



# 2023 ANNUAL REPORT

**BM**  
**OFFSHORE**



## 2 PERFORMANCE REVIEW AND IMPACT

resources with diverse expertise in operational, technical and process fields.

performance of the supply chain, costs of non-quality and certifications.

Key performance indicators for Operational Excellence and Quality include: uptime of the fleet, delivery of projects,



### 2.1.4.1 OPERATIONAL EXCELLENCE AND QUALITY

Operational Excellence and Quality includes themes such as 'Operational Governance' (section 3.7) and 'Target Excellence' focusing on 'No Harm, No Defects, No Leaks'. This creates an environment to share SBM Offshore's experiences by leveraging collective knowledge, improving organizational learning and fostering collaboration.

#### MANAGEMENT APPROACH

The topic of Operational Excellence is embedded in SBM Offshore's projects, supply chain and fleet operations, and supported by the Operational Excellence Function and the Quality and Regulatory Function.

SBM Offshore remains committed to full compliance with all applicable laws and regulations. SBM Offshore delivers products and services meeting regulatory requirements and applicable specifications and requirements imposed by relevant stakeholders, by:

- Promoting a quality and compliance culture.
- Maintaining SBM Offshore's certification to the ISO 9001:2015 Standard.
- Providing systematic identification of applicable regulatory requirements and ensuring their implementation.
- Achievement and maintenance of conformity, compliance and acceptance of SBM Offshore's products and services.
- Supporting continuous improvement of business processes and ways of working.

A key aim of the Operational Excellence function is to create a culture of continuous improvement within SBM Offshore. The function works in close collaboration

with the Product Lines, Global Resources and Services and Operations organizations – for instance on the analysis of past performance and definition of lessons learned. These feed improvement of business processes and tools within the organization.

Through the above, SBM Offshore mitigates risks related to project execution, process safety, human capital, changes in laws and regulations and operational risks such as loss of integrity of aging assets, loss of certificate of class and disruption to the supply chain.

### 2023 PERFORMANCE

During 2023, all SBM Offshore's offshore facilities were accepted by all relevant authorities and regulators, with all related permits, licenses, authorizations, notifications and certificates duly granted and maintained. Offshore facilities have also remained in Class at all times, as required from both statutory and insurance perspectives. SBM Offshore incurred one operational fine that exceeded the threshold for the category of fines considered 'significant' (see section 5.2.5).

Furthermore, SBM Offshore actively promoted 'Target Excellence' through – amongst others – workfront engagements, stand downs at yards, vessels and offices. SBM Offshore is proud of:

- Renewal of SBM Offshore's ISO 9001:2015 certification.
- Effective use of independent third parties for inspection, verification and assurance services related to Execute and Operate activities.
- Development and launch of the 'Quality Journey' program.
- Organization of a global 'World Quality Week'.

- The further improvement of the Learning from Performance process within Projects, and Fleet Operations.
- Implementation of applicable lessons learned in the tendering and the set-up for future FPSO projects.
- Further digitalization of project and function performance dashboards.

The outcomes in SBM Offshore's projects, supply chain and fleet are described in the following sections. In 2024, SBM Offshore will build on this and put focus on the delivery of the 'Quality Journey' program.

#### 2.1.4.2 PROJECTS

##### MANAGEMENT APPROACH

SBM Offshore continues to focus on the development of its portfolio of floating solutions to deliver the best projects aligned with customer needs, building on SBM Offshore's technology expertise and track record. The success of projects is determined by performance against a budgeted schedule, cost and quality within the HSSE and Target Excellence approaches mentioned in sections 2.1.2 and 2.1.4. KPIs are set accordingly and managed through SBM Offshore's Project Directorate and Project Dashboards.

The management approach remains based on (i) an early engagement with customers; (ii) standardization in product design and execution in order to improve competitiveness, quality and time to market and to reduce emissions; and (iii) an increasing focus on the energy transition, using SBM Offshore's core competencies to develop affordable, low-carbon solutions in the FPSO as well as in the renewable and other alternative energy markets.

##### 2023 PERFORMANCE

In early 2023, the COVID-19 pandemic situation improved, with the lifting of all restrictions in China.

The main challenges in 2023 for SBM Offshore were the high workload of the main vendors (equipment and bulk) and construction yards leading to increased schedule pressure from the yards. Project teams maintained their focus on project delivery and safe operations, while working together, across time zones, with customers, yards and suppliers, to limit delivery delays. SBM Offshore is grateful to all the project stakeholders for making this happen.

##### FPSOs

- *FPSO Sepetiba* – The FPSO safely produced first oil at the end of 2023 with a zero-flaring target in less than 60 days, which has still to be achieved. The FPSO was formally on hire as of January 2, 2024. Petrobras will

lease the FPSO for 22.5 years, under a contract signed in 2019.

- *FPSO Prosperity* – The vessel is the first that SBM Offshore is delivering under the long-term FPSO supply agreement signed with ExxonMobil in 2019. The FPSO safely started production in November 2023 with gas-injection start-up in an industry record time. Awarded the SUSTAIN-1 notation by the American Bureau of Shipping.
- *FPSO Almirante Tamandaré* – The topsides modules lifting campaign is progressing along with their integration. The FPSO delivery continues to be on track for 2024 and the client is expecting first oil from the field in early 2025.
- *FPSO Alexandre de Gusmão* – Detailed engineering and supply chain activities are almost complete. The hull has been outfitted with riser balconies and mooring porches and left drydock end-June 2023 for final outfitting and topsides integration. Topsides fabrication in Brazil is complete and under completion in China. First oil is expected in 2025.
- *FPSO ONE GUYANA* – Detailed engineering and supply chain activities are under completion in the Schiedam office. The hull has been outfitted with riser balconies and mooring porches and will leave drydock beginning-2024 for final outfitting and topsides integration. Topsides fabrication in Singapore and China is on-going and will be completed by mid-2024.
- *FPSO Jaguar* – SBM Offshore started the Front-End Engineering Design (FEED) phase for ExxonMobil Guyana on the Whiptail development project, ExxonMobil Guyana's sixth FPSO. This project is subject to Guyana government approvals and project sanction and release of the second phase of work by the client. SBM Offshore will design and construct the FPSO using its industry-leading Fast4Ward® program, allocating SBM Offshore's seventh new-build MPF hull combined with several standardized topsides modules. The FPSO will be designed to produce 250,000 barrels of oil per day, will have associated gas treatment capacity of 540 million cubic feet per day and water injection capacity of 300,000 barrels per day. First oil is expected in 2027.

##### Fast4Ward® MPF hulls

- In 2023, two Fast4Ward® MPF hulls were delivered: MPF B in CMHI for *FPSO Almirante Tamandaré* and MPF 4 at SWS for *FPSO Alexandre de Gusmão*.
- Two MPF hulls are under fabrication: MPF 5 at SWS for *FPSO Jaguar* and MPF C in CMHI for a future potential FPSO project.

##### Turret Mooring Systems

Following successful installation of the Turret Mooring System (TMS) modules on to the Johan Castberg FPSO, SBM Offshore has been supporting its client Equinor to