



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

developments. Some of the main development projects undertaken in 2020 include :

- The continued development of the Company's unique Floating Offshore Wind TLP concept for an increased range of water depths, more severe environmental conditions and large turbines. The concept has been adopted by the PGL floating wind farm development project and has entered the EPC phase.
- The completion of the design and fabrication of the first sections of the innovative S3® Wave Energy Converter (WEC) project at SBM Offshore's R&D Laboratory. The project is on track to deliver a prototype in the water in 2022.
- The design and technology qualification of a topside module to capture CO₂ from FPSO gas turbine exhaust.
- The visual inspection of void tanks on an FPSO using a remotely operated drone, witnessed by a surveyor from the Classification Society.
- The development of a concept for a new Floating Power Generation Unit based on a converted LNG carrier.
- The development of a floating renewable hydrogen production concept based on the Company's Floating Offshore Wind TLP design.

During 2020, a total of 34 TRL steps on various technology development projects were passed and the Company filed 8 new patent applications to strengthen its existing portfolio of 158 patent families; in particular in the area of renewables and digital applications. Over the course of 2020, four innovation projects reached market-ready status.

FUTURE

The Company continues to focus its technology development activities on the energy transition by allocating more than 50% of its technology development budgets to non-carbon technologies. These include investments in topside technologies to deliver the ambitions of the Company's emissionZERO™ FPSO program. The Company will also continue to invest in research and development for its innovative S3® Wave Energy Converter and Floating Offshore Wind solutions.

2.1.9 ENERGY TRANSITION

MANAGEMENT APPROACH

Key elements that enable the Company's success in the energy transition area are :

- Product Development for Floating Offshore Wind and Wave Energy
- Technology Development supporting these product developments (see more detail in section 2.1.8)
- The emissionZERO™ program explained in section 2.1.6
- SDGs the Company is committed to, as explained in section 2.2

Product development for energy transition is addressed through the Company's New Energies & Services business unit, in collaboration with the Technology Department. SBM Offshore continues to evaluate its renewables and gas performance growth through measurement against full company revenues, in line with its 2030 ambition. The Company monitors its commercial pipeline that will allow the Company to achieve its envisioned growth goals.

By addressing the energy transition in this manner, SBM Offshore is addressing material risks of oil price dependency, portfolio risks and Climate Change described in section 1.4.2.

2020 PERFORMANCE

In line with our strategy to innovate and our ambition to have 25% of the Company's revenues from renewables and gas by 2030, SBM Offshore has made significant achievements in 2020 :

- SBM Offshore has been contracted by EDF Renewables for the engineering, procurement, construction and installation of three floating units and their mooring systems for offshore wind turbines, with a total capacity of 25.2 MW. The units will be deployed offshore Marseille for the project Provence Grand Large. The Company has made progress on the design and the turnkey phase is ongoing, with expected installation in 2022.
- Progress has been made in the innovative S3® Wave Energy Converter pilot project, with expected installation offshore Monaco in 2022.
- Research and Development investments in renewable energy products, with 52% of the total 2020 R&D budget applied to non-carbon technologies. This includes further development of Floating Offshore Wind and Wave Energy Converter products, as well as studies within energy storage, desalination, hydrogen and ammonia for offshore applications.
- Strengthening of the Company's position in the Gas and LNG markets, focusing on LNG-to-Power and LNG Terminals.
- SBM Offshore is working on projects that address emissions reduction along the lifecycle of its business, as part of its emissionZERO™ portfolio.
- In December, the Company launched the New Energies & Services business entity, placing it prominently in the organization, reporting to the CEO.

FUTURE

SBM Offshore will build upon these achievements and is looking at developing from renewable energy pilots to commercial energy infrastructure as well as increasing its role in the supply chain with the aim of creating more value.

2 PERFORMANCE REVIEW & IMPACT

2.1.10 MARKET POSITIONING

MANAGEMENT APPROACH

Market positioning is about global presence and engaging in emerging markets in order to adapt to market developments. Size of business, new business development and sustainability benchmarks are seen as strong indicators of a successful management approach. Examples of metrics are the performance of the fleet, the number of projects won and the Company's ESG index performance. The Company's strategy to Optimize, Transform and Innovate combined with addressing material topics leads to a market positioning for future success. Through market positioning, SBM Offshore addresses the risks under Competitiveness

mentioned in section 1.4.2. As such Market Positioning is the outcome of several activities with subsequent responsibilities, described in previous sections.

SBM Offshore aims to position itself for an order intake of 2+ FPSO's per year. Annual sustainability targets are managed and The Company is actively engaging with and learning from various ESG ratings.

2020 PERFORMANCE

Performance is detailed in subsections of 2.1. The below table provides the key items of SBM Offshore's market positioning.

Market positioning – SBM Offshore performance

	Optimize	Transform	Innovate
SBM Offshore performance	<ul style="list-style-type: none"> ▪ Fleet size of 15 ▪ Backlog of 21.6US\$ Bn ▪ 5 FPSO projects under construction ▪ Nearly 350 years of cumulative operating experience 	<ul style="list-style-type: none"> ▪ 1 Fast4Ward® project under negotiation, 2 Fast4Ward® MPF under construction ▪ Industry leader in sustainability ranking ▪ emissionZERO™ launch 	<ul style="list-style-type: none"> ▪ 2 projects developed in the energy transition ▪ 52% R&D spend into non-carbon technology
Benchmarking	<ul style="list-style-type: none"> ▪ A leader in its market ▪ A leader on occupational safety ▪ 1st among peers to launch branded platform for emissions reduction ▪ 1st among peers with EPC floating offshore wind ▪ Industry first with a S3® type Wave Energy converter ▪ 1st among peers in sustainability ▪ 93rd Percentile Dow Jones Sustainability Index 		

FUTURE

SBM Offshore is committed to safe, sustainable and affordable energy for generations to come. The Company aspires to industry leadership, by understanding stakeholder interests and increasing the size and value of the business. In 2021, the Company's focus remains the safe and reliable execution of its ongoing projects and operation of its fleet. SBM Offshore also continues to engage early with clients to further grow its backlog in its traditional and new markets. There will be further development of the transformation projects, emissionZERO™, Fast4Ward® and Digitalization and the Company will continue innovating along the energy transition. Finally, sustainability performance is key to long-term market positioning. See section 2.2. for future developments in that area.

non-financial performance, as well as on indicators for its material topics.

The Company has a Sustainability Policy which includes commitments and guiding principles for the Company and its stakeholders. SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). Furthermore, to provide context for SBM Offshore's targets and performance, SBM Offshore leverages the UN SDG framework. The Company has identified seven SDGs that are most material to its business. In line with these SDGs, SBM Offshore has developed long-term targets and development roadmaps. These targets and roadmaps are built with inputs and commitments from different business entities as part of business plans and budgets.

2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

SBM Offshore is committed to sustainability, which contributes to the Company's Vision of providing Safe, Sustainable and Affordable Energy. SBM Offshore follows the Global Reporting Initiative (GRI) standards to report on

Sustainability is supervised by the Chief Strategy Officer, who reports to the CEO. In addition to a sustainability department, the Company has Sustainability Ambassadors in various business and functional divisions to drive the implementation of the sustainability strategy and embed it within the ways of working.