



2023 ANNUAL REPORT



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.

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-intensive 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.

1 BUSINESS ENVIRONMENT

DETERMINING 'DOUBLE' MATERIALITY OF TOPICS

LIST OF TOPICS ASSESSED



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



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



- 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



ENERGY TRANSITION TOWARDS NET ZERO

- Energy transition
- Emissions
- Innovation
- Decommissioning



SAFE & INCLUSIVE PEOPLE ENVIRONMENT

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



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.