



2023 ANNUAL REPORT

BM
OFFSHORE



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

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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.