



2024 ANNUAL REPORT



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3.4.4 EU TAXONOMY DISCLOSURES

Disclosures pursuant to Article 8 of Regulation 2020/852/EU (Taxonomy Regulation)

The Taxonomy Regulation (the 'Regulation') establishes a common classification system for sustainable activities to the European Union, defining criteria for economic activities that are aligned with the objectives of the European Green Deal. The Regulation establishes six climate and environmental objectives, namely:

1. Climate change mitigation;
2. Climate change adaptation;
3. The sustainable use and protection of water and marine resources;
4. The transition to a circular economy;
5. Pollution prevention and control;
6. The protection and restoration of biodiversity and ecosystems.

EU Taxonomy Assessment

The first stage of the assessment is to validate whether an economic activity is eligible under the Taxonomy. To qualify, an economic activity must fall within the Taxonomy's scope as potentially contributing to one of the six environmental objectives. This means that there must be corresponding criteria in the Taxonomy against which the activities can be assessed.

Once eligibility is validated, an alignment assessment is conducted to conclude whether the eligible activity is environmentally sustainable and aligned with the EU Taxonomy by meeting the four overarching conditions outlined in the Regulation:

1. It must substantially contribute to at least one of the six objectives;
2. It must Do No Significant Harm (DNSH) to the other environmental objectives;
3. It must comply with the Minimum Safeguards specified in the Regulation¹⁷;
4. It must comply with the Technical Screening Criteria (TSC) established by the Commission.

The list of Taxonomy-eligible economic activities and the corresponding TSC that determine the conditions under which an economic activity qualifies as contributing to an environmental objective and for determining whether that economic activity DNSH to any of the other environmental objectives are set in the Climate Delegated Act and its amendments¹⁸ and the Environmental Delegated Act¹⁹ (collectively referred to as the 'Delegated Acts').

¹⁷ As described in Article 18 of the Regulation, the minimum safeguards are procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

At SBM Offshore, the Taxonomy assessment of business activities is conducted according to the aforementioned guidance. Initially, a screening process is performed to identify eligible activities, followed by a detailed assessment to determine if the eligible activity aligns with the TSC and DNSH criteria set in the Delegated Acts.

For clarity, activities not listed in the Delegated Acts are considered Taxonomy-non-eligible economic activities.

Definition of key performance indicators and methodology

SBM Offshore follows the methodology outlined in the Disclosures Delegated Act²⁰ to provide information on the proportion of Turnover, Capital Expenditure (CAPEX) and Operating Expenditure (OPEX) – the KPIs – related to its activities, assets or processes considered environmentally sustainable economic activities.

The Taxonomy-related KPIs are determined from the financial data used to prepare SBM Offshore's consolidated financial statements, established in compliance with the IFRS accounting standards. The totals for the three KPIs (the denominator) are sourced from SBM Offshore's financial reporting and consolidation system. The proportion of each KPI that pertains to Taxonomy-aligned economic activities (numerator) is determined through the Taxonomy Assessment described above, with the turnover or expenditure amount adhering to the established consolidation system.

To avoid double counting, the numerator of each KPI only includes revenues and expenditure allocated to a single environmental objective.

Turnover

Corresponds to SBM Offshore's revenue from Turnkey and Lease and Operate activities during the financial year 2024 and is equal to total revenue presented in section 4.2.1). A significant part of SBM Offshore's business serves the oil and gas (O&G) extraction industry. While SBM Offshore is working towards a net zero path in this sector – for instance, through decarbonization and digitalization initiatives – activities of this type cannot be classified as Taxonomy-eligible due to the absence of O&G economic activities in the Delegated Acts, even if promoting a just transition to a low-carbon economy. Therefore, Turnover

¹⁸ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing regulation (EU) 2020/852 of the European Parliament and of the Council and amended by the Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 and the Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023.

¹⁹ Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council.

²⁰ Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council.

related to SBM Offshore's Taxonomy-eligible activities pertains only to renewable energy products and services.

CAPEX

Consists of additions to tangible and intangible assets during the financial year 2024 considered before accounting for depreciation, amortization and any re-measurements. It can be reconciled with the sum of the lines 'Additions' disclosed in sections 4.3.13 and 4.3.14 of the consolidated financial statements and recognized under IAS 16, IFRS 16 and IAS 38. Most CAPEX in SBM Offshore is considered non-eligible according to the EU Taxonomy, as it relates to O&G extraction products and services. Although a portion of these investments may enhance energy efficiency and support the decarbonization of the industry, they cannot be classified as Taxonomy-eligible due to the absence of O&G economic activities in the Delegated Acts.

OPEX

Corresponds to the direct non-capitalized costs associated with R&D, short-term leases, building renovation measures, maintenance and repair and other direct expenditures linked to the day-to-day servicing of property, plants and equipment (PP&E) by SBM Offshore or third-party contractors needed for the continued and effective functioning of such assets. A significant part of the OPEX associated with Taxonomy-eligible activities relates to SBM Offshore's R&D efforts aimed at developing offshore renewable energy solutions, including market-ready research, development, and innovation for the manufacture of renewable energy technologies.

Maintenance and repair costs for leased and/or operated FPSOs are part of services provided by SBM Offshore to its customers. These expenses are recognized as direct 'cost of sales' in the Consolidated Income Statement under IFRS and amounts invoiced for those services are included in total revenue. As costs to provide maintenance and repair services on assets either owned or leased by the customers, these expenses are not included in the OPEX KPI.

Summary of EU Taxonomy Eligibility – disclosure covering years 2024 and 2023

	Turnover		CAPEX		OPEX	
	2024	2023	2024	2023	2024	2023
TAXONOMY-ELIGIBLE ACTIVITIES (%)	0.4%	0.9%	21.4%	0.0%	19.6%	32.3%
Climate Change Mitigation (CCM)	0.4%	0.9%	21.4%	0.0%	19.6%	32.1%
4.3 Electricity generation from wind power ¹	0.4%	0.9%	0.0%	0.0%	0.0%	0.0%
7.7 Acquisition or ownership of buildings	0.0%	0.0%	21.4%	0.0%	0.0%	0.0%
9.1 Close to market research, development and innovation	0.0%	0.0%	0.0%	0.0%	19.6%	32.1%
Biodiversity and ecosystems (BIO)	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
1.1. Conservation, including restoration, of habitats, ecosystems and species	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
TAXONOMY-NON-ELIGIBLE ACTIVITIES (%)	99.6%	99.1%	78.6%	100.0%	80.4%	67.7%
Total (in millions of US\$)	4,785.0	4,963.0	128.6	179.0	52.5	48.4

¹ The eligible activities from 2023 related to '3.1 Manufacture of renewable energy technologies' have been updated to '4.3 Electricity generation from wind power'. Similarly, in 2024, the turnover from these activities pertained to the Provence Grand Large project, an offshore wind project installed and commissioned by SBM Offshore. After a review, the SBM Offshore determined that the activities undertaken align more closely with the description for '4.3 Electricity generation from wind power'.

Taxonomy at SBM Offshore

The table above displays the proportion of eligible economic activities for SBM Offshore in 2023 and 2024 according to three financial KPIs defined by the Regulation: Turnover, CAPEX, and OPEX.

In 2024, the Turnover associated with Eligible Activities (CCM 4.3 Electricity generation from wind power) amounted to US\$20.1 million, down from US\$43.5 million in 2023. This decrease is partially attributed to the completion of the Provence Grand Large (PGL) floating offshore wind (FOW) project, as SBM Offshore fully commissioned the three FOW turbines installed at the end of 2023. This

project is notable as it is the first in the world to utilize tension leg mooring technology.

Additionally, 2024 saw the establishment of Ekwil, a 50/50 joint venture with Technip Energies. Moving forward, all activities related to this emerging FOW market will be conducted exclusively by Ekwil, founded in July 2024. Consequently, there was a decline in revenues and OPEX from FOW activities within the entities controlled and consolidated by SBM Offshore during 2024. The OPEX associated with Eligible Activities (CCM 9.1 Close to market research, development, and innovation) decreased from US\$15.6 million in 2023 to US\$10.2 million in 2024. This OPEX primarily relates to research and development

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activities for FOW and other renewable energy technologies.

In 2024, the CAPEX of US\$26.4 million linked to Eligible Activities (CCM 7.7 Acquisition or ownership of buildings) was due to the capitalization of lease extensions and new lease office contracts, including a new lease agreement for office space in Rotterdam.

This year, SBM Offshore started recognizing CAPEX associated with the ownership of buildings under Taxonomy, opting not to perform a retroactive review for previous years' Taxonomy disclosures.

In addition to the reported Eligible Activities, SBM Offshore is actively engaged in the responsible decommissioning of FPSOs and other floating structures at the end of their operational life cycles (CE 2.6 Depollution and dismantling of end-of-life products and CE 3.3. Demolition and wrecking of buildings and other structures). However, these actions cannot be classified as Eligible Activities due to a misalignment between SBM Offshore's demobilization provisions and the definition of the Taxonomy financial KPIs.

Furthermore, SBM Offshore is a leader in the decarbonization of the O&G industry, with its investments in the development of near zero emission FPSOs. While these investments are crucial for accelerating the energy transition and aiding the transition of a high-emitting sector, they do not qualify as Taxonomy-eligible activities because O&G activities are currently outside the scope of the regulation. SBM Offshore expects future developments of the Delegated Acts to consider more transitional activities in hard-to-abate sectors, such as O&G. These activities are not only relevant to the global economy and the value chains of other industries but can also provide a significant source of income for emerging and developing countries when developed responsibly, thereby supporting a fair transition toward climate neutrality. More details on SBM Offshore's decarbonization initiatives are presented in section 3.4.2.

Significant contribution to environmental objectives

SBM Offshore understands that, by definition, activities related to the construction of electricity generation facilities that produce electricity from wind power substantially contribute to climate change mitigation once they are qualified as eligible. The Provence Grand Large FOW project was successfully commissioned and started generating electricity in 2024 – it represents near-totality of turnover from this activity.

SBM Offshore considers costs with R&D activities eligible to Taxonomy based on their alignment with the criteria

for 'Substantial Contribution' to climate change established for research, development and innovation activities:

- These R&D activities focus on creating and improving solutions for economic activities identified in the Climate Delegated Act as eligible for making a significant contribution to climate change mitigation. SBM Offshore strives to confirm that the results of its R&D and innovations allow these economic activities to meet the criteria for substantial contributions to climate change mitigation while avoiding significant harm to other environmental objectives.
- Currently, SBM Offshore supports R&D in several areas, including the manufacture of renewable energy technologies (such as wind power, solar photovoltaic systems, ocean energy technologies, and geothermal energy), the production and use of hydrogen, ammonia production, and carbon capture and storage systems.
- SBM Offshore aims to provide technologies that enhance solutions for alternative energy and other low-emission activities at a reduced cost, significantly improving their technological and economic feasibility to facilitate their scaling up. For example, following the deployment of the PGL FOW, SBM Offshore gathered lessons learned and started to develop a simplified design of FOW to ease installation and maintenance, activities that are now carried out under Ekwil. In the space of Wave Energy Converters, SBM Offshore focused on designing a streamlined version featuring no mechanical parts to lower maintenance costs and minimize the risk of failure in offshore environments.
- SBM Offshore supports R&D investments that facilitate activities for which it or its clients have obtained permits from a competent authority to operate a demonstration project to validate the viability of innovative technologies.

The ownership of buildings eligible activity substantially contributes to climate change mitigation if it complies with specific criteria for (1) buildings built before December 31, 2020, (2) buildings built after December 31, 2020, and (3) large non-residential buildings. SBM Offshore plans to assess its office's alignment to these criteria in 2025.

Do No Significant Harm Principles (DNSH)

SBM Offshore could not confirm the alignment of its eligible activities that substantially contributed to climate change mitigation with the criteria of not significantly harming each of the other environmental objectives. Therefore, SBM Offshore could not validate economic activities alignment with the EU Taxonomy.

Main gaps lie in confirming all economic activity's compliance with the criteria for DNSH to climate change adaptation and confirming the alignment of R&D initiatives with the transition to a circular economy by using