



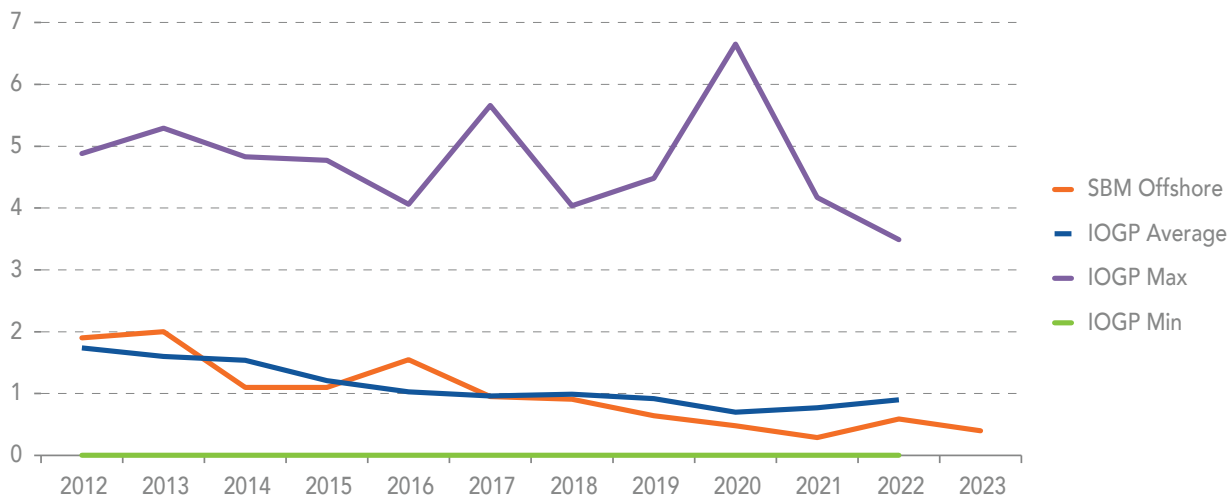
2023 ANNUAL REPORT

BM
OFFSHORE



2 PERFORMANCE REVIEW AND IMPACT

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 than 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

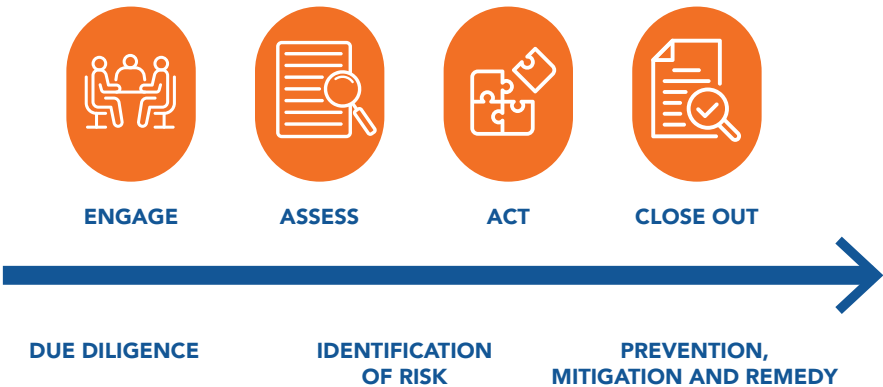


MENTAL HEALTH & WELLBEING

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



2 PERFORMANCE REVIEW AND IMPACT

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 understandable 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 emissions, 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