



2023 ANNUAL REPORT

BM
OFFSHORE



2 PERFORMANCE REVIEW AND IMPACT

progress the turret integration activities in Norway, and this year has seen the successful installation of the swivel stack, a specialized product developed by SBM Offshore to transfer fluids from the wells to the production facility onboard.

In addition to supporting SBM Offshore's own FPSO Projects, providing expertise on mooring system designs, the TMS product line also started a FEED for a turret moored FSO for the Trion project.

New Energies

Provence Grand Large

SBM Offshore has installed its first pilot project in floating offshore wind. The three floaters for the Provence Grand Large project, jointly owned by EDF Renewables and Maple Power, will account for approximately 10% of the globally installed floating wind electricity generation capacity in 2023. This is the first floating offshore wind project installed in France and the first project worldwide using tension leg mooring technology, which has minimal motion and seabed footprint. This technology enhances electricity generation and reduces maintenance costs. It is also the first floating wind project financed by commercial banks. Lessons learned have been integrated into SBM Offshore's Float4Wind® concept, which is optimized for mass production and competitiveness for large offshore floating wind farms.

Installation

As part of its offshore installation services, SBM Offshore successfully and safely concluded several offshore operations, including the Coral FLNG hook-up, the mooring installation campaign for FPSO *Prosperity* for ExxonMobil Guyana, the installation three floaters for the Provence Grand Large project and other projects.

FUTURE

SBM Offshore will continue to standardize its products in line with the Fast4Ward® program while seeking to produce environmentally friendlier solutions in line with its emissionZERO® program. In addition, SBM Offshore will continue to fine-tune its product offering to offer competitive and industrialized solutions to the floating offshore wind and other alternative energy markets. SBM Offshore is in the energy transition business and will continue to develop new products to serve its mission by leveraging SBM Offshore's unique capabilities in floating solutions.

2.1.4.3 SUPPLY CHAIN

MANAGEMENT APPROACH

SBM Offshore's supply chain activities are a key contributor to Quality and Operational Excellence in its projects and

operations. The Supply Chain department's ambition is to provide the best value to SBM Offshore's overall goals and objectives. SBM Offshore expects its suppliers to act responsibly, in line with the Code of Conduct and its Supply Chain Charter. The latter provides expectations and guidance to address environmental, social and governance related impacts – in line with SBM Offshore's material topics. The supplier qualification process adopts a risk-based approach in assessing suppliers for SBM Offshore's business needs as well as screening for environment and social risks such as climate targets and human rights.

In order to achieve these ambitions and standards, SBM Offshore has set the following targets for its supply chain activities.

- Strengthen the performance of the Supply Chain function on a global scale to include all areas of business.
- Incorporate a strategic mindset into tendering activities.
- Optimize resource management and include regional talent to retain a Product Lifecycle approach.
- Continually seek environmentally sound solutions.
- Digitize and modernize ways of working using current tools/systems.

To address the above, SBM Offshore defined six pillars in 2022 that enable Supply Chain to continue to address the above topics. The supply chain organization contributes to SBM Offshore's strategy as described in section 1.3.2 and is part of the Global Resources and Services organization explained in section 1.3.3.

2023 PERFORMANCE

The supply chain organization has continued developing further around six strategic pillars described below to enhance the resilience of the function as a whole.

Supply Chain Excellence

Strengthened the performance of the function on a global scale to include Projects, Operations and non-Project-related business with the following activities:

- Implemented a new inspections process for main and sub-suppliers on projects for effective quality control to minimize non-conformity and carry-over work in the construction yards.
- Implemented new global supplier qualification process to reduce time taken to qualify while adopting a global risk-based approach towards the qualification of new suppliers.
- Diagnosis of a global supplier performance assessment methodology and process which will drive SBM Offshore towards a more automated and efficient solution.
- Implemented revamped post-order management processes to remove inefficiencies and address the three key aspects of cost, quality and schedule.

- Driven key global issues such as data capabilities, human rights and sustainability goals within the Supply Chain community.

Strategic Sourcing

- Strategic early engagement with suppliers combined with development and implementation of new ways of working during the proposal phase of SBM Offshore's projects to enable a structured, transparent and strategic approach to Supply Chain inputs into its tenders.
- Joint product workshops with key suppliers on supply chain efficiencies, new technology and energy transition initiatives.

Product and Lifecycle Focus

- Optimized resource management on SBM Offshore's projects to maximize utilization of skill-sets, for example by using its piping procurement hub in India and incorporating in-house quality control personnel into project organization.
- Further alignment with the Product Line organization with dedicated capabilities for FPSOs, and renewable projects, and strengthening post-order management capabilities.
- Partnership with an industry leader in predictive inventory management to achieve >90% inventory accuracy in warehouses supporting SBM Offshore's operating fleet.

SUPPLY CHAIN ORGANIZATION PRINCIPLES



Supply Chain Excellence

Continuing to strengthen performance of the function on a global scale to include Projects, Operations and non-Project related business by implementing new processes for inspections, supplier qualification, supplier performance assessment, post order management.



Strategic sourcing

Strategic early engagement with suppliers combined with development and implementation of new ways of working during proposal phase of SBM Offshore's projects.



Product & Lifecycle focus

Optimizing resource management to maximize utilization of internal and external skill sets for effective post order execution and inventory management.



Energy transition

Assessing current scope 3 emission levels from product manufacturers to set basis for collaborative work towards development of new designs and technologies to reduce GHG emissions whilst continuing to support renewable energy projects.



Regional Supply Chain Development

Diversifying and developing the supply chain talent pool across all SBM Offshore's centers to integrate regional skills and expertise into SBM Offshore's core business activities.



Digital transformation

Modernizing data management and reporting tools to increase reporting accuracy for effective performance monitoring along with migration to the new ERP system.

Energy Transition

- Worked with key suppliers to co-develop technologies for carbon capture.
- Analyzed scope 3 emissions disclosures from product manufacturers for SBM Offshore's FPSOs and worked with them to explore avenues to reduce GHG emissions.
- Supported renewable product focus for development of new energy projects.
- Tracked CO₂ emissions for international freight shipments for SBM Offshore's operating fleet.

Regional Development

- Utilized regional supply chain skills and market knowledge by continuing to develop local talent in Bangalore (India), Rio de Janeiro (Brazil) and Shanghai (China).

Digital Transformation

- Major contribution to the design and implementation of SBM Offshore's global ERP system.
- Worked with the external supply chain community to support digital-twin objectives.

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- Modernized data management and reporting tools to increase reporting accuracy and monitor performance across all aspects of Supply Chain's support to the business.

Performance Measurements:

- 884 new suppliers were qualified in 2023 of which 100% have signed SBM Offshore's Supply Chain Charter.
- 90.4% of the new suppliers qualified were screened for Human Rights.
- Approximately 68% of reduction in supplier qualification duration since October 2022 using the new supplier qualification process and modernized digital tools.

FUTURE

Supply Chain will continue its evolution towards a value-added globalized function to achieve and maintain high standards of performance across all areas of its business including, but not limited to, supporting human rights, climate change measures, digitalization, quality assurance and quality control, resource and talent management across all SBM Offshore's centers, enterprise management systems, supplier performance and qualification assessments, and energy transition measures.

2.1.4.4 FLEET

MANAGEMENT APPROACH

The 'Ocean Infrastructure' value platform encompasses a fleet of 15 FPSOs and 1 semi-submersible unit, geographically distributed across the globe. To support the energy transition, the fleet aims to provide traditional hydrocarbon energy with the lowest possible carbon emissions during the production phase. The fleet adheres to, and applies, the management approach of the wider SBM Offshore organization. Key to this are policies, commitments and mechanisms described in sections 2.1.2 and 2.1.4. There is a sharp focus on continuous improvement. This is achieved by identifying learning opportunities and embedding the resultant lessons into SBM Offshore's corporate memory; the Group Enterprise Management System (GEMS) and Group Technical Standards (GTS).

An experienced workforce comprising of more than 3,600 personnel ensures the safe, reliable and efficient operation of SBM Offshore's offshore assets, generating predictable and sustainable revenue and operating cash-flows for the business.

The SBM Offshore fleet had the following historic performance:

- Over 7.2 billion barrels of production cumulatively to date.
- 10,840 oil offloads cumulatively to date.

- 388.4 cumulative contract years of operational experience⁶.

SBM Offshore employs a proactive, risk-based approach to asset management, leveraging digital reliability and integrity solutions to automate surveillance, enabling a more optimized deployment of resources and increased efficiency and availability of safety, production and marine systems. To ensure that SBM Offshore's activities have a positive and sustainable impact on the local communities in which SBM Offshore is present, the fleet has several programs, aligned to the UN Sustainable Development Goals, focused on wellbeing and personnel development, emission reduction and protecting the environment.

FLEET PERFORMANCE

HSSE and Process Safety Performance

There has been an exceptionally high volume of activity in 2023 due to a number of integrity campaigns performed across the fleet. These campaigns leveraged a large external workforce and this, combined with the type of activities performed, has, in part, led to higher incident rates in the fleet this year.

The majority of these incidents have been relatively minor in nature and the number of events with potential for significant injury or Process Safety consequence have reduced as a result of ongoing focus on leading activities targeting areas of most risk.

Initiatives and developments to enhance operational safety, process safety, quality and efficiency were progressed throughout the year:

- Ongoing deployment of the health and wellbeing program.
- Maintained focus on Process Safety Management, barrier management and enhanced Marine Safety.
- Development and piloting of an enhanced Operational Assurance Program.
- Implementation of a revised online Competence Assurance System.

Development of Operations

- In 2023, two new units were delivered:
 - FPSO *Prosperity* joined the fleet in Guyana, achieving first oil on November 14, 2023.
 - FPSO *Sepetiba* joined the fleet on January 2, 2024, achieving first oil on December 31, 2023.
- In Brazil, decommissioning of FPSO *Capixaba* continued, the unit is scheduled to depart Brazilian waters early in 2024.

⁶ The cumulative contract years of operational experience is calculated based on the number of days in operations from first oil for each unit until the last day that SBM Offshore has operated and continue to operate, divided by 365.