



2023 ANNUAL REPORT



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 CO₂ 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 Offshore is 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.

1 BUSINESS ENVIRONMENT

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)

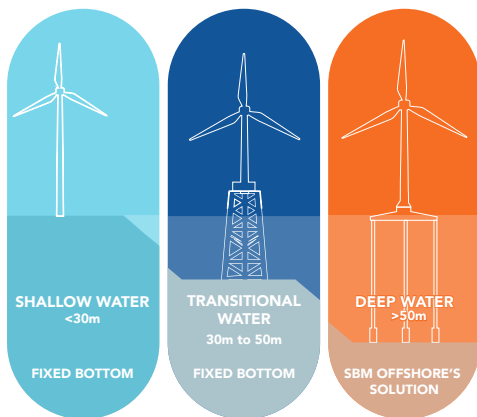
Floating Offshore Wind provides for new possibilities for wind power production locations. Floating offshore wind turbines enable access to deeper water than conventional fixed-bottom wind turbines. This reduces visibility from shore and expands the viable area for wind energy development, potentially 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

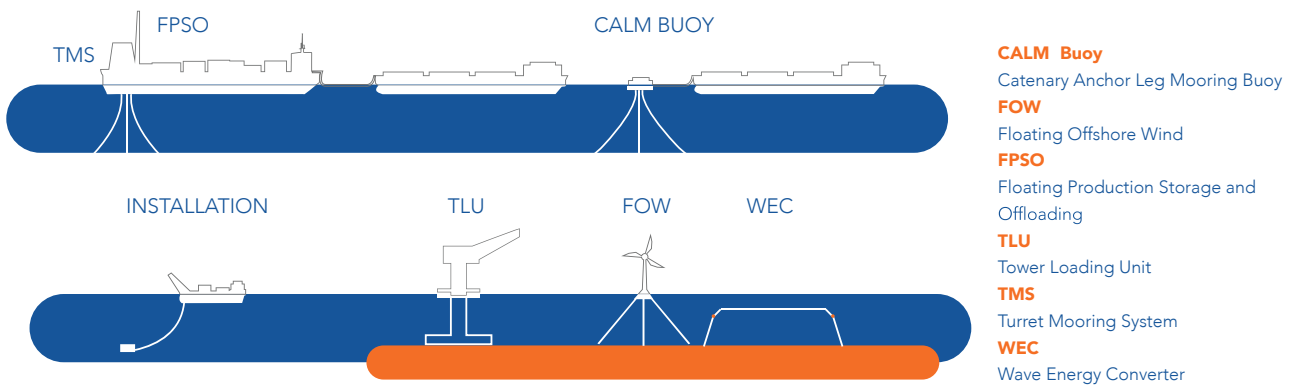
New technologies are developing to facilitate the energy transition. Solar PV, wind energy, hydrogen-based technology, bio-fuels and Carbon Capture Utilization and Storage (CCUS) are recognized and envisioned as the frontiers of development. SBM Offshore is investing in the research and development of 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.

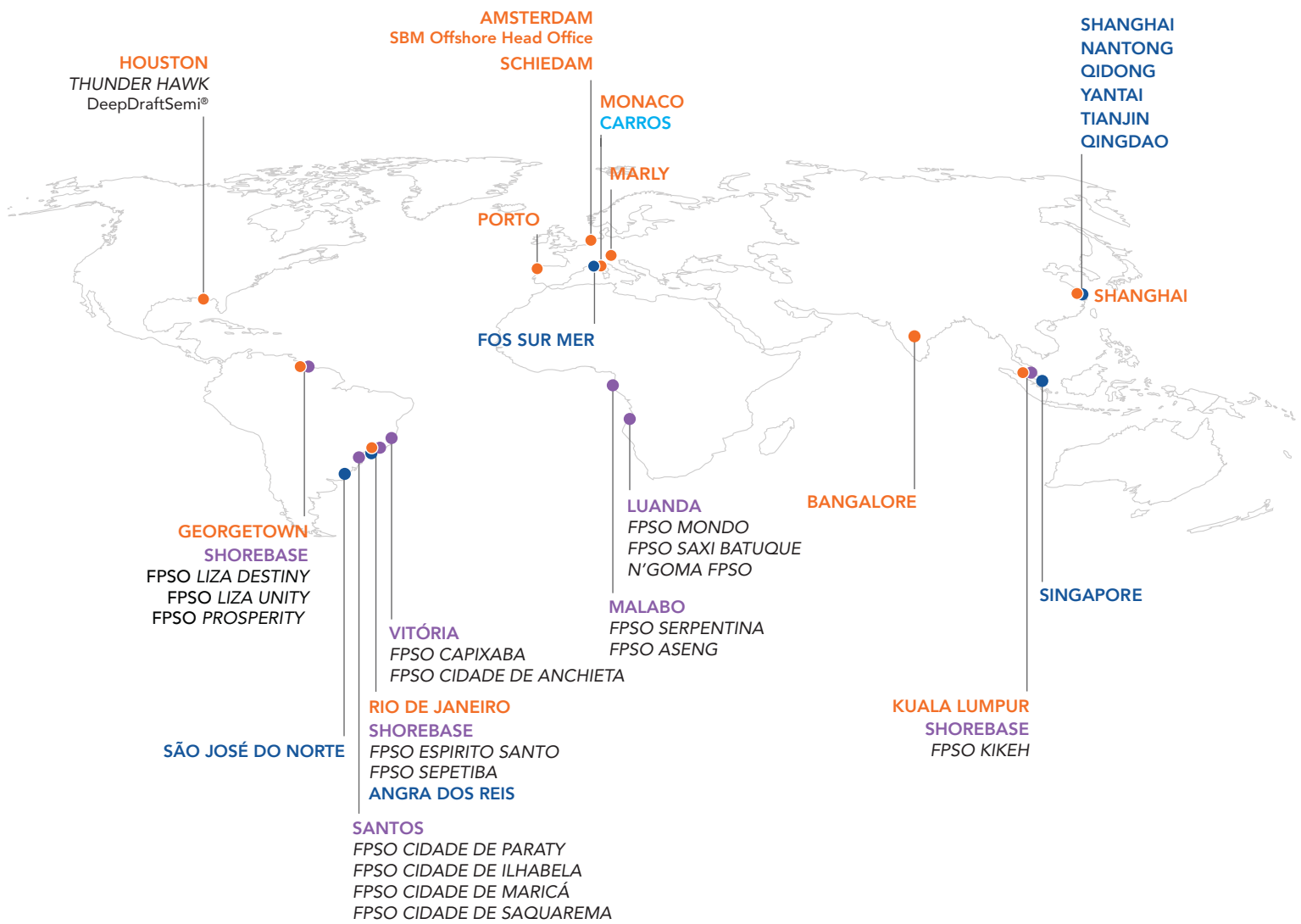
SBM Offshore has continued the development of its wave energy conversion technology. The technology has been developed and tested in SBM Offshore's own R&D Laboratory in France. The next step is to identify opportunities to commercialize the technology.

SEGMENTATION OF OFFSHORE WIND ENERGY SOLUTIONS



SBM OFFSHORE ACTIVITIES





● 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

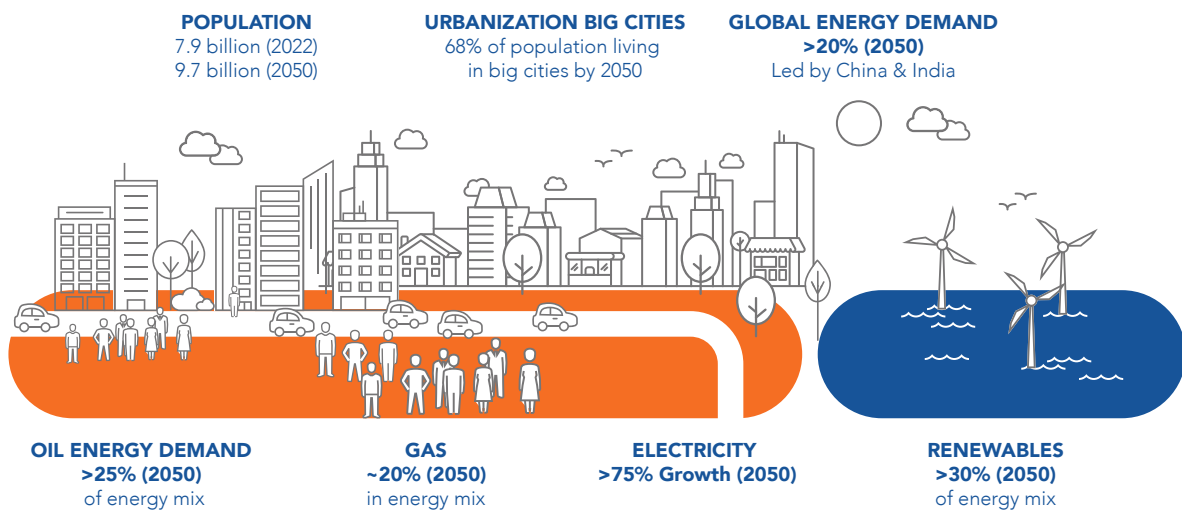
In 2023, the global macro-economic fundamentals remain challenging, with core inflationary pressures and

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

1 BUSINESS ENVIRONMENT

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.

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

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.