



2023 ANNUAL REPORT



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.

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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 <i>Prosperity</i> and FPSO <i>Sepetiba</i>) and excludes assets without operation services from SBM Offshore (such as <i>Thunder Hawk</i>), as digital services follow an operation and maintenance (O&M) services contract, not a bare boat charter.
	Underlying EBITDA in US\$ million	US\$ million Earnings Before Interest, Tax, Depreciation and Amortization – Directional.
Economic impact	Return to shareholders in US\$ million	The amount of dividends and share repurchase amounts per year.
	MMSCF/D Average Flaring	The volumes of operational excellence gas flaring in scope 3 – downstream leased assets – Standard Cubic Feet (per day).
Emissions	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 (<i>non-GHG emissions</i>)	Non-greenhouse gas emissions, which are CO (Carbon Monoxide), NO _x (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 <i>Serpentina</i> and <i>Thunder Hawk</i> 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 expenditure.
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.
Operational excellence and quality	Sustainability performance	Target achievement versus SDG-linked objectives and rankings in ESG ratings: S&P Global Rating.
	% 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 performance appraisals completed for permanent, temporary (only from Brazil and the Netherlands) and JV staff (apart from <i>FPSO Kikeh</i>) of all employees that joined SBM Offshore before October 1, 2022 and were still with SBM Offshore on December 31, 2022.
	% engagement and satisfaction in engagement survey	Average of all engagement scores and the average of all satisfaction scores from engagement survey 2023.

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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 management
Ethics and compliance	Laws and regulations including and not limited to applicable anti-corruption, anti-trust, anti-money laundering and anti-slavery legislation	<ul style="list-style-type: none"> • Code of conduct • Speak Up policy • Anti-bribery and corruption policy 	Company website	Company, contractors and third parties contracted by SBM Offshore	<ul style="list-style-type: none"> • Compliance risk identification and assessment • Risk mitigation and controls
Employee health, safety and security	IOGP OSHA API 754	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Policy on HSSE, Human rights and Process safety • Human rights standards • Modern Slavery Statement 	Company website	Company, contractors and third parties	Human rights due diligence
Operational excellence	ISO9001 ISO14001 Class standards	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Policy on HSSE, Human rights and Process Safety • Diversity and Inclusion Policy 	Company website	Company, contractors and third parties	<ul style="list-style-type: none"> • HSSE risk management • Pulse survey
Economic impact	IFRS	<ul style="list-style-type: none"> • Not applicable 	Not applicable	Not applicable	Risk Management
Emissions	GHG Protocol	<ul style="list-style-type: none"> • Sustainability Policy 	Company website	Company, contractors and third parties	HSSE risk management
Digitalization	Network Security Policy	<ul style="list-style-type: none"> • Network security policy • Malware protection policy • Back-up recovery policy 	GEMS	Company	IT risk management
Innovation	API17N standard (TRL)	<ul style="list-style-type: none"> • Not applicable 	Not applicable	Not applicable	TRL Management
Energy transition	Paris agreement	<ul style="list-style-type: none"> • Sustainability policy 	Company website	Company, contractors and third parties	Opportunity management
Market positioning	S&P global, sustainalytics, CDP	<ul style="list-style-type: none"> • Not applicable 	Not applicable	Not applicable	<ul style="list-style-type: none"> • ESG ratings management • Opportunity management
Decommissioning	EU ship recycling regulation (or equivalent)	<ul style="list-style-type: none"> • Recycling policy directive 	Company website	Company, contractors and third parties	Decommissioning plan

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