



2024 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

3 SUSTAINABILITY STATEMENT

3.3 DOUBLE MATERIALITY ASSESSMENT

Over the years, SBM Offshore has matured the performance management, data control, target setting and reporting – most notably from 2014 – using Global Reporting Initiative (GRI) as the main framework, which integrates business and ESG topics in one materiality assessment.

A materiality assessment defines the topics that can reasonably be considered important for reflecting SBM Offshore’s economic, environmental, governance, social impacts, risks and opportunities and influencing the decisions of stakeholders. For SBM Offshore, it is critical to understand the business context and its stakeholders’ interests.

Every four years, SBM Offshore renews the materiality assessment. In the intervening years, updates are conducted to maintain the understanding of the surrounding context, including relevant changes in economic, environmental and social impacts.

The Management Board members are consulted and validate the materiality assessment outcomes, using them as an input for SBM Offshore’s strategy and performance management.

PROCESS

In 2023, in anticipation of the CSRD and ESRS enforceability, SBM Offshore voluntarily conducted the materiality assessment process in accordance with the requirement of double materiality principle, identifying and assessing material impacts, risks and opportunities related to SBM Offshore’s own operation and upstream and downstream value chain. The double materiality process was validated by external experts in 2023 (for more details on the DMA process, see box below or SBM Offshore’s Annual Report 2023 section 5.1).

As a result, impact and financial materiality assessments were performed, including impacts, risks and opportunities related to SBM Offshore’s upstream and downstream value chain and own operations.

According to ESRS, the sustainability information shall be presented: in a way that allows a distinction between information required by the standard and other information included in the report; and under a structure that facilitates access to and understanding of the sustainability statement, in a format that is human and machine-readable.

ESG MATERIAL TOPICS



The 6 topics and related impacts, risks and opportunities, policies, actions and targets are disclosed in accordance with ESRS cross-cutting and topical standards, as follows:

- Environmental:
 - Emissions (ESRS E1 – Climate Change)
 - Decommissioning (ESRS 2 – Minimum Disclosure Requirements)
- Social:
 - Our People¹⁰ (ESRS S1 – Own workforce)
 - Health, Safety and Security (ESRS 2 – Minimum Disclosure Requirements and ESRS S1-14 – Health and safety)
 - Human Rights (ESRS S2 – Workers in the value chain)
- Governance:
 - Ethics and Compliance (ESRS G1 – Business conduct)

As part of environmental topics considered in the DMA, SBM Offshore has assessed pollution (ESRS E2), water and marine resources (ESRS E3), biodiversity and ecosystems (ESRS E4) and resource use and circular economy (ESRS E5) related impacts, risks, and opportunities across its operations and value chain. SBM Offshore engages with key stakeholders, including clients, regulators, and local communities, primarily through project-specific Environmental Impact Assessments (EIAs). These engagements, including due diligence, climate risk assessment (transition and physical risks) and systemic risk (chronic) and other assessments outcomes, help SBM Offshore to identify, evaluate and manage the value-chain impacts, risks and opportunities. SBM Offshore’s activities are not located in or near protected or ecologically sensitive areas, such as the Natura 2000

¹⁰ The former material topic *Employee Wellbeing* was renamed *Our People* in order to provide more clarity and alignment with the ESRS topical standard S1 - Own Workforce, but maintains the same definition and scope.

network of protected areas, UNESCO World Heritage sites, Key Biodiversity Areas ('KBAs'), as well as other protected areas (IUCN sites, wetlands listed under the RAMSAR Convention, Alliance for Zero Extinction sites).

Following the DMA, pollution; water and marine resources; biodiversity and ecosystems; and resource use and circular economy have been defined not to be standalone ESG material topics for SBM Offshore. As such, SBM Offshore

does not provide separate disclosures on these topics under the ESRS framework.

SBM Offshore is confident that the reporting structure appropriately fosters a clearer understanding of the business, management approach and performance. The Management Board and Supervisory Board members were consulted on the new reporting structure and gave their validation.

A brief description of 2023 Double Materiality Assessment

The following steps were conducted to assess both materiality perspectives, in order to ensure a broad and accurate picture of SBM Offshore's most relevant impacts, risks and opportunities.

Step 1 – Stakeholder map and long-listing of topics

This step is an analysis of SBM Offshore's context, as per the strategic planning process, leveraging external sources and existing guidance on potential environmental, social and governance impacts inherent in the industry. Peer and client benchmarks, best practices, general and sector standards and international guidelines (such as the GRI, SASB, IPIECA and the existing ESRS draft version) were used to define the topics, and respective subtopics, to be assessed. The basis for identifying and selecting stakeholders for engagement during each step of this DMA process resides in their relevance, expertise, impact and interest in SBM Offshore activities.

Step 2 – Define impact materiality with internal and external stakeholders

Through an extensive questionnaire, internal experts identified and ranked actual, potential, positive and adverse impacts related to a list of 23 topics, evaluating the scope, scale, irremediability and likelihood of the impacts. The ranking methodology was designed, based on the risk matrix used in SBM Offshore's Enterprise Risk Management (ERM) process. This impact materiality, as prescribed by ESRS, is considered aligned with other well recognized international reporting standards (as GRI and others) to perform a materiality assessment.

Step 3 – Define financial materiality with strategy, risk, finance and sustainability professionals

Financial Materiality aims to evaluate material financial effects via an evaluation of how the long list of topics, and their related risks and opportunities, generate potential financial effects for SBM Offshore. The financial materiality methodology was aligned with the current processes and thresholds used in SBM Offshore's regular risk and financial analyses, as well as the input from analyses per capital (financial, manufactured, intellectual, human, social and relationship, natural).

Step 4 – Threshold application

Once the topics were ranked on both – an impact and a financial – lens by relevant stakeholders, the scores were cross-referenced. SBM Offshore then applied a materiality threshold to the scores in order to determine which of the assessed topics should be considered double material for the organization¹.

Step 5 – Validation

Key internal and external stakeholders (see details in section 3.2) and senior management were engaged to validate areas of impact through the steps above. For internal and external stakeholders, the engagement was done through unrecorded video calls, allowing them to freely express their views on impact materiality. In 2023, the Management Board approved the DMA outcome (based on the GRI and ESRS draft version) with the 12 material topics to be used as the basis for strategy, target setting, performance management and reporting. The outcome was also presented to the Supervisory Board.

Step 6 – Update

In 2024, to comply with ESRS requirements and enable a clearer differentiation and a comprehensive and meaningful narrative, the Management Board has updated the DMA outcome resulting in considering out of the twelve:

- six topics purely business and strategic ones but not material as per ESRS, namely: Market position; Economic impact; Energy Transition; Operational Excellence and Quality; Innovation and Digitalization which are included in chapter 1 and
- six final material topics as per ESRS namely: Emissions, Decommissioning, Our People, Health, Safety and Security, Human Rights, Ethics and Compliance which are included in this sustainability statement (chapter 3).

¹ To ensure a focused and relevant disclosure, a threshold was set based on quantitative criteria considering the ranking of the impact and financial materiality assessment. Topics that do not meet this threshold were not considered material and are therefore not subject to detailed reporting under the ESRS framework.

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MATERIAL IMPACTS, RISKS, AND OPPORTUNITIES

The material impacts, risks, and opportunities resulting from the above DMA are listed below.

IRO	IRO description	Value chain position	Time horizon
Emissions			
Positive impact	Increased emissions reduction in SBM Offshore's activities and raise awareness in supply chain	own activities	short- and medium-term
Opportunity	Development of new energies products and services and low emission products	own activities	short- and medium-term
Negative impact	Inherent emissions from fossil-fuel related business activities, including emissions from SBM Offshore's activities and value chain.	own activities and downstream and upstream value chain	short- and medium-term
Risk	Potential lower demand for oil and gas services and increased ESG requirements resulting in a change of the business model.	own activities	short- and medium-term
Risk	Potential hazards of asset damage or halted operations from increasing physical risks as a result of climate change.	own activities and downstream value chain	short- and medium-term
Decommissioning			
Positive impact	Developing a safer removal of hazardous materials plan that helps to increase responsible decommissioning practices in SBM Offshore's value chain and reduce potential environmental impacts.	own activities	short- and medium-term
Opportunity	Applying the circularity principles in the decommissioning plan in order, for example, to maximize the circularity and possible mitigation of operational and financial exposure.	own activities	short- and medium-term
Negative impact	Potential occurrence of negative environmental and social impacts during the decommissioning process, including those related to hazardous materials removal and waste generation.	own activities	short- and medium-term
Risk	High cost of a responsible decommissioning process, including potential delays due to compliance with Legal and Regulatory Framework	own activities	short- and medium-term
Our People			
Positive impact	Increased employee satisfaction	own activities	short-term
Opportunity	Higher attraction of talents and new workforce to work in new era of renewables and more digital energy industry.	own activities	short-term
Opportunity	Higher employee engagement from standardized and improved ways of working and strengthened collaboration	own activities	short-term
Risk	Potential inability to retain SBM Offshore's employees based on working conditions, including stress issues.	own activities	short-term
Risk	Potential hazard of harassment or discrimination due to nationality, gender, ethnicity, social and legal status, race, religion, or other protected status, in SBM Offshore's own workforce.	own activities	short-term
Human Rights			
Positive impact	Embedding respect for human rights and labor rights in SBM Offshore's supply chain.	own activities	short-term
Risk	Potential chronic exposure to salient human right issues identified in SBM Offshore's supply chain, related to forced labor; overtime, pay and fines; accommodation; mental health and wellbeing, which may pose reputational and financial risks.	upstream value chain	short-term
Risk	Potential chronic exposure to hazards related to inadequate work conditions or labor rights violations in SBM Offshore's supply chain, influenced by different labor regulations maturity, local contexts and cultures, which may pose financial risks.	upstream value chain	short-term

IRO	IRO description	Value chain position	Time horizon
Health, Safety and Security			
Positive impact	Embedding safe working conditions.	own activities	short-term
Risk	Potential work-related fatalities, injuries, and illnesses due to acute or chronic exposure to activity-related hazards, which may pose human capital, reputational and financial risks.	own activities and downstream and upstream value chain	short-term
	Potential oil spills due to acute or chronic exposure to activity-related hazards, which may pose environmental, reputational and financial risks.	own activities	short-term
Ethics and Compliance			
Positive impact	Embedding responsible business conduct across value chain	own activities	short-term
Risk	Potential exposure to hazards of fraud, bribery or corruption, causing financial penalties, reputational damage and other negative consequences.	own activities and downstream and upstream value chain	short-term

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POLICIES, TARGETS AND METRICS ADOPTED TO MANAGE ESG MATERIAL TOPICS

A summary of the SBM Offshore ESG material topics and the related main policies, targets and metrics to monitor

the effectiveness of the actions and achievement of the goals is provided below.

Key policies	Targets	Key Performance Indicators
Emissions		
<ul style="list-style-type: none"> Sustainability policy 	Net zero by 2050 and intermediate targets for 2030	<ul style="list-style-type: none"> Direct GHG emissions (scope 1) Energy indirect GHG emissions (scope 2) Other indirect GHG emissions (scope 3) Other indirect GHG emissions (scope 3 – Business travel) Other indirect GHG emissions (scope 3 – Purchased goods and services) Average flaring GHG emissions intensity Other significant air emissions (non-GHG emissions) Energy use – GJ and MWh (scope 1 and 2) Energy use – GJ and MWh (scope 3 – Downstream leased assets) Percentage of EU Taxonomy-eligible R&D Sustainability ratings Assets at acute material physical risk before considering climate change adaptation actions
Decommissioning		
<ul style="list-style-type: none"> Recycling policy 	Safe and sustainable recycling	<ul style="list-style-type: none"> Number of decommissioning plans Demobilization provision accounted (reported in FS)
Our People		
<ul style="list-style-type: none"> Sustainability policy Diversity and Inclusion policy 	Hire, retain and develop a diverse workforce with a wide range of competencies	<ul style="list-style-type: none"> Percentage of engagement and satisfaction in engagement survey Number of new hires Number of training hours per employee Employee turnover rate Number of performance appraisals completed Gender Pay Gap
Human Rights		
<ul style="list-style-type: none"> Sustainability policy Human rights standards Modern Slavery Statement 	Fully embed human rights and social performance within SBM Offshore to achieve no harm	<ul style="list-style-type: none"> Percentage of human rights e-Learning completion Percentage of new suppliers that have been screened using human rights questionnaire Percentage of new suppliers that have signed the supply-chain charter Number of yards that have completed desktop screening Number of worker welfare audits
Health, Safety and Security		
<ul style="list-style-type: none"> Sustainability policy 	No Harm, No Defects, No Leaks	<ul style="list-style-type: none"> Total Recordable Injuries Frequency Rate (TRIFR) Fatalities and Permanent Impairments (FPI) Total Lost Time Injuries Frequency Rate (LTIFR) Number of Process Safety Event Tier 1 incidents Number of Process Safety Event Tier 2 incidents Number of oil spills above 1 bbl (IOGP definition) Oil-in-water discharge to 50% below IOGP average Certifications (Completion of certifications for assets and operations)
Ethics and Compliance		
<ul style="list-style-type: none"> Code of conduct Speak Up Policy Anti-bribery and corruption policy 	Zero tolerance for bribery, corruption, fraud or any other form of misconduct	<ul style="list-style-type: none"> Percentage of completion of Compulsory Compliance Tasks Number of compliance training sessions Number of confirmed cases of corruption Number of reports received under SBM Offshore's Speak Up Policy

Business Collaboration

SBM Offshore is conscious of its responsibility to contribute to the transition and development of industry. While respecting roles, responsibilities and power of decision, SBM Offshore is highly committed to engaging with, and contributing to the energy transition, using its leverage – where appropriate and when possible – to influence and increase best practices.

For this reason, beyond the DMA process and its stakeholder engagement and outcomes, among others, the following engagements took place during the year¹¹:

1. The International Association of Oil and Gas Producers (IOGP)
 - a. Co-chairing the Decommissioning Expert Group on Responsible Recycling (see more details in section 3.4.3).

¹¹ To avoid redundancy this information will not be repeated in each ESG material topic.

- b. Participating in the Health Committee, which aims to develop evidence-based guidance and recommendations on a range of strategic health issues, including occupational, environmental and public health. It works towards a responsible and caring culture that enables people to perform to the best of their potential (see more details in section 3.5.2).
 - c. Participating in the Process Safety Subcommittee, providing input on implementing Process Safety Fundamentals and Process Safety Indicators Guidelines, and chairing the Process Safety Barrier Definition Guideline (see more details in section 3.5.2).
 - d. Participating in the Human Performance Subcommittee – Development of a report to guide the members on the implementation of Human Performance principles across the oil and gas industry (see more details in section 3.5.2).
 - e. Participating in Fatalities and Permanent Impairment Injuries Subcommittee – Development of a database of events and lessons learned to be shared in the oil and gas companies’ community and adopted the standard (see more details in section 3.5.2).
 - f. Providing input to IOGP guidelines for design and operation to minimize/avoid flaring sources and guidelines for venting minimization and vent recovery systems (see more details in section 3.4.2).
 - g. Participating in the Joint Industry Program – Standardizing Procurement Specifications and Capital Facilities Information Handover Specification (see more details in section 3.4.2).
2. International Marine Contractors Association (IMCA)
 - a. Member of the Environmental Sustainability Committee and chaired the Life Below Water Workgroup (see more details in section 3.7).
 - b. Member of the HSS Committee, actively participating in meetings and HSSE standards development (see more details in section 3.5.2).
 - c. Member of the Security Committee, developing guidance and booklets for the maritime industry. This committee works closely with the IMO (international Maritime Organization) and the OCIMF (Oil Companies International Maritime Forum) (see more details in section 3.5.2).
 3. European Sustainability Reporting Standards
 - a. Participation in the consultation process for the ESRS to drive the harmonization of various standards and regulations.
 4. Ethics and Integrity
 - a. Membership of Transparency International Netherlands (TI-NL), participated in study assessing whistleblowing frameworks in the private

sector. This study aims to assess the impact of the new Dutch Act for Whistleblower Protection on private sector companies (see more details in section 3.6.1).

- b. Membership of the International Chamber of Commerce (ICC) Netherlands (see more details in section 3.6.1).

5. Technology Development

- a. Participating in the Floating Energy Research Forum and the Joint Industry Projects (JIP) for collaboration and technology development. The complete life cycle from concept development to operation, new research topics and challenges are discussed in an open setting (see more details in section 3.4.2).

In accordance with SBM Offshore’s Anti-Bribery and Corruption Policy, political contributions are not allowed. SBM Offshore does not participate in party political activity nor will it make contributions to political organizations or affiliated individuals of anything other than *de minimis* value.

For extra and complementary information about the main actions implemented and results, see the topical sections of these Sustainability Statements and the SBM Offshore website .