessed whether the underlying trends and assumptions in the forecasts used were consistent with those used in the approved budgets and found no inconsistencies. We have challenged the underlying assumptions and forecasted revenues, ascertained inclusion of all required elements in the forecast and reconciled the taxable profits based on the applicable tax rules in Switzerland. We challenged management and the audit committee about the impact of the tax re-alignment on the implementation, and, how this relates to the spirit of the Pillar Two reform. With the procedures performed above, we determined that the methodologies and assumptions used by the group to assess recoverability of the deferred tax asset related to tax goodwill as at 31 December 2023 were within a reasonable range of outcomes. In addition, we considered the disclosures in respect of Pillar Two legislation, the deferred tax asset on goodwill and the expected implications to the Company, as sufficient.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were nominated as auditors of SBM Offshore N.V. on 13 November 2013 by the Supervisory Board and appointed through the passing of a resolution by the shareholders at the annual meeting held on 17 April 2014. Our appointment has been renewed on 7 April 2021 for a period of three years by the shareholders. Our appointment represents a total period of uninterrupted engagement of ten years.

European Single Electronic Format (ESEF)

SBM Offshore N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the marked-up consolidated financial statements, as included in the reporting package by SBM Offshore N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:
- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 4.3.32 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 28 February 2024
PricewaterhouseCoopers Accountants N.V.

A.A. Meijer RA

Appendix to our auditor's report on the financial statements 2023 of SBM Offshore N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

4.7 OTHER INFORMATION

4.7.1 APPROPRIATION OF RESULT

ARTICLES OF ASSOCIATION GOVERNING PROFIT APPROPRIATION

With regard to the appropriation of result, article 29 of the Articles of Association states:

1. When drawing up the annual accounts, the Management Board shall charge such sums for the depreciation of SBM Offshore N.V.'s fixed assets and make such provisions for taxes and other purposes as shall be deemed advisable.
2. Any distribution of profits pursuant to the provisions of this article shall be made after the adoption of the annual accounts from which it appears that the same is permitted. The Company may make distributions to the Shareholders and to other persons entitled to distributable profits only to the extent that its shareholders' equity exceeds the sum of the amount of the paid and called up part of the share capital and the reserves which must be maintained under the law. A deficit may be offset against the statutory reserves only to the extent permitted by law, with the proviso that a deficit shall not be offset against the Protective Preference Shares Reserve.
3. a. The profit shall, if sufficient, be applied first in payment to the holders of Protective Preference Shares in accordance with subparagraph b. of this article 29 paragraph 3.
    b. For Protective Preference Shares paid-up in accordance with the provisions of article 5 paragraph 6, the payment shall be one thousand euro (EUR 1,000) for the aggregate outstanding Protective Preference Shares paid-up in accordance with the provisions of article 5 paragraph 6. In all other instances, the payment shall be a percentage of the compulsory amount paid on the Protective Preference Shares other than in accordance with article 5 paragraph 6 as at the commencement of the financial year for which the distribution is made. The percentage referred to above shall be equal to the average of the Euribor interest charged for loans with a term of twelve (12) months, as published by the administrator of EURIBOR, the European Money Markets Institute (EMMI) or any other person that takes over the administration of EURIBOR, or in absence of EURIBOR as benchmark, another interest benchmark that is officially determined, appointed or recommended as replacement of twelve (12) months EURIBOR by (i) the European Central Bank, or another supervising authority, or in absence of this, (ii) the EMMI, aforementioned or its legal successor(s) - weighted by the number of days for which this interest was applicable - during the financial year for which the distribution is made, increased by at most five hundred (500) basis points.
    c. If in the course of the financial year for which the distribution is made the compulsory amount to be paid on the Protective Preference Shares has been decreased or, pursuant to a resolution for additional payments, increased, then the distribution shall be decreased or, if possible, increased by an amount equal to the aforementioned percentage of the amount of the decrease or increase as the case may be, calculated from the date of the decrease or from the day when the additional payment became compulsory, as the case may be.
    d. If in the course of any financial year Protective Preference Shares have been issued, the dividend on Protective Preference Shares for that financial year shall be decreased proportionately up to the day of issue, with a part of a month to be regarded as a full month.
    e. If the profit for a financial year is being determined and if in that financial year one or more Protective Preference Shares have been cancelled , the persons who according to the shareholders' register referred to in article 12 at the time of such cancellation were recorded as the holders of these Protective Preference Shares, shall have an inalienable right to a distribution of profit as described hereinafter. The profit which, if sufficient, shall be distributed to such a person shall be equal to the amount of the distribution to which he would be entitled pursuant to the provisions of this paragraph if at the time of the determination of the profits he had still been the holder of the Protective Preference Shares referred to above, calculated on a time-proportionate basis for the period during which he held Protective Preference Shares in that financial year, with a part of a month to be regarded as a full month. In respect of an amendment of the provisions laid down in this paragraph, the reservation referred to in section 2:122 of the Dutch Civil Code is hereby explicitly made.
    f. If in any one financial year the profit referred to above in subparagraph a. is not sufficient to make the distributions referred to in this article, then the provisions of this paragraph and those laid down hereinafter in this article shall in the subsequent financial years not apply until the deficit has been made good.
    g. Further payment out of the profits on the Protective Preference Shares shall not take place.
4. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine each year what part of the profits shall be transferred to the reserves, after the provisions of the preceding paragraph have been applied.
5. The residue of the profit shall be at the disposal of the General Meeting.
6. The General Meeting may only resolve to distribute any reserves, other than the Protective Preference Shares Reserve, upon the proposal of the Management Board, subject to the approval of the Supervisory Board.

4.7.2 CALL OPTION GRANTED TO STICHTING CONTINUÏTEIT SBM OFFSHORE (THE FOUNDATION)

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of preference shares in the Company's share capital. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

4.8 KEY FIGURES

Key IFRS financial figures

	2023	2022	2021	2020	2019
Turnover (US$ million)	**4,963**	4,913	3,747	3,496	3,391
Results (US$ million)					
Net profit/(loss) (continuing operations)	**614**	555	472	327	511
Dividend	**150**[1]	197	178	165	150
Operating profit (EBIT)	**1,145**	1,020	734	605	742
EBITDA	**1,239**	1,209	823	1,043	1,010
(Underlying) Profit attributable to shareholders[2]	**491**	450	405	277	391
Shareholders’ equity at 31 December	**3,733**	3,397	2,579	2,556	2,748
Capital employed	**14,834**	13,142	10,470	8,956	8,217
Net debt	**8,748**	7,881	6,681	5,209	4,416
Capital expenditure	**179**	151	49	75	68
Depreciation, amortization and impairment	**94**	189	88	439	268
Number of employees (average)	**5,717**	5,259	4,797	4,507	4,259
Employee benefits	**842**	740	669	614	575
Ratios (%)					
Shareholders' equity / (total assets -/- current liabilities)	**26**	28	26	30	32
Current ratio (current assets / current liabilities)	**336**	252	201	149	137
Return on average capital employed	**8.2**	8.6	7.6	8.1	9.7
Return on average shareholders' equity	**13.8**	15.1	15.8	10.5	14.5
Operating profit (EBIT) / net turnover	**23.1**	20.8	19.6	17.3	21.9
Net profit/(loss) / net turnover	**12.4**	11.3	12.6	9.4	15.1
Net debt / total equity	**158**	160	189	150	122
Enterprise value / EBITDA	**10.5**	10.1	12.5	9.3	8.9
Information per Share (US$)					
Net profit/(loss)[3]	**2.74**	2.53	2.18	1.00	1.84
Dividend	**0.83**[4]	1.10	1.00	0.89	0.81
Shareholders' equity at 31 December	**20.66**	18.80	14.28	13.55	13.83
Share price (EUR)[5]					
- 29 December (2022: 30 December)	**12.45**	14.66	13.10	15.57	16.59
- highest close	**15.09**	15.65	16.33	17.30	18.35
- lowest close	**11.38**	12.07	11.85	10.35	12.80
Price / earnings ratio	**5.1**	6.3	6.7	18.9	10.1
Number of shares outstanding (x 1,000)	**180,671**	180,671	180,671	188,671	198,671
Market capitalization (US$ million)	**2,485**	2,825	2,680	3,604	3,703
Volume of traded shares (x 1,000)	**123,880**	122,922	172,550	231,004	223,570
New shares issued in the year (x 1,000)	**-**	-	-	-	-

[1] The dividend that will be proposed to the Annual General Meeting to be paid out in 2024.

[2] Underlying applicable to 2021 and earlier

[3] Calculated based on weighted average shares outstanding

[4] Based on the total amount of dividend divided by the number of shares outstanding.

[5] Source: Euronext data on share prices, market capitalization and volume of traded shares

Key Directional financial figures

	2023	2022	2021	2020	2019
Directional Revenue (US$ million)	**4,532**	3,288	2,242	2,368	2,171
Directional Lease and Operate revenue	**1,954**	1,763	1,509	1,699	1,315
Directional Turnkey revenue	**2,578**	1,525	733	669	856
Directional EBIT (US$ million)	**788**	392	366	254	418
Directional Lease and Operate EBIT	**633**	484	452	438	369
Directional Turnkey EBIT	**259**	(12)	(1)	(100)	25
Other	**(104)**	(80)	(85)	(83)	23
Directional EBITDA (US$ million)	**1,319**	1,010	849	1,021	921
Directional Net Profit (US$ million)	**524**	115	122	39	235

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CHAPTER 5

ESG INFORMATION

5 ESG INFORMATION

5.1 SCOPE OF ESG INFORMATION

5.1.1 REPORTING ABOUT ESG INFORMATION

This annual report has been prepared in accordance with the latest GRI Standards, the revised 2021 Universal Standards and Oil & Gas Standards. SBM Offshore has used the GRI Standards to determine material aspects for this year's Annual Report. The Sustainability Statement was developed, based on the methodologies and disclosure requirements of the Global Reporting Initiative Standard, and organized into chapters that address the most relevant environmental, social and economic matters. In anticipation of European Sustainability Reporting Standards (ESRS) requirements, SBM Offshore ran a double materiality assessment, a gap analysis and included additional disclosures in this report. The Sustainability Statement is prepared on a consolidated basis, aligned with the consolidation of SBM Offshore financials. Specific explanations of the scopes can be found in this chapter. The Sustainability Statement covers impacts within the upstream and downstream value chain of SBM Offshore, explained in the below paragraphs.

5.1.2 MATERIALITY METHODOLOGY

SBM Offshore conducts a materiality assessment in order to include the topics in the Annual Report that can reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders.

For SBM Offshore, it is critical to understand the context of the company and the interest of its stakeholders and the impact on them, the environment and society. This understanding is raised through continuous dialogue and through SBM Offshore's Materiality Assessment. Insight is obtained through materiality interviews and risk identification, which aim to validate SBM Offshore's strategy and derive an updated overview of topics with high stakeholder interest and impacts.

PROCESS

Every four years, SBM Offshore executes a revision of its Materiality Assessment. In the years in between, SBM Offshore conducts updates to its Materiality Assessment, to follow the understanding of the surrounding context, including changes in economic, environmental and societal impacts.

In 2023, the revision of the Materiality Assessment was done also with the objective to be ready for CSRD compliance, i.e. the 'Double Materiality' as explained in section 1.2.2. In this sense, SBM Offshore designed a double materiality process with an impact materiality assessment in accordance with GRI standards and a financial materiality based on ESRS requirements.

SBM Offshore conducted the following steps to assess the material topics from both perspectives, in order to ensure actions for strategy and planning the most relevant issues, as well as reporting the level of information required by stakeholders in the Annual Report.

Step 1 – Stakeholder Map and Long Listing of Topics: This step is part of an understanding of SBM Offshore's context – as per the strategic planning process, leveraging external economic sources and existing guidance on potential environmental and societal impacts inherent to the industry. Peer and client benchmarking and best practices, as well as different standards and guidelines (such as GRI, SASB, IPIECA and ESRS), were used for the definition of each topic and correlation with their respective subtopics. The basis for identifying and selecting stakeholders for engagement during this process resides in the importance of these stakeholders to SBM Offshore and their interest in SBM Offshore's activities.

Step 2 – Define Impact Materiality with Internal and External Stakeholders: A survey – under internal experts – where the topics from the long-list were ranked on scope, scale, irremediability and likelihood for potential impacts. The ranking methodology was designed based on the risk matrix used in SBM Offshore's ERM. The 'Impact Materiality', as defined by ESRS, is considered aligned with the GRI requirement to perform a Materiality Assessment.

Step 3 – Define Financial Materiality with Strategy, Risk, Finance and Sustainability professionals: This methodology was aligned with the current processes and thresholds used in risk and financial analyses carried out by SBM Offshore, as well as with a perspective of analyses per capital.

Step 4 – Validation: Engagement with key stakeholders and senior management to validate areas of impact (as per the materiality process). For internal and external stakeholders this was done through video calls. In these meetings, outcomes of the 'Impact Materiality' were validated. Senior management engagement occurred in meeting, discussing and validating the list of material topics. The Management Board approved the final list of material topics. The list was also presented to the Supervisory Board.

The outcomes of these steps are explained in section 1.2.2. As in previous years, material topics are key inputs to strategy planning and target setting for the business – definitions and indicators are explained in the tables below.

Material Topics definitions (alphabetical order)

Decommissioning	Decommissioning is a structured process of planning, preparation and execution, leading to the eventual removal from service or reuse of an asset, giving due consideration to the potential impact on the environment and communities – including the following activities: safe removal of hazards from an asset, recycling, restoration and remediation.
Digitalization	Growth of digital solutions and services to support business objectives, at the same time managing associated risk [e.g. cybersecurity]. This entails the development of secure digital applications to generate new business, improve operational excellence and reduce cost base through process redefinition, IT integration, IT infrastructure and development of digital services.
Economic impact	Direct economic value generated by considering total lifecycle and operating costs, in order to be able to distribute to stakeholders, including employees, shareholders and capital providers and (local) suppliers.
Emissions	Manage scope 1, 2 and 3 emissions (GHG and Non-GHG emissions, such as methane, NOx, SOx emissions, etc.) to reduce them as much as possible.
Employee health, safety and security	Occupational health and safety management system set of interrelated or interacting elements to establish an occupational health and safety policy and objectives. This includes Process Safety Management. The aim is to provide a safe, secure and reliable work environment for all employees, promoting good health, adequately protecting them from infectious diseases and providing a secure work environment.
Employee wellbeing	Relates to all aspects of working life, from the quality and safety of the physical environment, to how workers feel about their work, their working environment, the climate at work and work organization. It covers the full lifecycle – from hiring to training, development, remuneration and transitions. Providing a healthy work environment for employees, with training and education and regular performance feedback, and enabling them to grow through SBM Offshore with meaningful employment.
Energy transition	The activity of growing the New Energies business, decarbonization technologies and associated services, so as to maintain a leading market position throughout the energy transition, through portfolio management, sustainable development and adaptation to external trends.
Ethics and compliance	Being a trustworthy organisation by complying with rules, regulations and SBM Offshore's code of conduct, including anti-corruption policies, procedures and mechanisms. Ethics provide the framework for making ethical decisions and drive responsible behaviour. Compliance ensures decisions and actions are aligned with the Code of Conduct and legal/regulatory requirements.
Human rights	Human rights: rights inherent to all human beings, which include, at a minimum, the rights set out in the United Nations (UN) International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. SBM Offshore strives to provide a work environment for employees in which basic human rights for all employees are respected and maintained. Ensure social dialogue with regards to labor conditions and impacts on communities.
Innovation	Activity of research and development into energy transition solutions or other business/operations improvements related to SBM Offshore's mission – e.g. development of new technologies, particularly low and non-carbon technologies.
Market positioning	SBM Offshore's position in the market and global presence, engaging in emerging markets, adapting to present and future market developments and product differentiation. Market Positioning refers to the ability to feed stakeholder perception regarding a brand or product, relative to competitors.
Operational excellence and quality	Managing the integrity of assets to achieve safety, quality and uptime, including building a culture of continuous improvement, so as to achieve operational excellence and deliver projects and operations safely, on time and at high quality in all areas of SBM Offshore's business and supply chain.

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Digitalization	% increase of data signals	The number of signals captured that are uploaded in SBM Offshore's Operational Intelligence and Performance Optimization Center, compared with the previous year. The scope of this KPI includes signals captured since the project installation (including in 2023 signals captured from FPSO *Prosperity* and *FPSO Sepetiba*) and excludes assets without operation services from SBM Offshore (such as *Thunder Hawk*), as digital services follow an operation and maintenance (O&M) services contract, not a bare boat charter.
Economic impact	Underlying EBITDA in US$ million	US$ million Earnings Before Interest, Tax, Depreciation and Amortization – Directional.
	Return to shareholders in US$ million	The amount of dividends and share repurchase amounts per year.
Emissions	MMSCF/D Average Flaring	The volumes of operational excellence gas flaring in scope 3 – downstream leased assets – Standard Cubic Feet (per day).
	Scope 1, 2 and 3 GHG emissions	Greenhouse gas emissions for the various scopes in tonnes of CO_2 equivalents
	GHG emissions intensity	GHG in tonnes per '000 tonnes of hydrocarbon production (scope 3 – downstream leased assets).
	GJenergy use	Energy consumption in GigaJoules (GJ).
	Other significant air emissions *(non-GHG emissions)*	Non-greenhouse gas emissions, which are CO (Carbon Monoxide), NOx (Nitrogen Oxides), SO_2 (Sulfur Dioxide) and VOCs (Volatile Organic Compounds), in tonnes.
	Oil in water discharge to % below IOGP average	Oil in Produced Water per hydrocarbon production in tonnes per million tonnes of hydrocarbon production. (This KPI applies to the units operated by SBM Offshore which are part of the CSR scope (i.e. *FPSO Serpentina* and *Thunder Hawk* are excluded).
Employee health, safety and security	Total Recordable Injury Frequency Rate (TRIFR)	Total Recordable Incidents of the Year x 200.000/ Total workhours of the year.
	Serious Injuries and Fatalities (SIF)	Serious Injuries and Fatalities.
	Lost Time Injuries Rate (LTIFR)	Total Lost Work Day Cases of the Year x 200.000 / Total workhours of the year.
	Tier 1 Process Safety Incident	All events having actual severity of 4 or 5 as defined in the Common Thresholds Matrix.
	Tier 2 Process Safety Incident	All events having an actual severity of 3 as defined in the Common Thresholds Matrix.
Energy transition	% EU Taxonomy eligible R&D	R&D expenditure by Group Technology on EU Taxonomy eligible activities, divided by the total R&D expediture.
Ethics and compliance	% completion of Compulsory Compliance Tasks	The percentage of targeted employees that completed compulsory tasks (excl. Paenal workforce).
	# of reports received under SBM Offshore's Integrity Reporting Policy	The number of reports received under SBM Offshore's Integrity Reporting Policy.
	# of confirmed cases of corruption	The number of corruption cases confirmed.
	Compliance Training	Face-to-face training and e-Learning on Ethics and Compliance.

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Human rights	% of suppliers who have been screened on human rights questionnaire	The percentage of suppliers that have been screened with the human rights questionnaire (criticality D and above). For high-risk suppliers assessment of risk is based on SBM Offshore human rights standard, using specific criteria, e.g. country risk, as well as expert judgement from within SBM Offshore.
	% of suppliers signing supply chain charter	The percentage of suppliers qualified that signed SBM Offshore's supply chain charter (qualified suppliers between 1-1-2023 to 31-12-2023).
	# of yards that have completed desktop screening	The number of yards that have completed desktop screening (desktop screenings have to be assessed by SBM Offshore in 2023 related to prospect yards).
	# of worker welfare audits	The number of worker welfare audits completed in 2023 at yards with ongoing activities.
	% e-Learning completion	The percentage of targeted employees who have completed a human rights e-Learning course (based on all onshore staff and offshore leadership staff employed at year-end).
Innovation	# of Technology Readiness Level (TRL) qualifications	The number of technologies that progressed in SBM Offshore's qualification process.
	# of innovations reached TRL 4	The number of innovations that have reached market readiness.
Market positioning	# of FPSO Projects under construction	The number of FPSO projects under construction (EPC, not in operation).
	# of assets in the fleet	The number of assets under lease and/or operation (not EPC).
	Directional pro-forma backlog in US$ billion	Backlog is the undiscounted revenue over the firm portion of the contracts.
	Sustainability performance	Target achievement versus SDG-linked objectives and rankings in ESG ratings: S&P Global Rating.
Operational excellence and quality	% Uptime	The percentage of hours an asset is operating compared with total hours of operation. This does not include planned maintenance and shutdown due to client responsibility.
	# of significant operational fines	The number of significant operation fines of a regulatory and/or administrative nature which exceed US$500,000.
	Certifications	The completion of certifications for assets and operations, including ISO9001, ISO14001, ISO 45001, ISM, ISPS, CLASS.
	Number of oil spills	Number of oil spills above 1 bbl.
Employee wellbeing	Gender pay gap	The average compa-ratio female/average compa-ratio male.
	% under collective bargaining	The percentage of SBM Offshore employees (direct hires, no contractors) covered by collective bargaining agreements.
	# of new hires	Total number and rate of new employee hires during the reporting period, by age group, gender and region.
	# of average training hours	The average number of total training hours per employee in the current year.
	Employee turnover rate (%)	The number of employees who have left SBM Offshore in the current year (between January 1 and December 31 of the current year) compared with the aggregate of the headcount on December 31 of the previous year and December 31 of the current year; divided by 2, with the result multiplied by 100.
	% of performance appraisals completion	The percentage of perfomance appraisals completed for permanent, temporary (only from Brazil and the Netherlands) and JV staff (apart from *FPSO Kikeh*) of all employees that joined SBM Offshore before October 1, 2022 and were still with SBM Offshore onDecember 31, 2022.
	% engagement and satisfaction in engagement survey	Average of all engagement scores and the average of all satisfaction scores from engagement survey 2023.

Governance overview per topic

Material Topic	Key standards	Topic specific Codes and/or Policies[1]	Policy available at	Scope of policy	Key processes for risk & impact managment
Ethics and compliance	Laws and regulations including and not limited to applicable anti-corruption, anti-trust, anti-money laundering and anti-slavery legislation	• Code of conduct • Speak Up policy • Anti-bribery and corruption policy	Company website	Company, contractors and third parties contracted by SBM Offshore	• Compliance risk identification and assessment • Risk mitigation and controls
Employee health, safety and security	IOGP OSHA API 754	• Policy on HSSE, Human rights and Process safety	Company website	Company, contractors and third parties	HSSE risk management
Human rights	UN GP UK Modern Slavery Act 2015	• Policy on HSSE, Human rights and Process safety • Human rights standards • Modern Slavery Statement	Company website	Company, contractors and third parties	Human rights due dilligence
Operational excellence	ISO9001 ISO14001 Class standards	• Policy on HSSE, Human rights and Process Safety • Quality and Regulatory Policy	Company website	Company, contractors and third parties	Projects and operations management
Employee wellbeing	ILO IOGP	• Policy on HSSE, Human rights and Process Safety • Diversity and Inclusion Policy	Company website	Company, contractors and third parties	• HSSE risk management • Pulse survey
Economic impact	IFRS	• Not applicable	Not applicable	Not applicable	Risk Management
Emissions	GHG Protocol	• Sustainability Policy	Company website	Company, contractors and third parties	HSSE risk management
Digitalization	Network Security Policy	• Network security policy • Malware protection policy • Back-up recovery policy	GEMS	Company	IT risk management
Innovation	API17N standard (TRL)	• Not applicable	Not applicable	Not applicable	TRL Management
Energy transition	Paris agreement	• Sustainability policy	Company website	Company, contractors and third parties	Opportunity management
Market positioning	S&P global, sustainalytics, CDP	• Not applicable	Not applicable	Not applicable	• ESG ratings management • Opportunity management
Decommissioning	EU ship recycling regulation (or equivalent)	• Recycling policy directive	Company website	Company, contractors and third parties	Decommissioning plan

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[1] Not applicable means no specific topic policies outside codes and policies mentioned under other material topics.

5.1.3 STAKEHOLDER ENGAGEMENT

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

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

Would you like to participate in SBM Offshore's 2024 Stakeholder Engagement or provide feedback for the 2023 Stakeholder Engagement? Please write to SBM Offshore at sustainability@sbmoffshore.com.

5.1.4 TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

MANAGEMENT APPROACH

Mitigating the impacts of climate change while meeting the needs of the future by facilitating the energy transition are key for SBM Offshore. The Climate Change Risk and Opportunity assessment is embedded in the portfolio of the CEO, COO and CFO. The Director responsible for Strategy & Sustainability – reporting to the CEO – is responsible for scenario planning, and the Group Risk & Control Manager – ultimately reporting to the CFO – embeds Climate Risks and Opportunities into SBM Offshore's risk management processes and systems. These processes involve risk management professionals and SBM Offshore's Group Strategy and Sustainability teams as well as business owners, with validation by the Risk Assurance Committee. Any financial impacts identified in the process are disclosed in chapter 4 of this report.

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

1. Ensuring governance to integrate climate change scenario analysis into strategic planning and enterprise risk management.
2. Assessment of the materiality of climate change-related risks and opportunities with business and functional experts.
3. Identification and definition of the range of climate change scenarios.
4. Evaluation of business impact per scenario together with business owners.
5. Identification of potential responses.
6. Documentation in a climate change outcome presentation and embedding in SBM Offshore's ERM system as well as disclosure as per this Annual Report and internal presentations.

The outcome is used to future-proof the current strategy against physical and transitional climate change-related risks and opportunities. Identified risks and opportunities are embedded in SBM Offshore's risk management approach, explained in section 3.5 and SBM Offshore's strategic planning processes.

RISK MANAGEMENT

Climate change risks and opportunities are identified and assessed against SBM Offshore's strategy in SBM Offshore's risk breakdown structure. When relevant, these risks are included in the detailed risk review and analysis is done for all tenders, projects and FPSO (asset) fleet operations that are part of SBM Offshore's portfolio. The Group Risk Manager facilitates the process of bottom-up climate change risk reporting to the Risk Assurance Committee (RAC) for consolidation purposes. The outcome of the review in the RAC results in heat-maps of risks, which are presented in a quarterly risk report. This covers proposal, projects and fleet individual risks, as well as Group Functions and Execution Centers, and includes actions and managing measures in place to mitigate risk. The report provides an overview to the Management Board and Supervisory Board alongside the measurement of SBM Offshore's Risk Appetite Statements and the latest risk profile. Between 2019 and 2021, SBM Offshore ran workshops with business, risk management and sustainability experts to identify climate risks for its business, segmenting between operations, offices and yards. In the years following, SBM Offshore expanded its financial impact analysis and disclosures, which have been updated during 2023.

SCENARIO PLANNING

SBM Offshore has defined two climate change scenarios to future-proof current strategy and take subsequent action based on IEA and IPCC data:

1. A climate change scenario based on the IEA's Stated Policy Scenario (STEPS) and the IPCC's Representative Concentration Pathway (RCP) 4.5 and 6.0. This scenario reflects the impact of announced country policies across the globe. This trajectory is said to have a positive impact on climate change, but falls short of meeting Paris Agreement goals.
2. A climate action scenario based on the IEA's NZE scenario and the IPCC's RCP 1.9 and 2.6. This scenario reflects a trajectory consistent with countries' shared sustainable energy goals. The trajectory provides for

strong commitment towards targets as per the Paris Agreement.

5.1.5 EU TAXONOMY DISCLOSURE

The EU Taxonomy disclosures are excluded from auditor assurance.
SBM Offshore is strongly committed to facilitating the energy transition. Objectives and performance are explained in sections 2.1.7, 2.1.9 and 2.1.10. During 2023, EU Taxonomy expanded with the Environmental Delegated Act and the Amended Climate Delegated Act. These Delegated Regulations: 1) amend the disclosure Delegated Regulation, 2) amend technical screening criteria for existing economic activities, 3) add technical screening criteria for new economic activities for climate and 4) add technical screening criteria for new economic activities for the four remaining environmental objectives from the Green Deal. SBM Offshore has incorporated these below disclosures.

EU TAXONOMY ELIGIBILITY

The evaluation of the eligibility of SBM Offshore's business activities has been conducted on the basis of the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the 3 KPIs, which are Turnover, CAPEX and OPEX. It was performed through a methodological approach consisting of:

1. extracting the total denominator for the 3 KPIs from the financial reporting and consolidation system used to prepare 2023 IFRS consolidated financial statements,
2. identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
3. documenting and assessing, for each of those economic activities, their 'eligibility' for the six environmental objectives:
   Climate change mitigation, Climate change adaptation, Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems.

- **Turnover** generating business activities of SBM Offshore as at December 31, 2023 have been screened on EU Taxonomy eligibility. Turnover can be reconciled with the 2023 IFRS total revenue recognized pursuant to IAS 1 and disclosed in note 4.3.2 of the consolidated financial statements. It consists of the revenues from Turnkey and Lease and Operate activities. A considerable part of this business relates to services to the industry of oil and gas extraction. Even if this part of SBM Offshore's business is addressing the net zero path – e.g. through decarbonization and digitalization – it cannot be considered eligible for the EU Taxonomy as it is today. The only eligible part of Turnover therefore relates to SBM Offshore's renewable energy products and services (EU Taxonomy activity: manufacture of renewable energy technologies).
- **CAPEX** consists of additions to tangible and intangible assets during the financial year 2023 considered before depreciation, amortization and any re-measurements recognized by SBM Offshore pursuant to IAS 16, IFRS16 and IAS 38. The denominator can be reconciled with the sum of the lines 'Additions' disclosed in notes 4.3.13 and 4.3.14 of the consolidated financial statements. The CAPEX is associated with services to the industry of oil and gas extraction and is therefore non-eligible for the EU Taxonomy – even if part of the CAPEX improves the energy efficiency and emissions profiles of these activities.
- **OPEX,** according to the EU Taxonomy, is determined by the direct non-capitalized costs of research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third-party outsources that are necessary to ensure the continued and effective functioning of such assets (EU Taxonomy activity: close to market research, development and innovation, and conservation, including restoration, of habitats, ecosystems and species).

The numerator of each KPI only takes into account the allocation of revenues and expenditures to one environmental objective so that double counting is avoided.

Maintenance and repair costs covering operating leased FPSOs is a service provided by SBM Offshore to its lessees. These expenses are direct 'cost of sales' (reported as such in the Consolidated Income Statement under IFRS) related to services already included in Turnover KPI as revenue from contracts with customers. To avoid double counting, these 'cost of sales' are therefore not included in the OPEX KPI.

Table 1 provides the basis for the numerator and denominator of EU Taxonomy eligibility and alignment for respectively Turnover, CAPEX and OPEX, whereas table 2 shows the actual KPI related to the EU-Taxonomy-eligible activities.

Table 1 – KPI definitions

	Turnover	CAPEX	OPEX
Eligible Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU-Taxonomy-eligible economic activities.	Capital expenditure that is related to assets or processes associated with the EU-Taxonomy-eligible activities[1].	Operating expenditure that is related to assets or processes associated with the EU-Taxonomy-eligible activities[2].
Aligned Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU-Taxonomy-aligned economic activities.	Capital expenditure that is related to assets or processes associated with the EU-Taxonomy-aligned activities, part of the 'CAPEX-plan' below, or related to the purchase of output from EU-Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS related to assets or processes associated with the EU-Taxonomy-aligned activities, including training and other human resources adaptation needs and direct non-capitalized costs that represent research and development, part of the 'CAPEX-plan' or related to the purchase of output from EU-Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.
Denominator	Revenues recorded in the Consolidated Income Statement under IFRS as per Revenue Accounting policy described in section 4.2.7 of the consolidated financial statements.	Additions to tangible and intangible assets recorded in the Consolidated Statement of Financial Position under IFRS during the financial year, considered before depreciation, amortization and any re-measurements.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS that relate to R&D, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as Cost of Sales), and any other direct expenditures relating to the day-to-day servicing of assets of PP&E.

[1] Eligible CAPEX is also defined by the plan to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned and CAPEX relating to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.

[2] Eligible OPEX is also defined by the plan to expand Taxonomy-eligible economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned and OPEX related to the purchase of output from Taxonomy-eligible economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measure.

There is no CAPEX or OPEX related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures included in numerator of CAPEX or OPEX.

Table 2 – EU Taxonomy Eligibility

	Turnover		CAPEX		OPEX	
	2023	2022	2023	2022	2023	2022
Taxonomy-Eligible Activities (%)	0.9	0.5	0.0	0.5	32.3	43
Taxonomy-Non-Eligible Activities (%)	99.1	99.5	100.0	99.5	67.7	57
Total (in millions of US$)	4,963	4,913	179	151	48	41

The key changes between 2023 and 2022 are explained by an increase in turnover contributions due to the offshore wind project completion. CAPEX and OPEX KPI's have reduced due to lower progress on Renewable and Floating offshore wind activities.

EU TAXONOMY ALIGNMENT

The activities related to climate change mitigation and climate change adaptation have been screened for alignment with the EU Taxonomy along the following topics:

1. Significant contribution to environmental objectives.
2. Do No Significant Harm Principles (DNSH).
3. Minimum Social Safeguards (MSS).

Alignment for the other four environmental objectives is not yet required for 2023.

Significant contribution to environmental objectives

The activity 'Manufacture of renewable energy technologies' is mentioned to comply, stating: 'The economic activity manufactures renewable energy technologies'.

For the associated R&D activities (Close to market research, development and innovation) – SBM Offshore considered the following relevant as the R&D:

- Provides for products dedicated to one or more economic activities defined.
- Enables renewable energy solutions to meet the criteria for substantial contribution to climate change mitigation, while doing no significant harm to other environmental objectives. This has been assumed for the R&D that enables and improves products currently under construction and/or with turnover – i.e. Floating Offshore Wind and wave energy.
- Delivers products that allow alternative energy solutions to substantially improve their technological and economic feasibility in order to facilitate their scaling up.
- Is focused on the development of equally low- or lower-emission products at lower cost. This is the case as SBM Offshore is investing in leaner versions of Floating Offshore Wind and Wave Energy Converters that have zero mechanical parts, hence lowering the cost of maintenance and failure offshore.
- Enables activities for which SBM Offshore or its clients already have permits from competent authorities – i.e. the Floating Offshore Wind project and the Wave Energy Converter demonstrator currently under construction.

Do No Significant Harm Principles (DNSH)

For the manufacture of renewable energy technologies, SBM Offshore has assessed the DNSH principles of its eligible activities, analyzing impacts and mitigations for Climate Change Adaptation, Water and Marine Resources, Biodiversity and Ecosystems, Transition to Circular Economy and Pollution Prevention and Control. Whilst SBM Offshore feels confident it meets the requirements for alignment, action needs to be taken to further engage with clients and the supply chain to fully understand the quality of mitigating measures for pollution; for example, the certification of sourced products to meet certain requirements under Pollution Prevention.

As the 'Close to market research, development and innovation' activity is looking to improve the technologies currently deployed in FOW and WEC projects, SBM Offshore assumes this activity meets the DNSH principles, and is aiming to align any EU-Taxonomy-eligible products currently in R&D stages.

Minimum Social Safeguards (MSS)

There are no convictions or ongoing cases in 2023. SBM Offshore has policies, processes and systems in place that focus on compliance with human rights, labor rights, taxation, fair competition and anti-corruption. This is explained further in sections 2.1.1, 2.1.3 , 5.2.4 and on SBM Offshore's ESG website. As part of EU Taxonomy alignment, an assessment has been conducted of these processes on:

1. The embedding of responsible business conduct in policies, management systems and due diligence processes.
2. The management of adverse impacts.
3. The process of grievance, remediation and follow-up.

Further work will be needed to further document the processes, as explained under 'Future'. Table 3 provides the basis for the numerator and denominator of EU Taxonomy alignment for, respectively, Turnover, CAPEX and OPEX, whereas tables 4-6 show the complete KPI disclosure regarding EU Taxonomy. For comparability with the previous year, refer to table 2.

FUTURE

SBM Offshore takes pride in being able to demonstrate eligibility and partial alignment on its activities, due to strong policies, systems, processes and capabilities. SBM Offshore welcomes technical guidance to further grow its sustainable business and manage targets for the energy transition.

SBM Offshore will invest to further develop its eligible activities as explained above. The following actions will be key, with an associated budget for technology and a product development budget under the transition platform – most notably:

- further development of alternative energies;
- investments in emissionZERO®;
- innovation of new solutions in carbon capture and hydrogen energy (storage).

The above aims either to expand the undertaking's EU-Taxonomy-aligned economic activities or to upgrade EU-Taxonomy-eligible economic activities to render them EU-Taxonomy-aligned. Expectation is that maturation is needed – internally and externally – to completely validate and audit the alignment to the EU Taxonomy.

Table 3 – EU Taxonomy Alignment

	Aligned			Eligible (not-aligned)			Total denominators		
Values in millions of US$	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX
ACTIVITY									
Climate Change Mitigation and Adaptation									
3.1 Manufacture of renewable energy technologies	-	-	-	43.4	-	-			
9.1 Close to market research, development and innovation	-	-	-	-	-	15.5			
Biodiversity and Ecosystems									
1.1. Conservation, including restoration, of habitats, ecosystems and species	-	-	-	-	-	0.1			
Total	**-**	**-**	**-**	**43.4**		**15.6**	**4,963**	**179**	**48**

Table 4 – EU Taxonomy Alignment – Turnover

Turnover	2023		Substantial contribution to:						DNSH criteria (Does Not Significantly Harm)									
Economic Activities[1]	Absolute Turnover (in millions of US$)	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecoystems	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecoystems	Minimum safeguards	Proportion of Taxonomy aligned or eligible turnover, year N-1	Category (enabling activity)	Category (transitional activity)
		in %	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES[3]																		
A.1 Taxonomy-aligned activities																		
A.2 Taxonomy-eligible but not -aligned activities																		
Climate Change Mitigation and Adaptation																		
3.1 Manufacture of renewable energy technologies	43	1%	100%	0%	N	N	N	N	Y	Y	Y	N	Y	Y	Y	100%	E	-
Total (A.1 + A.2)	**43**	**1%**																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities (B)	4,920	99%																
Total (A + B)	**4,963**	**100%**																

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[1] Due to technical limitation on the number of columns on one page – the codes of the activitites – required as per Annex II of the EU Taxonomy – are mentioned in below rows, in stead of a separate column.

[2] Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

[3] EU Taxonomy considers:
'Aligned' as environmentally sustainable
'Not-Aligned' as not environmentally sustainable

Table 5 – EU Taxonomy Alignment – CAPEX

CAPEX	2023		Substantial contribution to:						DNSH criteria (Does Not Significantly Harm)									
Economic Activities[1]	Absolute CAPEX (in millions of US$)	Proportion of CAPEX	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecoystems	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecoystems	Minimum safeguards	Proportion of Taxonomy aligned or eligible CAPEX, year N-1	Category (enabling activity)	Category (transitional activity)
		in %	in %	in %	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES[3]																		
A.1 Taxonomy-aligned activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not -aligned activities																		
Climate Change Mitigation and Adaptation																		
9.1 Close to market research, development and innovation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%	-	-
Total (A.1 + A.2)																		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
CAPEX from Taxonomy-non-eligible activities (B)	179	100%																
Total (A + B)	**179**	**100%**																

1 Due to technical limitation on the number of columns on one page – the codes of the activitites – required as per Annex II of the EU Taxonomy – are mentioned in below rows, in stead of a separate column.

2 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

3 EU Taxonomy considers:
'Aligned' as environmentally sustainable
'Not-Aligned' as not environmentally sustainable

Table 6 – EU Taxonomy Alignment – OPEX

OPEX	2023		Substantial contribution to:						DNSH criteria (Does Not Significantly Harm)									
Economic Activities[1]	Absolute OPEX (in millions of US$)	Proportion of OPEX	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecoystems	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecoystems	Minimum safeguards	Proportion of Taxonomy aligned or eligible OPEX, year N-1	Category (enabling activity)	Category (transitional activity)
		in %	in %	in %	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES[3]																		
A.1 Taxonomy-aligned activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not -aligned activities																		
Climate Change Mitigation and Adaptation																		
9.1 Close to market research, development and innovation	15.5	32%	100%	0%	N	N	N	N	Y	Y	Y	N	Y	Y	Y	100%	E	-
Biodiversity and Ecosystems																		
1.1. Conservation, including restoration, of habitats, ecosystems and species	0.1	0.2%	0	0	N	N	N	n/a[4]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	-
Total (A.1 + A.2)	**16**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OPEX from Taxonomy-non-eligible activities (B)	32	68%																
Total (A + B)	**48**	**100%**																

[1] Due to technical limitation on the number of columns on one page – the codes of the activitites – required as per Annex II of the EU Taxonomy – are mentioned in below rows, in stead of a separate column.

[2] Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

[3] EU Taxonomy considers:
'Aligned' as environmentally sustainable
'Not-Aligned' as not environmentally sustainable

[4] Alignment disclosure not required for this environmental objective in 2023.

5.2 REPORTING BOUNDARIES

SBM Offshore not only reports on impacts it causes, but also on impacts it contributes to and impacts that are linked to its activities. In each of the following paragraphs, SBM Offshore elaborates in detail on the boundaries of SBM Offshore's material topics, which are consistent with the boundaries in the previous year. The boundary of a material topic relates to the parts of the organization and supply chain covered in the figures.

5.2.1 HEALTH, SAFETY AND SECURITY REPORTING

SBM Offshore's people work in demanding roles and conditions, with different risks to manage. The Health, Safety and Security (HSS) performance indicator boundaries take into account:

- Employees, which include all direct hires, part-time employees, locally-hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for SBM Offshore.
- Contractors, which include any person employed by a contractor or contractor's subcontractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore.

Until 2021, HSS incidents were reported and managed through SBM Offshore's incident management tool (SRS – Single Reporting System), which is a web-based reporting system that is used to collect data on all incidents occurring in all locations where SBM Offshore operates. In 2021, SBM Offshore developed and began using the IFS Incident Management/Corrective Action Preventive Action (IM/CAPA) module for Brazil operations. In 2022, the IFS IM/CAPA module was rolled out to Guyana, Angola and Malaysia operations as well as projects. In 2023, it was further rolled out to the remaining company locations, with the exception of *FPSO Serpentina*.

Safety incidents are reported based on the incident classifications as defined by the IOGP Report 2022s-June 2023. Occupational injuries and illnesses are reported based on the Occupational Safety and Health Administration (OSHA) definition and described in IOGP Report Number 393 2023 – Health Performance Indicators. The main type of work-related injury categories are related to line of fire and slips, trips and falls. Investigations, based on the type, criticality and severity of the event, are performed by specifically identified personnel using methods such as TapRoot® and 5 Whys. SBM Offshore is ISM certified for offshore production fleet and operation offices, as well as being compliant with ISO 45001 as per certification and classification table (section 5.5).

Employees are provided with HSS training to familiarize themselves with SBM Offshore's health, safety, and security rules and regulations. The training topics are based on the hazards identified through the above identification process as well as safety studies and regulatory requirements. The promotion of a speak up culture – as described in section 2.1.1 – contributes to the identification process. Inclusion and non-retaliation are part of the Speak Up Policy.

5.2.2 ENVIRONMENTAL REPORTING

ATMOSPHERIC EMISSIONS

Emissions reported in SBM Offshore's records include:

- Scope 1 – Direct Emissions
- Scope 2 – Purchased Electricity
- Scope 3 – Business Travel
- Scope 3 – Purchased Goods and Services
- Scope 3 – Downstream Leased Assets

For all reported emissions, CO_2 equivalency is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO_2 that would have the same Global Warming Potential (GWP), when measured over a specified timescale (generally, 100 years).

Scope 1 – Direct Emissions

For site emissions related to gas consumed and use of diesel for back-up power generators, SBM Offshore takes an operational control view and uses conversion factors from the Dutch Emission Authority and the website Co_2emissiefactoren.nl and, for diesel-related factors, the Greenhouse Gas Conversion Factors by the UK Government.

Scope 2 – Purchased Electricity

Scope 2 comprises GHG emissions from energy purchased for offices (market-based and location-based).

The reporting scope includes all locations where the headcount is over 10 and yards over which SBM Offshore has full operational control. SBM Offshore reports onshore emissions data for the following locations: Amsterdam, Houston, Kuala Lumpur, Marly, Monaco, Rio de Janeiro, Schiedam, Shanghai, Carros lab, Georgetown, Bangalore, Porto, Singapore, Brazil Shorebases, Luanda Shorebase and Malabo Shorebase.

For the purchased electricity usage, SBM Offshore uses conversion factors to calculate CO_2 equivalents from energy consumed (kWh). Sources used for these conversion factors are, amongst others, the European Environmental Agency, the European Investment Bank and the Association of Issuing Bodies.

Scope 3 Emissions

Scope 3 categories reflect an analysis performed using the GHG protocol Technical Guidance for Calculating Scope 3

Emissions. During 2021 SBM Offshore applied criteria aligned with SBM Offshore's goals related to emissions and the criteria guided by the GHG Protocol (size of footprint, influence, risk, stakeholder interest, outsourcing, sector guidance and spending/revenue). The following categories are a result of this analysis and is re-considered on an annual basis.

Scope 3 – Business Travel

This scope entails GHG emissions from flights invoiced and paid for via SBM Offshore's standard travel system in 2023 and the data covers all operating companies. The scope and data accuracy increased due to addition of data from one more travel agency and better information about multi-legged flights. Business travel is determined based on flight data communicated by travel agencies, including mileage per invoice date and a calculated extrapolation of data for the last two weeks of the year. In a few cases where mileage data is missing, it is completed with mileage from a similar route. The GHG emissions relating to business flights are based on third-party documentation on distances and the conversion to CO_2-equivalent is based on CO_2emissiefactoren.nl.

Scope 3 – Purchased Goods and Services

This category consists of GHG emissions associated with the procurement of (capital) goods and services for FPSO projects (hereafter 'projects') that SBM Offshore is executing on behalf of its clients. The following parts of an FPSO are considered in the calculations of the GHG emissions for this category:

- Hull (in Fast4ward® this is MPF) – the marine structure of an FPSO.
- Topsides – the processing facility of an FPSO. Other parts of the FPSO (mooring structure, integration etc.) are not accounted for in this initial GHG calculation due to the data limitations and the limited percentage they add in weight as-build.

SBM Offshore calculates the GHG emissions of its projects via the GHG protocol's average data method. In this phase of raising understanding of emissions during project (EPC) stage, SBM Offshore has chosen a pragmatic approach to assess which components and materials used in projects contribute most to GHG emissions. The outcome of the analysis is initially focused on identifying GHG hot spots. Once these GHG hotspots are identified, SBM Offshore can increase the accuracy of the GHG inventory via supplier engagement and, with that, abate emissions.

Estimated weight topside

For Topsides the breakdown in materials is based on proposal estimates and not actuals. SBM Offshore used two variants, one for the Guyana and one for the Brazil field, as the basis for calculation for all topsides.

Estimated weight MPF

For MPF, the breakdown in materials is based on latest actuals. The MPF's are, based on the Fast4Ward®, sister hulls and are similar in design and weight. Since the hulls are based on the same design the same material weights are assumed for each FPSO project that uses the MPF.

To derive the total GHG emission related to projects under construction, SBM Offshore uses the completion rates in a given year. The percentage completed in a given year determines the total allocated emissions in that year.

Calculations for MPF and Topside were done as follows:

1. Break down MPF/Topside into their components.
2. Analyze materials and weights for each component.
3. Retrieve GHG conversion factors of the materials for each component.
4. Apply the following calculations:
    a. Gross/estimated component weight X GHG conversion – GHG emissions per component.
    b. SUM GHG emissions of each component – GHG emissions per project.
    c. GHG emissions per project X annual completion – GHG emissions per projects for the year.
    d. SUM GHG emissions projects for the year – GHG emissions for all projects for the year.
5. SUM GHG emissions for all Item types – Total GHG emissions for scope 3.1 Procured (Capital) Goods and Services.

SBM Offshore applies the following standards and sources for the above calculations:

- GHG Protocol – Scope 3 Corporate Value Chain Accounting & Reporting Standard.
- Conversion factors from the ecoinvent Database to convert volumes and weights to GHG emissions for the various procured (capital) goods and services.
- SBM Offshore Project Weight Control Reports for the various Items.

Scope 3 – Downstream Leased Assets

SBM Offshore reports on emission from assets producing and/or storing hydrocarbons under lease contracts. GHG emissions come from the energy consumed (steam boilers, gas turbines and diesel engines) and from gas flared.

The environmental performance of SBM Offshore is reported by region or management area: Brazil, Angola, North America & Caribbean, Asia & Equatorial Guinea. Based on the criteria stated above, SBM Offshore reports on the environmental performance for the following 15 units:

- Brazil – *FPSO Espirito Santo*, *FPSO Cidade de Paraty*, *FPSO Cidade de Anchieta*, *FPSO Cidade de Ilhabela*, *FPSO Cidade de Marica*, *FPSO Cidade de Saquarema*.

- Angola – *FPSO Mondo*, *FPSO Saxi Batuque* and *N'Goma FPSO.*
- North America & Caribbean – FPSO Liza Destiny, FPSO *Liza Unity*[28], FPSO *Prosperity*[29], *Thunder Hawk*[30].
- Asia & Equatorial Guinea – *FPSO Kikeh, FPSO Aseng.*

The environmental offshore performance reporting methodology was chosen according to the performance indicators relative to Greenhouse Gas Protocol, GRI Standards, IOGP and IPIECA guidelines. This includes:

- Greenhouse Gases, referred to as GHG which are N_2O (Nitrous Oxide), CH_4 (Methane) and CO_2 (Carbon Dioxide).
- GHG emissions per hydrocarbon production from flaring and energy generation.
- Non-Greenhouse Gases which are CO (Carbon Monoxide), NO_x (Nitrogen Oxides), SO_2 (Sulphur Dioxide) and VOCs (Volatile Organic Compounds).
- Gas flared per hydrocarbon production.
- Energy consumption per hydrocarbon production.
- Oil in Produced Water per hydrocarbon production.

The calculation of air emissions from offshore operations units uses the method as described in the EEMS-Atmospheric Emissions Calculations (Issue 1.810a) recommended by Oil and Gas UK. SBM Offshore reports some of its indicators as a weighted average, calculated pro rata over the volume of hydrocarbon production per region. This is in line with the IOGP Environmental Performance Indicators. The GHG-intensity figures in sections 2.1.7 and 5.3.2 use hydrocarbon production as a denominator, being the standard metric used in the industry.

OFFSHORE ENERGY CONSUMPTION

The energy used to produce oil and gas covers a range of activities, including:

- Driving pumps producing the hydrocarbons or reinjecting produced water.
- Heating produced oil for separation.
- Producing steam.
- Powering compressors to reinject produced gas.
- Driving turbines to generate electricity needed for operational activities.

The main source of energy consumption of offshore units is fuel gas and marine gas oil: the calculation of their volumes in Gigajoules being a function of calorific values and conversion factors from Oil and Gas UK. The energy intensity figures in section 5.3.2 use hydrocarbon production as a denominator, being the standard metric used in the industry.

OIL IN PRODUCED WATER DISCHARGES

Produced water is a high volume liquid discharge generated during the production of oil and gas. After extraction, produced water is separated and treated (de-oiled) before discharge to surface water. The quality of produced water is most widely expressed in terms of its oil content. Limits are imposed on the concentration of oil in the effluent discharge stream or discharge is limited where reinjection back into the reservoir is permitted.

The overall efficiency of the oil in water treatment and, as applicable, reinjection can be expressed as tonnes of oil discharged per million tonnes of hydrocarbon produced.

Incidental environmental releases to air, water or land from the offshore operations units are reported using the data recorded in the SBM Offshore Incident Management tool. SBM Offshore has embedded a methodology for calculating the estimated discharge and subsequent classification within the Incident Management tool.

CHANGES IN REPORTING

As part of continuous improvement, SBM offshore regularly reviews and updates as required its environmental emissions calculations methodology.

Note that in 2023, emissions associated with the SBM Offshore 'Normand Installer' Installation Vessel have been assessed. They have however not been included at this stage to the overall reported emissions under the Scope 3 – Downstream Leased Assets Category as the Installation Vessel is chartered to client projects. These emissions represent 12,240 tonnes CO_2e in 2023, which is not material in this category (0.2% of Scope 3 – Downstream Leased Assets emissions).

FPSO *Liza Unity* was sold to ExxonMobil Guyana on November 9, 2023. From that date on, its emissions no longer are part of Scope 3 – Downstream Leased Assets. The 98,459.10 tonnes of CO_2e of associated emissions represent 2% overall reported emissions; this amount is not material for the year 2023 hence not reported in the numbers provided under the section Scope 3 – Downstream Leased Assets. Note however that all other indicators of this table are unaffected by this change. SBM Offshore is looking into the reclassification of above emissions volume.

In 2023, water emissions are reported more accurately and now account for produced water discharges from both slop tanks and from topsides (process) directly.

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[28] Note that FPSO Liza Unity was sold to ExxonMobil Guyana on November 9, 2023. Since that day, the unit emissions are falling under the Scope 3 Use of Sold Products category.

[29] Note that FPSO Prosperity reached first oil end of 2023, hence the annual flare target does not apply.

[30] Note that SBM Offshore does not provide operation and maintenance services to *Thunder Hawk,* hence the annual flare target mentioned in section 2.1.7 and the water discharge target mentioned in section 2.2 do not apply.

Restatement – Scope 1 and Scope 2 emissions
During 2023, SBM Offshore gained access to new data related to energy consumption. It concerned the consumption of gas in the laboratory site in France and the use of back-up generators for power consumption by the owner of the building in Angola. This resulted in an increase in Scope 1 disclosure data. For 2022 numbers, the restatement represents an increase of 365 tonnes of CO_2e – from 172 tonnes to 537 tonnes of CO_2e.

For Scope 2 emissions, SBM Offshore found a miscalculation in its Netherlands energy consumption, impacting emissions as well. The location-based emissions for 2022 have changed from 2,140 tonnes of CO_2e to 2,039 tonnes, the market-based emissions from 1,280 to 1,351 tonnes of CO_2e and energy use in offices from 26,082 GJ to 31,182 GJ.

5.2.3 PROCESS SAFETY REPORTING

A Loss of Primary Containment (LOPC) is defined as an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO_2 or compressed air).

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

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

SBM Offshore encourages employees and contractors to report the PSE minor LOPC (weeps an seeps) and precursors (e.g. integrity conditions, loosing items), using them as a basis for leading initiatives aiming at minimizing the probability of major events occurring.

For the purposes of incident reporting, SBM Offshore reports against the three levels of incident Tier used by IOGP 456/ API 754. Tier 1: All events having actual severity of 4 or 5 as defined in the Common Thresholds Matrix. Tier 2: All events having an actual severity of 3 as defined in the Common Thresholds Matrix. Tier 3: All events having actual severity of 1 or 2 as defined in the Common Thresholds Matrix.

5.2.4 HUMAN RESOURCES REPORTING

SBM Offshore's Human Resources (HR) data covers the global workforce and is broken down by region (continents) and employment type. The performance indicators report on the workforce status at year-end December 31, 2023. They include all staff assigned on unlimited or fixed-term contracts, employee new hires and departures, the total number of locally-employed staff from agencies and all crew working on board the offshore operations units and shore bases.

HEADCOUNT, TURNOVER, EQUAL REMUNERATION AND NATIONALIZATION

Human Resources considers:

- a 'Direct hire' employee as a staff member holding a labor contract for either an unlimited or a defined period (or an offer letter for an unlimited period in the USA). Direct hires are recorded on the payroll, directly paid by one entity of SBM Offshore (including joint ventures). Direct hires perform mainly managerial, engineering and support activities.
- a 'Contractor' as an individual performing work for or on behalf of SBM Offshore. A contractor is not recognized as an employee under national law or practice (contractors do not form part of any of SBM Offshore's company payroll. Contractors issue invoices for services rendered). Contractors work on projects using their expertise to perform engineering or technical activities, especially on site.
- a 'Subcontractor' as an individual excluded from the headcount because subcontractors are not considered as staff in the HR headcount breakdown structure. Subcontractors are managed as a temporary service and are not covered by HR processes and policies. Yet, SBM Offshore has rigorous processes and procedures in place for subcontractors.

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

SBM Offshore's headcount figures are based on the number of people, as individuals, that are working for SBM Offshore at a specific given time. Headcount includes all types of staff independently from their contract or their work schedule. The Annual Report figures are based on the headcount at December 31, 2023.

In principle, reporting on headcount includes contractors, while turnover only includes direct hires (no contractors). Turnover has been calculated as the number of employees who have left SBM Offshore (between January 1 and December 31, 2023) compared with the aggregate of the headcount on December 31, 2022 and December 31, 2023; divided by 2, with the result multiplied by 100.

Concerning equal remuneration, SBM Offshore only considers direct hires (excluding joint ventures and internships) and the breakdown concerns Monaco, France, the Netherlands, Brazil, Malaysia, Switzerland and Portugal. The gender pay gap has been calculated as such: average compa-ratio female/average compa-ratio male.

For fleet operations, engagement and development of the local workforce are the main indicators for successful implementation of the local content development plan. SBM Offshore monitors the percentage of the local workforce (excluding contractors) – the percentage of nationalization per region (the majority of SBM Offshore's offshore population are located in Brazil, Angola and Guyana, as shown below) – and invests in training to increase or maintain the targeted level of nationals. For example, specific programs in the countries mentioned below focus on education and training of nationals to facilitate them entering the workforce with the required level of qualifications and knowledge.

- 89% of Brazilian direct hire workforce consists of Brazilian nationals.
- 82% of Angolan direct hire workforce consists of Angolan nationals.
- 48% of Guyanese direct hire workforce consists of Guyana nationals.

PERFORMANCE MANAGEMENT

In order to ensure personal development and the optimal management of performance within SBM Offshore, SBM Offshore conducts annual performance reviews for all employees. Globally, SBM Offshore uses a common system to rate and evaluate all employees. For the reporting on Performance Appraisals, SBM Offshore included all permanent staff, temporary (only from Brazil and the Netherlands) and JV staff (apart from *FPSO Kikeh*) of all employees that joined SBM Offshore before October 1, 2022 and that were still with SBM Offshore on December 31, 2022.

COLLECTIVE BARGAINING

Within SBM Offshore, three entities conduct a yearly bargaining process: Angola, Brazil and the Schiedam entity in the Netherlands. In the other entities of SBM Offshore, direct hire employees are commonly represented by internal representatives that are elected on yearly basis and according to the respective countries' labor practices. In the few places where employee representation is not organized, SBM Offshore considers the employee handbook as a valid labor agreement between the employee and the employer, signed during the hiring process.

5.2.5 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies. To define a significant fine the following threshold is considered (subject to final assessment by the Management Board on a case-by-case basis): operational fines of a regulatory and/or administrative nature which exceed US$500,000.

5.3 ESG INDICATORS

5.3.1 HEALTH, SAFETY AND SECURITY

	Year to Year		2023 – By Operating Segment	
	2023	2022	Offshore[1]	Onshore[2]
Exposure hours				
Employee[3]	16,511,091	19,277,860	8,841,540	7,669,551
Contractor[4]	50,134,806	33,591,887	6,296,162	43,838,644
Total Exposure hours	66,645,896	52,869,747	15,137,701	51,508,195
Fatalities (work related)[5]				
Employee	0	0	0	0
Contractor	0	1	0	0
Total Fatalities	0	1	0	0
Fatality Rate (Total)[6]	0	0.004	0.000	0.000
Injuries				
Serious work-related Injury Employee[7]	0	0	0	0
Serious work-related Injury Contractor[8]	0	1	0	0
Serious work-related Injury Rate Employee[9]	0	0	0	0
Serious work-related Injury Rate Contractor[9]	0	0.006	0	0
Total Serious work-related Injuries[10]	0	1	0	0
Serious work-related Injury Rate (Total)	0	0	0.00	0.00
Total Recordable Injury **Employee**	9	4	9	0
Total Recordable Injury **Contractor**	17	27	13	4
Total Recordable Injury Rate **Employee**[11]	0.11	0.04	0.20	0.00
Total Recordable Injury Rate **Contractor**[11]	0.07	0.16	0.41	0.02
Total Recordable Injuries	26		22	4
Total Recordable Injury Frequency Rate (Total)[11]	0.08	0.12	0.29	0.02
Occupational Illness				
Employee	1	0	1	0
Contractor	5	0	5	0
Total Recordable Occupational Illness Frequency Rate[12]	0.02	0.00	0.08	0.00

[1] Offshore includes FPSOs and shore bases data.

[2] Onshore includes Yards and Offices data.

[3] Direct hires, part-time employees, locally hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for SBM Offshore.

[4] Any person employed by a contractor or contractor's sub-contractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore.

[5] 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.

[6] Fatalities per 200,000 exposure hours.

[7] Work-related injury that results in an injury from which the Employee cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, excluding fatality.

[8] Work-related injury that results in an injury from which the Contractor cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, excluding fatality.

[9] High-consequence work-related injuries per 200,000 exposure hours.

[10] Total high-consequence work-related injuries per 200,000 exposure hours.

[11] Recordable injuries per 200,000 exposure hours.

[12] Occupational illnesses per 200,000 exposure hours.

Process Safety

	Year to Year		2023 – By Operating Segment			
	2023	2022	Brazil	Africa	Guyana / North America	Asia
API 754 Classified Materials						
Tier 1 incidents (number)	**1**	4	0	0	1	0
Tier 2 incidents (number)	**5**	8	2	1	1	1

5.3.2 ENVIRONMENT

	Year to Year		2023 – Regional Breakdown				
	2023	2022	Brazil	Angola	North America & Caribbean	Asia & Equatorial Guinea	Europe
Number of offshore units (vessels)	15	14	6	3	4	2	
Fleet Production							
Hydrocarbon Production (tonnes)	57,762,768	51,956,883	28,894,992	5,250,770	21,594,240	2,022,767	
Scope 1 Emissions[1]							
GHG Scope 1 (tonnes of CO_2 Eq)	489	537	-	34.19	-	-	454.52
Scope 2 Emissions[1]							
GHG Scope 2 (location based) (tonnes of CO_2 Eq)	1,811	2,039	78	253	419	542	519
GHG Scope 2 (market based) (tonnes of CO_2 Eq)	1,257	1,351	22	253	419	524	39
Scope 3 Emissions							
Scope 3 – Downstream Leased Assets							
Total Carbon dioxide (CO_2 in tonnes)	5,332,324	5,276,289	2,249,283	1,242,863	1,284,856	555,322	
Total Methane (CH_4 in tonnes)	10,414	10,191	2,438.29	4,637.38	2,238.67	1,100.14	
Total Nitrous oxide (N_2O in tonnes)	340	337	159	62	84	35	
Total GHG emissions Downstream Leased Assets (tonnes of CO_2 Eq)[2]	**5,715,701**	**5,652,555**	**2,360,695**	**1,389,138**	**1,370,225**	**595,643**	
Total GHG Emissions per Hydrocarbon Production[3]	98.95	108.79	81.7	264.56	65.65	294.47	
Other / Air Pollution – Non Greenhouse Gas Emissions (in tonnes)							
Carbon monoxide (CO in tonnes)	7,300	7,139	2,600.23	2,182.03	1,766.34	751.65	
Nitrogen oxides (NOx in tonnes)	9,006	8,840	4,150.07	1,444.52	2,509.40	901.77	
Sulphur dioxides (SO_2 in tonnes)	164	218	36.17	42.59	68.26	16.72	
Volatile organic compounds (VOCs in tonnes)	1,096	1,071	233.80	506.95	239.52	115.42	
Scope 3 – Purchased Goods & Service[4]	**179,822**	**356,056**					
Scope 3 – Business Travel[5]	**30,596**	**22,927**	**9,472**			**1,665**	**19,459**
Total GHG Emissions[4]	**5,927,865**	**6,033,426**	**2,370,188**	**1,389,425**	**1,370,645**	**597,832**	**19,952**
GHG Emissions Intensity (Production)[6]	**98.95**	**108.79**	**81.70**	**264.56**	**65.65**	**294.47**	
GHG Emissions Intensity (Financial)[7]	**1,194**	**1,228**					
Flaring							
Total Gas Flared per hydrocarbon production[8]	9.00	9.71	3.59	47.46	5.19	27.07	
Flaring emissions vs Total Emissions	30%	30%	6%	14%	3%	6%	

[1] Due to new information and improved data quality, 2022 values for Scope 1 and Scope 2 have changed.

[2] FPSO Liza Unity was sold to ExxonMobil on November 9, 2023. From that date on, its emissions are exlcuded from Scope 3 – Downstream Leased Assets. Furthermore, this value does not include emissions from the Normand Installer Installation vessel. Details on the impact and follow up are explained in section 5.2.2.

[3] Tonnes of CO_2 Eq/1,000 tonnes HC production.

[4] Tonnes of CO_2 Eq.

[5] Tonnes of CO_2 Eq. Split per region is based on travel agency sources. Due to data aggregation in these sources, some regional data has been consolidated under region 'Europe'.

[6] Tonnes of CO_2 Eq/'000 tonnes of Hydrocarbon.

[7] Tonnes of CO_2 Eq/US$ million revenue.

[8] Tonnes/1,000 Tonnes HC Production.

	Year to Year		2023 – Regional Breakdown				
	2023	2022	Brazil	Angola	North America & Caribbean	Asia & Equatorial Guinea	Europe
Energy							
Offshore Energy Processed (1) (GJ)	64,291,224	62,399,131	31,817,130	8,738,887	17,313,290	6,421,917	
Offshore Energy Processed (1) (MWh)	17,858,673	17,333,092	8,838,092	2,427,469	4,809,247	1,783,866	
Onshore Energy Consumed (2) (GJ)[1]	27,821	31,182	1,863	2,596	2,278	3,598	17,487
Onshore Energy Consumed (2) (MWh)	7,728	8,662	517	721	633	999	4,857
- o.w. on renewable energy contracts	2,926	3,904	371			41	2,514
Self generated renewable energy (MWh)	201	-					
Offshore Energy Processed (Intensity)[2]	3,598	3,528					
Onshore Energy Consumed (Intensity)[2]	1.56	1.76					
Total Energy Processed & Consumed (1) + (2) (GJ)	**64,319,045**	**62,430,313**	**31,818,993**	**8,741,483**	**17,315,568**	**6,425,515**	**17,487**
Offshore Energy per production (GJ per tonne of HC production)	1.11	1.20	1.10	1.66	0.83	3.17	
Discharges							
Quantity of oil in produced water discharges[3]	3.79	3.44	2.13	8.59	0.86	46.84	

[1] Due to new information and improved data quality, 2022 values for Onshore Energy consumption have changed.

[2] MWh/US$ million Revenue.

[3] Tonnes of Oil in Produced Water/10^6 Tonnes HC Production.

5.3.3 HUMAN RESOURCES

Headcount by Direct Hire and by Contractor

	Total			Ratios	
	Headcount	Direct Hire	Contractor	% of Global Headcount	% of Contractors
Africa	878	750	128	12%	15%
Asia	1,744	1,152	592	24%	34%
Europe	2,117	1,770	347	29%	16%
North America	35	32	3	0%	9%
South America	2,642	2,231	411	36%	16%
Grand Total	**7,416**	**5,935**	**1,481**	**100%**	20%[1]

[1] % of Contractors as part of Global Headcount.

Direct Hire by employee contract and employee type

	Permanent Male Employees	Permanent Female Employees	Temporary Male Employees	Temporary Female Employees	Part-Time Male Employees	Part-Time Female Employees	% of Part-Time Employees
Africa	672	75	2	1	0	0	0%
Asia	922	179	32	19	1	0	0%
Europe	1,200	518	37	15	46	60	6%
North America	25	7	0	0	0	0	0%
South America	1,774	345	58	54	4	5	0%
Grand Total	**4,593**	**1,124**	**129**	**89**	**51**	**65**	2%[1]

[1] % of Part-Time Employees as part of Global Headcount.

Direct Hires New Joiners Headcount

	Total New Hires	
	Total New Hire Headcount	New Hire Ratio
Africa	101	13%
Asia	183	12%
Europe	367	19%
North America	0	0%
South America	527	22%
Grand Total	**1,178**	18%[1]

[1] % of New Hires as part of Global Headcount.

Direct Hires Turnover Headcount

	Total Turnover	
	Total Turnover Headcount	Total Turnover Rate
Africa	50	7%
Asia	297	24%
Europe	201	12%
North America	1	3%
South America	198	10%
Grand Total	**747**	13%[1]

[1] % of Global Turnover by Direct Hires as part of Global Turnover.

Direct Hires Training Hours (including Ethics and Compliance)

	Total Training Hours	Training Hours per Direct Hire
Onshore	82,776	21
Offshore	155,068	78
Total	**237,843**	40[1]

[1] Average training hours per employee.

Direct Hires Performance Appraisals

	Male %	Female %	Total %[1]
Performance Appraisals Completed – Onshore (2022)	99%	100%	99%
Performance Appraisals Completed – Offshore (2022)	100%	100%	100%

[1] An appraisal is considered completed when it has been given a rating.

Direct Hires Collective Bargaining Agreements

	% of employees covered by Collective Bargaining Agreements
Brazil	100%[1]
Monaco & France	100%
Netherlands	46%
Guyana	0%
Angola	100%
China	100%
India	0%
Malaysia	100%
Portugal	0%
Equatorial Guinea	0%
Singapore	100%
Switzerland (Expats)	100%
Switzerland (Local)	100%
United States	0%
Norway	0%
Canada	0%

[1] In case trade unions are not present in a country, SBM Offshore considers the employee handbook as valid labor agreement between the employee and the employer.

Direct Hires Equal Remuneration - Global Overview

	Count Male	Count Female	Average Compa-Ratio Male	Average Compa-Ratio Female	Pay Gap
Overall	2,815	899	102	98	0.96[1]

[1] The Pay Gap calculation is obtained by calculating the average of compa-ratio between Male and Female. The population in scope for this Annual Report is limited to only 'Permanent' and 'Temporary' employees for Brazil, France, Malaysia, Monaco, the Netherlands, Portugal and Switzerland.

Direct Hires Equal Remuneration by Country

	Count Male	Count Female	Average Compa-Ratio Male	Average Compa-Ratio Female	Pay Gap
Brazil	1,440	276	104	98	0.94
Malaysia	228	95	104	101	0.97
Monaco & France	592	253	100	98	0.98
Netherlands	380	119	100	100	1.00
Portugal	156	142	99	95	0.96
Switzerland (Local)	19	14	92	92	1.01

Direct Hires Equal Remuneration by Age Range

	Count Male	Count Female	Average Compa-Ratio Male	Average Compa-Ratio Female	Pay Gap
Under 30	140	124	94	95	1.01
30 - 50	2,024	668	101	97	0.96
Over 50	651	107	107	106	0.99

Direct Hires Equal Remuneration by organizational level

	Count Male	Count Female	Average Compa-Ratio Male	Average Compa-Ratio Female	Pay Gap
Non-management	1,600	624	103	98	0.95
Junior Management	805	211	101	97	0.96
Middle Management	389	58	102	104	1.02
Top Management	21	6	110	108	0.98[1]

[1] Top Management are employees with grades 15 up to and including 17.

Direct Hires Equal Remuneration by organizational function

	Count Male	Count Female	Average Compa-Ratio Male	Average Compa-Ratio Female	Pay Gap
Business Support	79	191	92	95	1.04
Construction & Operations	1,425	172	105	99	0.95
Engineering	457	87	101	95	0.94
Executive Management & Legal	28	38	100	105	1.05
Finance, Tax and IT	263	172	101	99	0.98
Project Management	166	64	100	104	1.04
Quality, Health, Risk & Safety	97	45	104	99	0.95
Strategy & Development	154	66	99	98	0.99
Supply Chain	146	64	100	94	0.95

5.3.4 5-YEAR KEY ESG FIGURES

Five Year Key Sustainability Figures

	2023	2022	2021	2020	2019
Health, Safety and Security					
TRIFR (rate)	0.08	0.12	0.06	0.1	0.13
Serious injuries & Fatalities (number)[1]	0	2.00	n/a	n/a	n/a
Total consolidated exposure hours[2]	66,645,896	52.87	44.12	35.16	34.58
Environment					
Total GHG Emissions Offshore per production[3]	98.95	108.79	110.99	120.35	115.53
Flaring per production	9.00	9.71	9.73	13.86	12.77
Offshore energy processed[4]	64,291,224	62,399,131	65,036,820	64,806,711	60,720,811
Human Resources[5]					
Total Employees[6]	7,416	7,073	6,426	5,527	5,530
Total Direct Hires[6]	5,935	5,499	5,019	4,574	4,439
Total Contractors[6]	1,481	1,574	1,407	953	1,091
Contractors / Direct Hires Ratio[6]	25%	22%	22%	17%	20%
Total of Females in Direct Hire Workforce	20%	19%	19%	20%	22%
Part-time Workforce	2%	2%	2%	3%	2%
Employee Rates[5]					
Turnover	13%	12%	14%	13%	13%
Appraisals					
Performance Appraisals Completed	99%	99%	99%	97%	93%

[1] Serious injuries and Fatalities prevention program launched in 2022. From 2018 to 2021, the historical data is limited to number of Fatalities. There was 1 work related fatality in 2019, and 0 in 2020 and 2021. 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 results presented in this report do not include this event.

[2] in million hours.

[3] tonnes of GHG emissions per thousand tonnes of hydrocarbon. production

[4] GJ = gigajoule, energy from fuel gas and marine gas oil.

[5] does not include construction yards except if specified otherwise.

[6] including construction yards.

5.4 GRI CONTENT INDEX

This annual report has been prepared in accordance with the latest GRI Standards, the revised 2021 Universal Standards and Oil and Gas Sector Standards. Considering the GRI Principles and the opportunity to prioritize and emphasize the most material information to produce a concise, relevant and clear report. SBM Offshore welcomes any engagement on sustainability and contact details can be found in 5.1.3. The GRI content index includes additional references to the ESRS as a first step in mapping the information to be included next year. The assurance process was provided only based on GRI Standards.

	Disclosure	Reference/direct answer	ESRS reference
Statement of use	Statement of use	SBM Offshore has reported the information cited in this GRI content index for the period January 1 to December 31, 2023 in accordance with the GRI Standards 2021.	
GRI 1: GRI used	GRI used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	GRI Sector Standard used	GRI 11: Oil and Gas sector 2021	
GRI 2: General Disclosures 2021			
1. The organization and its reporting practices			
2-1	Organizational details	SBM Offshore N.V, 1.2.1, 3.1.1, 5.5, 6.2	
2-2	Entities included in the organization's sustainability reporting	4.3.2, 5.1, 5.2	ESRS 1 5.1; ESRS 2 BP-1
2-3	Reporting period, frequency and contact point	Calendar year 2023, 6.2	ESRS 1 6.1
2-4	Restatements of information	5.2.2	ESRS 2 BP-2
2-5	External assurance	3.1.7, 5.6	
2. Activities and workers			
2-6	Activities, value chain and other business relationships	1.2.1, 2.1.4	ESRS 2 SBM-1
2-7	Employees	2.1.5, 5.2.4, 5.3.3	ESRS 2 SBM-1; ESRS S1-6
2-8	Workers who are not employees	2.1.5, 5.2.4, 5.3.3	ESRS S1-7
3. Governance			
2-9	Governance structure and composition	3.1, 3.2	ESRS 2 GOV-1; ESRS G1
2-10	Nomination and selection of the highest governance body	3.1, 3.2	
2-11	Chair of the highest governance body	3.1, 3.2	
2-12	Role of the highest governance body in overseeing the management of impacts	3.1, 3.2	ESRS 2 GOV-1, GOV-2, SBM-2; ESRS G1
2-13	Delegation of responsibility for managing impacts	2.1, 3.1, 3.2	ESRS 2 GOV-1, GOV-2; ESRS G1-3
2-14	Role of the highest governance body in sustainability reporting	1.2.2, 3.1, 3.2, 5.1.2	ESRS 2 GOV-5, IRO-1
2-15	Conflicts of interest	3.1.9	
2-16	Communication of critical concerns	3.1, 3.2, 3.6	ESRS 2 GOV-2; ESRS G1-1, G1-3
2-17	Collective knowledge of the highest governance body	3.1, 3.2	ESRS 2 GOV-1
2-18	Evaluation of the performance of the highest governance body	3.1, 3.2, 3.3	
2-19	Remuneration policies	3.3	ESRS 2 GOV-3; ESRS E1
2-20	Process to determine remuneration	3.1, 3.2, 3.3	ESRS 2 GOV-3
2-21	Annual total compensation ratio	3.3	ESRS S1-16

	Disclosure	Reference/direct answer	ESRS reference
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	1.1.1	ESRS 2 SBM-1
2-23	Policy commitments	1.2.2, 2.1, 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 5.1.2, 5.1.3	ESRS 2 GOV-4, MDR-P; ESRS S1-1; S2-1; G1-1
2-24	Embedding policy commitments	1.2.2, 2.1, 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 5.1.2, 5.1.3	ESRS 2 GOV-2, MDR-P; ESRS S1-4; S2-4; G1-1
2-25	Processes to remediate negative impacts	1.2.2, 1.4, 2.1, 2.2, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 5.1.2, 5.1.3	ESRS S1-1, S1-3; S2-1, S2-3, S2-4
2-26	Mechanisms for seeking advice and raising concerns	1.2.2, 2.1.1, 2.1.2, 2.1.3, 2.1.4.3, 3.5.2	ESRS S1-3; S2-3; G1-1, G1-3
2-27	Compliance with laws and regulations	2.1.1, 2.1.4.1, 5.2.5	ESRS 2 SBM-3; ESRS S1-17; G1-4
2-28	Membership associations	1.2.2, 2.1.3, 2.1.12	ESRS G1
5. Stakeholder Engagement			
2-29	Approach to stakeholder engagement	1.2.2, 2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 3.5.2, 5.1.2, 5.1.3	ESRS 2 SBM-2; ESRS S1-1, S1-2; S2-1, S2-2
2-30	Collective bargaining agreements	1.1.3, 5.2.4, 5.3.3	ESRS S1-8

MATERIAL TOPICS

	Disclosure	Reference /direct answer	GRI sector standard	ESRS refeference
Disclosures and guidance about SBM Offshore's material topics				
GRI 3: Material topics 2021				
3-1	Process to determine material topics	1.2.2, 5.1.2, 5.1.3		ESRS 2 BP-1, IRO-1
3-2	List of material topics	1.2.2, 5.1.2		ESRS 2 SBM-3
Material Topic: *Ethics and Compliance*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.1, 2.1.3, 3.5.2, 5.1.2		ESRS 2 SBM-1, SBM-3, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-3, S1-4, S1-5; S2-2, S2-3, S2-4, S2-5; G1-1, G1-3
3-3	Additional sector recommendations	1.4.1, 1.4.2, 2.1.1, 2.1.4.3, 3.5.2	11.20.1	
205-1	Operations assessed for risks related to corruption	1.4.1, 1.4.2, 2.1.1, 3.5.2	11.20.2	ESRS G1-3
205-2	Communication and training about anti-corruption policies and procedures	2.1.1, 2.1.4.3, 3.5.2 All staff, including senior management, are required to follow training on anti-corruption as this subject is part of SBM Offshore's code of conduct – which is publicly available.	11.20.3	ESRS G1-3
205-3	Confirmed incidents of corruption and actions taken	1.1.3, 2.1.1	11.20.4	ESRS G1-4
205-3	Additional sector disclosures	3.4	11.20.6	

	Disclosure	Reference /direct answer	GRI sector standard	ESRS refeference
Material Topic: *Employee Health, Safety and Security*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.2, 2.1.3, 3.5.2, 5.1.2		ESRS 2 SBM-1, SBM-3, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-3, S1-4, S1-5; S2-2, S2-3, S2-4, S2-5
403-1	Occupational health and safety management system	1.1.1, 1.3, 2.1.2, 3.7, 5.1.2, 5.2.1, 5.2.3, 5.5	11.9.2	ESRS S1-1
403-2	Hazard identification, risk assessment, and incident investigation	1.4.1, 1.4.2, 2.1.2, 5.2.1, 5.2.3	11.9.3	ESRS S1-3
403-3	Occupational health services	2.1.2, 2.1.5, 5.2.1,	11.9.4	ESRS S1
403-4	Worker participation, consultation, and communication on occupational health and safety	1.2.2, 2.1.2, 2.1.5, 3.5.2, 5.2.1, 5.2.3, 5.2.4	11.9.5	ESRS S1
403-5	Worker training on occupational health and safety	2.1.2, 5.2.1	11.9.6	ESRS S1
403-6	Promotion of worker health	2.1.2, 2.1.4.4, 2.1.5, 2.2, 5.2.1	11.9.7	ESRS S1
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	1.4.1, 1.4.2, 2.1.2, 2.1.4, 2.1.5, 5.2.1, 5.2.3	11.9.8	ESRS S2-4
403-8	Workers covered by an occupational health and safety management system	2.1.2, 5.2.1	11.9.9	ESRS S1-14
403-9	Work-related injuries	2.1.2, 5.2.1, 5.3.1, 5.3.4	11.9.10	ESRS S1-4, S1-14
Material Topic: *Human rights*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.3, 3.5.2, 5.1.2		ESRS 2 SBM-1, SBM-2,SBM-3, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-1, S1-2, S1-4, S1-5; S2-1, S2-2, S2-3, S2-4, S2-5; G1-2
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.1.3, 2.1.4.3	11.12.2	ESRS S1-1; S2-1
414-1	New suppliers that were screened using social criteria	1.1.3, 2.1.3, 2.1.4.3	11.10.8, 11.12.3	ESRS G1-2
414-2	Negative social impacts in the supply chain and actions taken	2.1.3, 2.1.4.3	11.10.9	ESRS 2 SBM-3
Own indicator	% e-Learning completion	2.1.1, 2.1.3, 5.1.2		
Material Topic: *Operational Excellence and Quality*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.4, 3.5.2, 5.1.2		ESRS 2 SBM-1, SBM-3, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5
306-3	Significant spills	1.1.3, 2.1.4.4, 2.1.7, 4.3.1	11.8.2	
306-3a	Additional sector disclosures	2.1.2, 5.3.1	11.8.3	
Own indicator	% Uptime	1.1.3, 1.3.3, 2.1.4, 5.1.2		
Own indicator	Certifications (as noted in the Certification and Classification tables)	1.1.3, 2.1.4, 5.1.2, 5.5		

	Disclosure	Reference /direct answer	GRI sector standard	ESRS refeference
Material Topic: *Employee Wellbeing*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.5, 3.5.2, 5.1.2		ESRS 2 SBM-1, SBM-3, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-1, S1-2, S1-3, S1-4, S1-5; S2-1, S2-2, S2-4, S2-5
401-1	New employee hires and employee turnover	1.1.3, 2.1.5, 5.1.2, 5.2.4, 5.3.3, 5.3.4	11.10.2	ESRS S1-6, S1-10
404-1	Average hours of training per year per employee	1.1.3, 2.1.1, 2.1.3, 2.1.5, 5.1.2, 5.2.4, 5.3.3	11.10.6, 11.11.4	ESRS S1-13
404-2	Programs for upgrading employee skills and transition assistance programs	2.1.5 Re. 404-2b, SBM Offshore makes efforts to support people as part of any exit procedure, which differ per country. An example of a global transition can be read here.	11.10.7	ESRS S1-1
404-3	Percentage of employees receiving regular performance and career development reviews	1.1.3, 2.1.5, 5.1.2, 5.2.4, 5.3.3		ESRS S1-13
405-1	Diversity of governance bodies and employees	2.1.5, 3.1, 3.2, 5.2.4, 5.3.3	11.11.5	ESRS 2 GOV-1; ESRS S1-6, S1-7, S1-9
405-2	Ratio of basic salary and remuneration of women to men	1.1.3, 2.1.5, 5.1.2, 5.2.4, 5.3.3	11.11.6	ESRS S1-16
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Item not a salient-issue following due diligence. For more information on collective bargaining and salient issues: 2.1.3, 5.2.4.	11.13.2	ESRS S1-8; S2
Material Topic: *Economic Impact*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.6, 5.1.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5
201-1	Direct economic value generated and distributed	2.1.6	11.14.2	
201-2	Financial implications and other risks and opportunities due to climate change	1.4.1, 1.4.2, 1.4.3, 2.1.6, 2.1.7, 2.1.10, 5.1.4, 5.1.5	11.2.2	ESRS 2 SBM-3; ESRS E1-3, E1-9
201-3	Defined benefit plan obligations and other retirement plans	4.3		
203-2a	Significant indirect economic impacts	2.1.3, 2.2	11.14.5	ESRS S1-4; S2-4

	Disclosure	Reference /direct answer	GRI sector standard	ESRS refeference
Material Topic: *Emissions*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 1.4.3, 2.1.7, 5.1.2, 5.2.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5; E1-1, E1-2, E1-3, E1-4, E1-7
305-1	Direct (scope 1) GHG emissions	1.1.3, 2.1.7, 5.2.2, 5.3.2	11.1.5	ESRS E1-4, E1-6
305-2	Energy indirect (scope 2) GHG emissions	1.1.3, 2.1.7, 5.2.2, 5.3.2	11.1.6	ESRS E1-4, E1-6
305-3	Other indirect (scope 3) GHG emissions	1.1.3, 2.1.7, 5.2.2, 5.3.2	11.1.7	ESRS E1-4, E1-6
305-4	GHG emissions intensity	2.1.7, 5.2.2, 5.3.2	11.1.8	ESRS E1-6
305-5	Reduction of GHG emissions	1.1.3, 1.3.3, 2.1.7, 2.1.9, 2.1.10, 5.2.2, 5.3.2	11.2.3	ESRS E1-3, E1-4, E1-7
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.2.2, 5.3.2	11.3.2	ESRS E2-4
Own indicator	Oil in water discharge to % below IOGP average	1.1.3, 2.1.7, 2.2, 5.1.2, 5.2.2, 5.3.2		
Own indicator	MMSCF/D Average flaring	1.1.3, 2.1.7, 2.2, 5.1.2, 5.2.2, 5.3.2		
Emissions Related: *Energy*				
302-1	Energy consumption within the organization	1.2.1, 2.1.7, 5.2.2, 5.3.2, 5.3.4	11.1.2	ESRS E1-5
302-2	Energy consumption outside of the organization	5.2.2	11.1.3	ESRS E1
302-3	Energy intensity	2.1.7, 5.2.2, 5.3.2 Energy intensity in offices considered non-material due to focus on absolute volume targets and low relative volumes.	11.1.4	ESRS E1-5
Material Topic: *Digitalization*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.8, 5.1.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5
Own indicator	% increase of data signals	1.1.3, 1.3.3, 2.1.8, 5.1.2		
Material Topic: *Innovation*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 2.1.9, 5.1.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5
Own indicator	# of Technology Readiness Level (TRL) qualifications	1.1.3, 2.1.9, 5.1.2		
Own indicator	# of innovations reached TRL 4 (market readiness)	1.1.3, 1.3.3, 2.1.9, 5.1.2		

	Disclosure	Reference /direct answer	GRI sector standard	ESRS refeference
Material Topic: *Energy transition*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 1.4.3, 2.1.7, 2.1.10, 5.1.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5; E1-1, E1-2, E1-3, E1-4
Own indicator	% of EU Taxonomy eligible R&D	1.1.3, 1.3.3, 2.1.10, 5.1.2, 5.1.5		
Own indicator	FOW project progress	1.1.3, 1.2.1		
Own indicator	FOW Joint venture established	1.1.3		
Material Topic: *Market positioning*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 1.4.3, 2.1.11, 5.1.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5
Own indicator	# of FPSO Projects under construction	1.1.3, 1.3.3, 2.1.4.2, 2.1.11, 5.1.2		
Own indicator	# of assets in the fleet	1.1.3, 1.3.3, 2.1.4.4, 2.1.11, 5.1.2		
Own indicator	Percentile S&P Global ESG rating	1.1.3, 1.3.3, 2.1.11, 2.2, 5.1.2		
Own indicator	Directional pro-forma backlog in US$ billion	1.1.3, 1.3.3, 2.1.6, 2.1.11, 5.1.2		
Material Topic: *Decommissioning*				
3-3	Management of material topics	1.2.2, 1.4.1, 1.4.2, 1.4.3, 2.1.4.4, 2.1.12, 5.1.2		ESRS 2 SBM-1, SBM-3, IRO-1, MDR-P, MDR-A, MDR-M, MDR-T; ESRS S1-2, S1-4, S1-5; S2-2, S2-4, S2-5
Additional sector disclosures	List of operational sites that have closure plans in place	2.1.12, 2.1.4.4	11.7.4	
Additional sector disclosures	List of decommissioned structures left in place	2.1.12, 2.1.4.4	11.7.5	
Additional sector disclosures	Total monetary value of financial provisions		11.7.6	
Own indicator	Recycling rate	2.1.12		

OTHER TOPICS

Other GRI 2021 Topical Standards determined as not material to SBM Offshore, as per materiality process explained in sections 1.2.2 and 5.1.2. In the table below you will find information related to the non-material topics mentioned in the report. Furthermore, to prioritize the most material information to produce a concise, relevant and clear report, not applicable sector standards from GRI 11 Oil and Gas have been excluded, being: 11.2.4, 11.3.3, 11.8.3, 11.9.11, 11.10.3-5, 11.11.2-3, 11.11.7, 11.14.3-6.

GRI Sector Standards	Reference/direct answer
GRI 11 – 11.4 Biodiversity	The topic is addressed and managed in Environmental Impact Assessment by clients of SBM Offshore. Further information can be found in the following section: 2.2.
GRI 11 – 11.5 Waste	Information can be found in the following sections: 2.1.7, 2.2. Waste management on downstream leased assets are under the responsibility of clients of SBM Offshore.
GRI 11 – 11.6 Water and effluents	The topic is addressed and managed in Environmental Impact Assessment by clients of SBM Offshore. Further information can be found in the following section: 2.1.7.
GRI 11 – 11.15 Local communities	The topic is addressed and managed in Stakeholder Engagement by clients of SBM Offshore. Further information can be found in the following sections: 2.1.3 and 2.2.
GRI 11 – 11.16 Land and resource rights	The topic is addressed and managed in Stakeholder Engagement by clients of SBM Offshore and associated permitting processes.
GRI 11 – 11.17 Rights of Indigenous People	The topic is addressed and managed in Stakeholder Engagement by clients of SBM Offshore.
GRI 11 – 11.18 Conflict and security	SBM Offshore does not conduct business in (major) war conflict areas
GRI 11 – 11.21 Payments to governments	The topic is addressed in SBM Offshore's approach to ethics and compliance (see Material Topics) and embedded in the Code of Conduct and Anti-Bribery and Corruption Policy.
GRI 11 – 11.22 Public policy	The topic is addressed in SBM Offshore's approach to ethics and compliance (see Material Topics) and embedded in the Code of Conduct and Anti-Bribery and Corruption Policy.

5.5 CERTIFICATION AND CLASSIFICATION TABLES

Complementing sections 2.1.4 and 3.7, the below tables map the compliance and certification of SBM Offshore entities and (onshore and offshore) sites with the following international certification standards and codes:

- ISO 9001: Quality Management System
- ISO 14001: Environmental Management System
- ISO 45001: Occupational Health and Safety Management System
- Class: Vessel Classification
- ISM: International Safety Management
- ISPS: International Ship and Port Facility Security Code
- GEMS: SBM Offshore's Global Enterprise Management System

OFFICES & WORKSITES	ISO 9001	ISO 14001	ISO 45001	ISM
Corporate Offices				
Amsterdam (the Netherlands)	Certified			
Monaco	Certified			
Offices				
Rio de Janeiro (Brazil)	Certified			
Monaco	Certified			
Schiedam (the Netherlands)	Certified			
Kuala Lumpur (Malaysia)	Certified			
Shanghai (China)	Certified			
Bengaluru (India)	Certified			
Construction Sites				
PAENAL (Angola)	Certified			
Operations Offices				
Monaco (Management Office)	Certified			
Angola		Compliant	Compliant	Certified
Brazil	Certified	Compliant	Compliant	Certified
Equatorial Guinea		Compliant	Compliant	Certified
Guyana		Compliant	Compliant	Certified
Malaysia		Compliant	Compliant	Certified

Certified:	certified by accredited third party
Compliant:	verified as compliant by independent, qualified third party

OFFSHORE PRODUCTION FLEET	ISO 9001	ISO 14001	ISO 45001	CLASS	ISM	ISPS
Angola						
FPSO Mondo		Compliant	Compliant	Classed	Certified	Certified
FPSO Saxi Batuque		Compliant	Compliant	Classed	Certified	Certified
N'Goma FPSO		Compliant	Compliant	Classed	Certified	Certified
Brazil						
FPSO Capixaba		Compliant	Compliant	Classed	Certified	Certified
FPSO Espirito Santo		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Anchieta		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Paraty		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Ilhabela		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Maricá		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Saquarema		Compliant	Compliant	Classed	Certified	Certified
FPSO Sepetiba		*Ongoing*	*Ongoing*	Classed	Certified	Certified
FPSO Almirante Tamandaré		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
FPSO Alexandre de Gusmão		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
Equatorial Guinea						
FPSO Aseng		Compliant	Compliant	Classed	Certified	Certified
FPSO Serpentina		Compliant	Compliant	Classed	Certified	Certified
Guyana						
Liza Destiny		Compliant	Compliant	Classed	Certified	Certified
Liza Unity		Compliant	Compliant	Classed	Certified	Certified
Prosperity		*Ongoing*	*Ongoing*	Classed	Certified	Certified
ONE GUYANA		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
Malaysia						
FPSO Kikeh		Compliant	Compliant	Classed	Certified	Certified

OFFSHORE INSTALLATION FLEET	ISO 9001	ISO 14001	ISO 45001	CLASS	ISM	ISPS
Normand Installer	Certified	Certified	Certified	Classed	Certified	Certified

Certified: certified by accredited third party
Compliant: verified as compliant by independent, qualified third party
Classed: certified by classification society

5.6 LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

To: the management board and the supervisory board of SBM Offshore N.V.

Assurance report with limited assurance on the sustainability information 2023

Our conclusion

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2023 of SBM Offshore N.V. does not present fairly, in all material respects:

- the policy with regard to sustainability; and
- the business operations, events and achievements in that area for the year ended 31 December 2023, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the sustainability information included in the following sections of the annual report for 2023 (hereafter: the sustainability information):

- Chapter 1: Business Environment;
- Chapter 2: Performance Review and Impact;
- Chapter 5: ESG Information, except for chapter 5.1.5 EU Taxonomy Disclosure.

This review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of SBM Offshore N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO - Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA - Dutch Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria applied for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in chapters '5.1.1 Reporting about ESG Information', '5.1.2 Materiality Methodology' and '5.2 Reporting Boundaries' of the annual report.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards applied are listed in the GRI Content Index as disclosed in chapter '5.4 GRI Content Index' of the annual report.

The absence of an established practice on which to draw, to evaluate and measure the sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria applied.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans, expectations, and estimates. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

Responsibilities for the sustainability information and the review thereon

Responsibilities of the management board and the supervisory board for the sustainability information

The management board of SBM Offshore N.V. is responsible for the preparation and fair presentation of the sustainability information in accordance with the reporting criteria as included in section 'Reporting criteria', including applying the reporting criteria, the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of the intended stakeholders, considering applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in chapters '5.1.1 Reporting about ESG Information', '5.1.2 Materiality Methodology' and '5.2 Reporting Boundaries' of the annual report.

Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability information is free from material misstatements and to issue a limited assurance conclusion in our report. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a review (limited assurance) is therefore substantially less than the assurance obtained in an audit (reasonable assurance) in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things of the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the management board.
- Through inquiries, obtaining a general understanding of the control environment, the reporting processes, and the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without obtaining assurance evidence about the implementation or testing the operating effectiveness of controls.
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
  - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
  - Considering the data and trends.
- Reconciling the relevant financial information to the financial statements.
- Considering the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our review.
- Considering the overall presentation, structure and balanced content of the sustainability information.
- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with the applicable reporting criteria.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Rotterdam, 28 February 2024

PricewaterhouseCoopers Accountants N.V.

A.A. Meijer RA

TRUE.
BLUE.
TRANSITION.

CHAPTER 6
ADDITIONAL INFORMATION

6 ADDITIONAL INFORMATION

6.1 Glossary

Term	Definition
A&RC	Appointment and Remuneration Committee
AGM	Annual General Meeting
API	American Petroleum Institute
boe	Barrel of Oil Equivalent
bopd	Barrels of Oil Per Day
BP	Basis for Preparation
BPS	Brownfield Project Services
CALM	Catenary Anchor Leg Mooring
CAPEX	Capital Expenditure
CBSC	Corporate Business Solutions Center
CDP	Carbon Disclosure Project
CMFL	China Merchants Financial Leasing
CMHI	China Merchants Heavy Industry Co. Ltd.
CSRD	Corporate Sustainability Reporting Directive
DNSH	Do No Significant Harm
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EPC	Engineering Procurement and Construction
EPCI	Engineering Procurement Construction and Installation
ERM	Enterprise Risk Management
ERP	Enterprise, Resource, Planning
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
Euribor	Euro Interbank Offered Rate
FEED	Front-End Engineering and Design
FLNG	Floating Liquefied Natural Gas
FOW	Floating Offshore Wind
FPSO	Floating Production Storage and Offloading
FSO	Floating Storage and Offloading
GEMS	Global Enterprise Management System
GHG	Greenhouse Gases
GJ	Gigajoules
GOV	Governance
GRI	Global Reporting Initiative
GTS	Group Technical Standards
GW	gigawatt
HEMP	Hazards and Effects Management Process
HR	Human Resources
HSS	Health, Safety and Security

Term	Definition
HSSE	Health, Safety, Security & Environment
HSSEQ	Health, Safety, Security and Environment, Quality
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates
ICOFR	Internal Control Over Financial Reporting
IEA	International Energy Agency
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IFS	Industrial and Financial Systems
ILO	International Labour Organization
IM/CAPA	Incident Management/Corrective Action Preventive Action
IOGP	International Association of Oil and Gas Producers
IP	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
IPIECA	International Petroleum Industry Environmental Conservation Association
IRO	Impact, Risk and Opportunity
ISM	International Safety Management
ISO	International Organization for Standardization
ISPS	International Ship and Port Facility Security
IUCN	International Union for Conservation of Nature
JV	Joint Venture
KPI	Key Performance Indicator
LIBOR	London Interbank Offered Rate
LOPC	Loss of Primary Containment
LTI	Long-Term Incentive
LTIFR	Lost Time Injury Frequency Rate
LUCY	Let Us Connect You
MDR-A	Minimum Disclosure Requirement – Actions
MDR-M	Minimum Disclosure Requirement – Metrics
MDR-P	Minimum Disclosure Requirement – Policies
MDR-T	Minimum Disclosure Requirement – Targets
MHI	Mitsubishi Heavy Industries
MNOPF	Merchant Navy Officers Pension Fund
MOPU	Mobile Offshore Production Unit
MPF	Multi-Purpose Floater
MW	megawatt
NES	New Energies & Services
NGOs	Non-Governmental Organizations

Term	Definition
NOx	Nitrous Oxides
NZE	Net Zero Emissions
O&M	Operations and Maintenance
OECD	Organization for Economic Co-operation and Development
OIFR	Occupational Illness Frequency Rate
OMEA	Operations and Maintenance Enabling Agreement
OPEX	Operating Expenditure
PFC	Production Field Center
PP&E	Property, Plant & Equipment
PSE	Process Safety Events
PSM	Process Safety Management
PV	Photovoltaic
R&D	Research and Development
RAC	Risk Assurance Committee
RCF	Revolving Credit Facility
RCP	Representative Concentration Pathway
ROAE	Return on average equity
RP	Remuneration Policy
RSU	Restricted Share Unit
SASB	Sustainability Accounting Standards Board
SBM	Strategy and Business Model
SCF	Supply Chain Financing
SDG	United Nations Sustainable Development Goals
SIF	Serious Injuries and Fatalities
SOFR	Secured Overnight Financing Rate
SOx	Sulphur Oxides
SPV	Special Purpose Vehicle
SRS	Single Reporting System
STEM	Science, Technology, Engineering and Mathematics
STI	Short-Term Incentive
SWS	Shangahi Waigaoquiao Shipbuilding
TCFD	Task Force on Climate-Related Financial Disclosures
TLP	Tension-Leg Platform
TMS	Turret Mooring System
TRIFR	Total Recordable Injury Frequency Rate
TRL	Technology Readiness Level
UN	United Nations
WEC	Wave Energy Converter

6 ADDITIONAL INFORMATION

6.2 ADDRESSES & CONTACT DETAILS

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