



2023 ANNUAL REPORT

BM
OFFSHORE



5 ESG INFORMATION

strong commitment towards targets as per the Paris Agreement.

5.1.5 EU TAXONOMY DISCLOSURE

The EU Taxonomy disclosures are excluded from auditor assurance.

SBM Offshore is strongly committed to facilitating the energy transition. Objectives and performance are explained in sections 2.1.7, 2.1.9 and 2.1.10. During 2023, EU Taxonomy expanded with the Environmental Delegated Act and the Amended Climate Delegated Act. These Delegated Regulations: 1) amend the disclosure Delegated Regulation, 2) amend technical screening criteria for existing economic activities, 3) add technical screening criteria for new economic activities for climate and 4) add technical screening criteria for new economic activities for the four remaining environmental objectives from the Green Deal. SBM Offshore has incorporated these below disclosures.

EU TAXONOMY ELIGIBILITY

The evaluation of the eligibility of SBM Offshore's business activities has been conducted on the basis of the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the 3 KPIs, which are Turnover, CAPEX and OPEX. It was performed through a methodological approach consisting of:

1. extracting the total denominator for the 3 KPIs from the financial reporting and consolidation system used to prepare 2023 IFRS consolidated financial statements,
2. identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
3. documenting and assessing, for each of those economic activities, their 'eligibility' for the six environmental objectives:

Climate change mitigation, Climate change adaptation, Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems.

- **Turnover** generating business activities of SBM Offshore as at December 31, 2023 have been screened on EU Taxonomy eligibility. Turnover can be reconciled with the 2023 IFRS total revenue recognized pursuant to IAS 1 and disclosed in note 4.3.2 of the consolidated financial statements. It consists of the revenues from Turnkey and Lease and Operate activities. A considerable part of this business relates to services to the industry of oil and gas extraction. Even if this part of SBM Offshore's business is

addressing the net zero path – e.g. through decarbonization and digitalization – it cannot be considered eligible for the EU Taxonomy as it is today. The only eligible part of Turnover therefore relates to SBM Offshore's renewable energy products and services (EU Taxonomy activity: manufacture of renewable energy technologies).

- **CAPEX** consists of additions to tangible and intangible assets during the financial year 2023 considered before depreciation, amortization and any re-measurements recognized by SBM Offshore pursuant to IAS 16, IFRS16 and IAS 38. The denominator can be reconciled with the sum of the lines 'Additions' disclosed in notes 4.3.13 and 4.3.14 of the consolidated financial statements. The CAPEX is associated with services to the industry of oil and gas extraction and is therefore non-eligible for the EU Taxonomy – even if part of the CAPEX improves the energy efficiency and emissions profiles of these activities.
- **OPEX**, according to the EU Taxonomy, is determined by the direct non-capitalized costs of research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third-party outsources that are necessary to ensure the continued and effective functioning of such assets (EU Taxonomy activity: close to market research, development and innovation, and conservation, including restoration, of habitats, ecosystems and species).

The numerator of each KPI only takes into account the allocation of revenues and expenditures to one environmental objective so that double counting is avoided.

Maintenance and repair costs covering operating leased FPSOs is a service provided by SBM Offshore to its lessees. These expenses are direct 'cost of sales' (reported as such in the Consolidated Income Statement under IFRS) related to services already included in Turnover KPI as revenue from contracts with customers. To avoid double counting, these 'cost of sales' are therefore not included in the OPEX KPI.

Table 1 provides the basis for the numerator and denominator of EU Taxonomy eligibility and alignment for respectively Turnover, CAPEX and OPEX, whereas table 2 shows the actual KPI related to the EU-Taxonomy-eligible activities.

Table 1 – KPI definitions

	Turnover	CAPEX	OPEX
Eligible Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU-Taxonomy-eligible economic activities.	Capital expenditure that is related to assets or processes associated with the EU-Taxonomy-eligible activities ¹ .	Operating expenditure that is related to assets or processes associated with the EU-Taxonomy-eligible activities ² .
Aligned Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU-Taxonomy-aligned economic activities.	Capital expenditure that is related to assets or processes associated with the EU-Taxonomy-aligned activities, part of the 'CAPEX-plan' below, or related to the purchase of output from EU-Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS related to assets or processes associated with the EU-Taxonomy-aligned activities, including training and other human resources adaptation needs and direct non-capitalized costs that represent research and development, part of the 'CAPEX-plan' or related to the purchase of output from EU-Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.
Denominator	Revenues recorded in the Consolidated Income Statement under IFRS as per Revenue Accounting policy described in section 4.2.7 of the consolidated financial statements.	Additions to tangible and intangible assets recorded in the Consolidated Statement of Financial Position under IFRS during the financial year, considered before depreciation, amortization and any re-measurements.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS that relate to R&D, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as Cost of Sales), and any other direct expenditures relating to the day-to-day servicing of assets of PP&E.

- 1 Eligible CAPEX is also defined by the plan to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned and CAPEX relating to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.
- 2 Eligible OPEX is also defined by the plan to expand Taxonomy-eligible economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned and OPEX related to the purchase of output from Taxonomy-eligible economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measure.

There is no CAPEX or OPEX related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to

become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures included in numerator of CAPEX or OPEX.

Table 2 – EU Taxonomy Eligibility

	Turnover		CAPEX		OPEX	
	2023	2022	2023	2022	2023	2022
Taxonomy-Eligible Activities (%)	0.9	0.5	0.0	0.5	32.3	43
Taxonomy-Non-Eligible Activities (%)	99.1	99.5	100.0	99.5	67.7	57
Total (in millions of US\$)	4,963	4,913	179	151	48	41

The key changes between 2023 and 2022 are explained by an increase in turnover contributions due to the offshore wind project completion. CAPEX and OPEX KPI's have reduced due to lower progress on Renewable and Floating offshore wind activities.

EU TAXONOMY ALIGNMENT

The activities related to climate change mitigation and climate change adaptation have been screened for alignment with the EU Taxonomy along the following topics:

1. Significant contribution to environmental objectives.
2. Do No Significant Harm Principles (DNSH).
3. Minimum Social Safeguards (MSS).

Alignment for the other four environmental objectives is not yet required for 2023.

Significant contribution to environmental objectives

The activity 'Manufacture of renewable energy technologies' is mentioned to comply, stating: 'The

5 ESG INFORMATION

economic activity manufactures renewable energy technologies’.

For the associated R&D activities (Close to market research, development and innovation) – SBM Offshore considered the following relevant as the R&D:

- Provides for products dedicated to one or more economic activities defined.
- Enables renewable energy solutions to meet the criteria for substantial contribution to climate change mitigation, while doing no significant harm to other environmental objectives. This has been assumed for the R&D that enables and improves products currently under construction and/or with turnover – i.e. Floating Offshore Wind and wave energy.
- Delivers products that allow alternative energy solutions to substantially improve their technological and economic feasibility in order to facilitate their scaling up.
- Is focused on the development of equally low- or lower-emission products at lower cost. This is the case as SBM Offshore is investing in leaner versions of Floating Offshore Wind and Wave Energy Converters that have zero mechanical parts, hence lowering the cost of maintenance and failure offshore.
- Enables activities for which SBM Offshore or its clients already have permits from competent authorities – i.e. the Floating Offshore Wind project and the Wave Energy Converter demonstrator currently under construction.

Do No Significant Harm Principles (DNSH)

For the manufacture of renewable energy technologies, SBM Offshore has assessed the DNSH principles of its eligible activities, analyzing impacts and mitigations for Climate Change Adaptation, Water and Marine Resources, Biodiversity and Ecosystems, Transition to Circular Economy and Pollution Prevention and Control. Whilst SBM Offshore feels confident it meets the requirements for alignment, action needs to be taken to further engage with clients and the supply chain to fully understand the quality of mitigating measures for pollution; for example, the certification of sourced products to meet certain requirements under Pollution Prevention.

As the ‘Close to market research, development and innovation’ activity is looking to improve the technologies currently deployed in FOW and WEC projects, SBM Offshore assumes this activity meets the DNSH principles, and is aiming to align any EU-Taxonomy-eligible products currently in R&D stages.

Minimum Social Safeguards (MSS)

There are no convictions or ongoing cases in 2023.

SBM Offshore has policies, processes and systems in place that focus on compliance with human rights, labor rights, taxation, fair competition and anti-corruption. This is explained further in sections 2.1.1, 2.1.3, 5.2.4 and on SBM Offshore’s ESG website. As part of EU Taxonomy alignment, an assessment has been conducted of these processes on:

1. The embedding of responsible business conduct in policies, management systems and due diligence processes.
2. The management of adverse impacts.
3. The process of grievance, remediation and follow-up.

Further work will be needed to further document the processes, as explained under ‘Future’. Table 3 provides the basis for the numerator and denominator of EU Taxonomy alignment for, respectively, Turnover, CAPEX and OPEX, whereas tables 4-6 show the complete KPI disclosure regarding EU Taxonomy. For comparability with the previous year, refer to table 2.

FUTURE

SBM Offshore takes pride in being able to demonstrate eligibility and partial alignment on its activities, due to strong policies, systems, processes and capabilities. SBM Offshore welcomes technical guidance to further grow its sustainable business and manage targets for the energy transition.

SBM Offshore will invest to further develop its eligible activities as explained above. The following actions will be key, with an associated budget for technology and a product development budget under the transition platform – most notably:

- further development of alternative energies;
- investments in emissionZERO®;
- innovation of new solutions in carbon capture and hydrogen energy (storage).

The above aims either to expand the undertaking’s EU-Taxonomy-aligned economic activities or to upgrade EU-Taxonomy-eligible economic activities to render them EU-Taxonomy-aligned. Expectation is that maturation is needed – internally and externally – to completely validate and audit the alignment to the EU Taxonomy.

Table 3 – EU Taxonomy Alignment

Values in millions of US\$	Aligned			Eligible (not-aligned)			Total denominators		
	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX
ACTIVITY									
Climate Change Mitigation and Adaptation									
3.1 Manufacture of renewable energy technologies	-	-	-	43.4	-	-			
9.1 Close to market research, development and innovation	-	-	-	-	-	15.5			
Biodiversity and Ecosystems									
1.1. Conservation, including restoration, of habitats, ecosystems and species	-	-	-	-	-	0.1			
Total	-	-	-	43.4		15.6	4,963	179	48

5 ESG INFORMATION

Table 4 – EU Taxonomy Alignment – Turnover

Turnover	2023	Substantial contribution to:														DNSH criteria (Does Not Significantly Harm)		
Economic Activities ¹	Absolute Turnover (in millions of US\$)	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecosystems	Minimum safeguards	Proportion of Taxonomy aligned or eligible turnover, year N-1	Category (enabling activity)	Category (transitional activity)
	in %	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N ²	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES³																		
A.1 Taxonomy-aligned activities																		
A.2 Taxonomy-eligible but not -aligned activities																		
Climate Change Mitigation and Adaptation																		
3.1 Manufacture of renewable energy technologies	43	1%	100%	0%	N	N	N	N	Y	Y	Y	N	Y	Y	Y	100%	E	-
Total (A.1 + A.2)	43	1%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
Turnover of Taxonomy-non-eligible activities (B)	4,920	99%																
Total (A + B)	4,963	100%																

¹ Due to technical limitation on the number of columns on one page – the codes of the activities – required as per Annex II of the EU Taxonomy – are mentioned in below rows, in stead of a separate column.

² Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

³ EU Taxonomy considers:

'Aligned' as environmentally sustainable

'Not-Aligned' as not environmentally sustainable

Table 5 – EU Taxonomy Alignment – CAPEX

CAPEX	2023		Substantial contribution to:										DNSH criteria (Does Not Significantly Harm)				Proportion of Taxonomy aligned or eligible CAPEX, year N-1		
Economic Activities ¹	Absolute CAPEX (in millions of US\$)	Proportion of CAPEX	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecosystems	Minimum safeguards	Proportion of Taxonomy aligned or eligible CAPEX, year N-1	Category (enabling activity)	Category (transitional activity)	
		in %	in %	in %	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N ²	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES ³																			
A.1 Taxonomy-aligned activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A.2 Taxonomy-eligible but not -aligned activities																			
Climate Change Mitigation and Adaptation																			
9.1 Close to market research, development and innovation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 100%	-	-	
Total (A.1 + A.2)																			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX from Taxonomy-non-eligible activities (B)	179	100%																	
Total (A + B)																			

1 Due to technical limitation on the number of columns on one page – the codes of the activities – required as per Annex II of the EU Taxonomy – are mentioned in below rows, in stead of a separate column.

2 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

3 EU Taxonomy considers:
'Aligned' as environmentally sustainable
'Not-Aligned' as not environmentally sustainable

5 ESG INFORMATION

Table 6 – EU Taxonomy Alignment – OPEX

OPEX	2023	Substantial contribution to:														DNSH criteria (Does Not Significantly Harm)		
Economic Activities ¹	Absolute OPEX (in millions of US\$)	Proportion of OPEX	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water & Marine Resources	Pollution	Circular Economy	Biodiversity & Ecosystems	Minimum safeguards	Proportion of Taxonomy aligned or eligible OPEX, year N-1	Category (enabling activity)	Category (transitional activity)
		in %	in %	in %	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N/ N-EL	Y/N ²	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES³																		
A.1 Taxonomy-aligned activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-eligible but not -aligned activities																		
Climate Change Mitigation and Adaptation																		
9.1 Close to market research, development and innovation	15.5	32%	100%	0%	N	N	N	N	Y	Y	Y	N	Y	Y	Y	100%	E	-
Biodiversity and Ecosystems																		
1.1. Conservation, including restoration, of habitats, ecosystems and species	0.1	0.2%	0	0	N	N	N	n/a ⁴	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0%	E	-
Total (A.1 + A.2)	16																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OPEX from Taxonomy-non-eligible activities (B)	32	68%																
Total (A + B)	48	100%																

1 Due to technical limitation on the number of columns on one page – the codes of the activities – required as per Annex II of the EU Taxonomy – are mentioned in below rows, in stead of a separate column.

2 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

3 EU Taxonomy considers:
'Aligned' as environmentally sustainable
'Not-Aligned' as not environmentally sustainable

4 Alignment disclosure not required for this environmental objective in 2023.

5.2 REPORTING BOUNDARIES

SBM Offshore not only reports on impacts it causes, but also on impacts it contributes to and impacts that are linked to its activities. In each of the following paragraphs, SBM Offshore elaborates in detail on the boundaries of SBM Offshore's material topics, which are consistent with the boundaries in the previous year. The boundary of a material topic relates to the parts of the organization and supply chain covered in the figures.

5.2.1 HEALTH, SAFETY AND SECURITY REPORTING

SBM Offshore's people work in demanding roles and conditions, with different risks to manage. The Health, Safety and Security (HSS) performance indicator boundaries take into account:

- Employees, which include all direct hires, part-time employees, locally-hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for SBM Offshore.
- Contractors, which include any person employed by a contractor or contractor's subcontractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore.

Until 2021, HSS incidents were reported and managed through SBM Offshore's incident management tool (SRS – Single Reporting System), which is a web-based reporting system that is used to collect data on all incidents occurring in all locations where SBM Offshore operates. In 2021, SBM Offshore developed and began using the IFS Incident Management/Corrective Action Preventive Action (IM/CAPA) module for Brazil operations. In 2022, the IFS IM/CAPA module was rolled out to Guyana, Angola and Malaysia operations as well as projects. In 2023, it was further rolled out to the remaining company locations, with the exception of *FPSO Serpentina*.

Safety incidents are reported based on the incident classifications as defined by the IOGP Report 2022s-June 2023. Occupational injuries and illnesses are reported based on the Occupational Safety and Health Administration (OSHA) definition and described in IOGP Report Number 393 2023 – Health Performance Indicators. The main type of work-related injury categories are related to line of fire and slips, trips and falls. Investigations, based on the type, criticality and severity of the event, are performed by specifically identified personnel using methods such as TapRoot® and 5 Whys. SBM Offshore is ISM certified for offshore production fleet and operation offices, as well as being compliant with ISO 45001 as per certification and classification table (section 5.5).

Employees are provided with HSS training to familiarize themselves with SBM Offshore's health, safety, and security rules and regulations. The training topics are based on the hazards identified through the above identification process as well as safety studies and regulatory requirements. The promotion of a speak up culture – as described in section 2.1.1 – contributes to the identification process. Inclusion and non-retaliation are part of the Speak Up Policy.

5.2.2 ENVIRONMENTAL REPORTING

ATMOSPHERIC EMISSIONS

Emissions reported in SBM Offshore's records include:

- Scope 1 – Direct Emissions
- Scope 2 – Purchased Electricity
- Scope 3 – Business Travel
- Scope 3 – Purchased Goods and Services
- Scope 3 – Downstream Leased Assets

For all reported emissions, CO₂ equivalency is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO₂ that would have the same Global Warming Potential (GWP), when measured over a specified timescale (generally, 100 years).

Scope 1 – Direct Emissions

For site emissions related to gas consumed and use of diesel for back-up power generators, SBM Offshore takes an operational control view and uses conversion factors from the Dutch Emission Authority and the website [Co2emissiefactoren.nl](https://co2emissiefactoren.nl) and, for diesel-related factors, the Greenhouse Gas Conversion Factors by the UK Government.

Scope 2 – Purchased Electricity

Scope 2 comprises GHG emissions from energy purchased for offices (market-based and location-based).

The reporting scope includes all locations where the headcount is over 10 and yards over which SBM Offshore has full operational control. SBM Offshore reports onshore emissions data for the following locations: Amsterdam, Houston, Kuala Lumpur, Marly, Monaco, Rio de Janeiro, Schiedam, Shanghai, Carros lab, Georgetown, Bangalore, Porto, Singapore, Brazil Shorebases, Luanda Shorebase and Malabo Shorebase.

For the purchased electricity usage, SBM Offshore uses conversion factors to calculate CO₂ equivalents from energy consumed (kWh). Sources used for these conversion factors are, amongst others, the European Environmental Agency, the European Investment Bank and the Association of Issuing Bodies.

Scope 3 Emissions

Scope 3 categories reflect an analysis performed using the GHG protocol Technical Guidance for Calculating Scope 3