
SBM
OFFSHORE
ENERGY. COMMITTED.
ANNUAL REPORT 2020

6. Documentation in a Climate Action report and embedding in the Company's ERM system as well as Disclosure as per this Annual Report and internal presentations

The outcome is used to future proof the current strategy against Physical & Transitional Climate Change related Risks and Opportunities. Identified risks & opportunities are embedded in the Company's Risk Management approach explained in section 3.6 and the Company's Strategic Planning processes.

RISK MANAGEMENT

Climate change risks & opportunities are inherently identified and assessed against our strategy in our risk breakdown structure as deployed throughout the Company. When relevant, these risks are included in the detailed risk review and analysis is done for all tenders, projects and FPSO (asset) fleet operations which are part of the Company's portfolio. The Group Risk Manager facilitates the process of bottom-up Climate Change risk reporting into the Risk Assurance Committee (RAC) for consolidation purposes. The outcome of the review in the RAC results in heat-maps of risks which are presented in in a quarterly Risk report. This covers proposal, projects and fleet individual risks, as well as Group Functions and Execution Centers, and includes actions and managing measures in place to mitigate risk. The report provides an overview to the Management Board and Supervisory Board with the measurement SBM Offshore's Risk Appetite Statements and the latest Risk profile.

SCENARIO PLANNING

SBM Offshore defined two climate change scenarios to future proof current strategy and take subsequent action based on. IEA and IPCC data :

1. A **Steady** Climate Change Scenario based on IEA's Stated Policy Scenario (STEPS) and IPCC's Representative Concentration Pathway (RCP) 4.5 and 6.0. This scenario reflects the impact of announced country policies across the globe. This trajectory is said to have positive impact on climate change, however to fall short of meeting Paris Agreement goals.
2. A **Bold** Climate Action Scenario based on IEA's Sustainable Development Scenario (SDS) and IPCC's RCP 1.9 and 2.6. This scenario reflects a trajectory consistent with countries' shared sustainable energy goals. The trajectory provides for strong commitment towards targets as per Paris Agreement.

4.9 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 we elaborate in detail on the boundaries of our material topics. The boundary of a material topic relates to the parts of the organization and supply chain covered in the figures.

4.9.1 HEALTH, SAFETY AND SECURITY REPORTING

The HSS performance indicators 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 the Company
- 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

SBM Offshore implements consultation and participation in accordance with the applicable rules and regulations, and with the ISM onboard offshore units in the form of joint committee. The committee meets with the management team at an agreed frequency to address health and welfare and safety concerns of the employees.

All employees are provided HSSE trainings to familiarize themselves with the Company's health, safety, and security rules and regulations. As part of the training content, individuals attend internal classroom training, attend external training, practice on hands-on training or perform e-learning. The training topics are based on the hazards identified through the structured identification process as well as the regulatory requirements and includes Company standard training package such as security, Life Saving Rules, display screen equipment, site hazard awareness etc.

HSS incidents are reported and managed through the Company centralized 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 the Company operates. The system records safety, environmental, security incidents, loss of containments, equipment failure and damage only incidents.

SBM Offshore reports on all incidents classified as fatalities, injuries and high consequence injuries - work-related injuries that results in a fatality or in an injury from which the worker is not expected to recover from within six months. Safety incidents are reported based on the incident classifications as defined by the IOGP Report 2019s – September 2020. Health incidents are reported based on the occupational illnesses classification given in IOGP Report Number 393 – 2007. The main-type of work-related injury categories are related to slips, trips and falls –walking at same level & stairs – (18%) as well as manual handling related injuries (40%).

All incidents with an actual or a potential consequence for the Health, Safety and Security of personnel and/or impact on the environment arising out of Company's activities are investigated. Investigations, based on the type, criticality and severity of the event, are performed by specifically identified personnel using methods among which TapRoot® and 5 Why. The Company also reports incident data from contractor's construction facilities if the incident is related to an SBM Offshore project.

The Company uses records of exposure hours and SRS data to calculate Health and Safety performance indicators set by SBM Offshore. The data are tracked daily, consolidated monthly, and disclosed on an annual basis. Results are recorded and reported in accordance with the GRI Standards and IOGP guidelines. The results are compared to previous years, as well as benchmarked against the IOGP averages.

4.9.2 ENVIRONMENTAL REPORTING

OFFSHORE

In accordance with the IOGP and IPIECA guidelines, SBM Offshore reports on offshore units using the following reporting boundaries :

- Units in the Company's fleet producing and/or storing hydrocarbons under Lease and Operate contracts
- Units in which the Company exercises full operational management control. This view is complemented with an equity share view for the same scope on total offshore scope 1 emissions. Through this approach SBM Offshore accounts for offshore emissions according to its share of equity in the assets under operational control. The share reported is determined as the equity share held by SBM Offshore in the JV that itself owns the vessel

SBM Offshore considers 'operational management control' as: having full authority to introduce and implement operating policies at the operation, in line with the IPIECA definition.

The environmental and process safety performance of the Company is reported by region or management area: Brazil, Angola, North America & Equatorial Guinea. Based on the criteria stated above, SBM Offshore reports on the environmental and process safety performance for the following 13 units :

- Brazil – *FPSO Espirito Santo*, *FPSO Capixaba*, *FPSO Cidade de Paraty*, *FPSO Cidade de Anchieta*, *FPSO Cidade de Ilhabela*, *FPSO Cidade de Marica*, *FPSO Cidade de Saquarema*
- Guyana – *Liza Destiny* (FPSO)
- Angola – *FPSO Mondo*, *FPSO Saxi Batuque* and *N'Goma FPSO*
- North America & Equatorial Guinea – *FPSO Aseng*
- Asia – *FPSO Kikeh*

The environmental offshore performance reporting methodology was chosen according to the performance indicators relative to GRI Standards and IOGP guidelines. This includes:

- Greenhouse Gases, referred to as GHG which are N_2O (Nitrous Oxide), CH_4 (Methane) and CO_2 (Carbon Dioxide)
- GHG emissions per hydrocarbon production from flaring and energy generation
- Non Greenhouse Gases which are CO (Carbon Monoxide), NOx (Nitrogen Oxides), SO_2 (Sulphur Dioxide) and VOCs (Volatile Organic Compounds)
- Gas flared per hydrocarbon production, including gas flared on SBM Offshore account
- Energy consumption per hydrocarbon production
- Oil in Produced Water per hydrocarbon production