2022 ANNUAL REPORT

SBM OFFSHORE

TRUE.
BLUE.
TRANSITION.

3 GOVERNANCE

3.6 RISK & COMPLIANCE

GOVERNANCE

The Management Board is responsible for:

- determining the Company's risk profile and policy, which are designed to achieve the Company's objectives, to assess and manage the Company's risks and to ensure that sound internal risk management and control systems are in place, and
- ensuring that the entire SBM Offshore organization operates within its clearly defined Compliance Program.

The Management Board monitors the operation of the Compliance Program and the internal risk management and control systems and performs an annual systematic assessment of their design and effectiveness. The results are discussed with the Supervisory Board. This monitoring covers all material control measures relating to strategic, operational, financial, compliance and reporting risks. Among other considerations, attention is given to observed weaknesses, instances of misconduct and irregularities and indications from whistle blowers.

MANAGEMENT APPROACH

The Group General Counsel has managerial responsibility for compliance, insurance and legal matters. The Compliance Function, headed by the Group Compliance Director, has a leadership role in proactively advising the Management Board and Management on acting with integrity and in a compliant manner, both from a strategic and an operational perspective.

The Compliance Function comprises a globally diverse team of experienced compliance professionals located within the Company's most prominent locations worldwide. Business leadership has accountability and responsibility to manage compliance and integrity risks within their fields of management control.

3.6.1 DESIGN AND EFFECTIVENESS OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM

MANAGEMENT APPROACH

Group Risk & Control facilitates the business in identifying and managing risks, thereby ensuring the risks are managed within the Risk Appetite (see section 1.4.1) in order for the Company to achieve its strategic goals and objectives. The Risk Assurance Committee (RAC) brings together the heads of assurance functions and reviews the significant risks faced by the Company and its relevant control measures. It also oversees the integrated risk management approach.

Design and Effectiveness of Internal Risk Management and Control System

The Management Board reviewed and assessed its Internal Risk Management & Control System framework and discussed it with the Supervisory Board. This is performed against five related components which are derived from COSO's framework 'Enterprise Risk Management – Integrating with Strategy and Performance'*. Its relevance to SBM Offshore is explained in Key features, Achievements in 2022, Maturity assessment and the Company's Future ambitions.

COMPONENT	KEY FEATURES	ACHIEVEMENTS IN 2022	MATURITY ASSESSMENT according to Management Board	FUTURE AMBITIONS
GOVERNANCE & CULTURE	• Management takes responsibility of risks and controls • Letter of Representation process supports accurate financial results • Independent testing of Internal Control Framework by Internal Audit	• Merged teams of Risk and Internal Control • Delivery of Project Risk Training to key positions	• Management decision-making is performed with risk-based mindset • Risk and Internal Control support and its integration in the organization is effectively organized	• Build on ownership while monitor and support • Expand 2nd line of defense in countries where the Company is expanding its business
STRATEGY & OBJECTIVE-SETTING	• Risk Appetite is set by Management Board (MB) and is endorsed by the Supervisory Board (SB) • Risks, impacts and their assurance activities are organized according to Material Topics • Risk bearing processes are identified and reflected in the Internal Control Framework	• Conducted cross-functional risk assessments which are aligned with strategy (e.g. on Energy Transition, Climate Change, Digital Transformation and Human Rights) • Extension of the Internal Control scope with 2nd Level Review for Guyana and India, and for Supply Chain	• Strategy and its Material Topics are well integrated in the Company's Risk and Internal Control Framework	• Assess and quantify impact per Material Topic to improve prioritization of assurance activities. • Align Risk and Internal Control activities with Corporate Sustainability Reporting Directive (CSRD) requirements
PERFORMANCE	• Business achieves their objectives through Risk and Internal Control support • Risk and Internal Control activities are performed in line with the annual Strategy Cycle	• Performed Taskforce for Climate related Financial Disclosures (TCFD) Risk & Opportunity assessment • Updated and used Risk Control Matrices (RCM) in line with new ERP processes • High and stable level of controls conformity rate as per Internal review campaign	• Risk and Internal Control activities are adequately performed, providing sufficient information for discussion and prioritization of assurance	• Following TCFD guidance, continue to improve assessment of financial impact from Climate Change • Leverage benefits of ERP and new End-2-End processes to further improve Internal Control environment
REVIEW & REVISION	• The Risk Assurance Committee (RAC) includes heads of Assurance functions • RAC reviews risks and controls and ensures an integrated assurance approach • Annually the MB and SB discuss Risk Management & Control Systems	• Risk and Internal Control policies and procedures and tooling are regularly reviewed and improved by the RAC • Internal Control performed mapping exercise to anticipate changes within controls as result of implementation of new ERP	• Risk and Internal Control policies and procedures and tooling are annually discussed and reviewed with the Supervisory Board	• Continue to improve activities based on internal review and external feedback
INFORMATION, COMMUNICATION & REPORTING	• The Company keeps track of their risks, controls, and actions in digital solutions • Risk and Internal Control results are regularly discussed with the business and in the RAC, MB and SB • Risk and Internal Control results are disclosed according to relevant regulatory frameworks	• Internal Control activities of Supply Chain Management started to use dedicated tool for communication and documentation • Improved disclosure of Climate Change related Risks & Opportunities, including its financial impacts	• Disclosure of information, through digital support and solutions operates adequately	• Leverage on digital solutions for controls automation and data analytics

* Committee of Sponsoring Organizations of the Treadway Commission (COSO)
COSO is dedicated to providing thought leadership through the development of frameworks and guidance on ERM designed to improve organizational performance, oversight and to reduce the extent of fraud.

3 GOVERNANCE

3.6.2 COMPLIANCE PROGRAM

STRATEGY

SBM Offshore aims to enable its employees and business partners to make the right decisions, with commitment to integrity at all levels. In recognition of this commitment, the Company has implemented a comprehensive Compliance Program applicable to the SBM Offshore group. The leaders of SBM Offshore are responsible for ensuring that the Company fulfils this commitment. They set the tone from the top, foster a safe space for people to speak up and are there to respond to any questions, observations and suggestions in a responsible manner, in line with our Core Values and Code of Conduct.

Code of Conduct

The Code of Conduct builds on our Core Values of: Integrity, Care, Entrepreneurship, Ownership, which are at the heart of SBM Offshore. The Code of Conduct is a guideline for behavior and reflects the commitment of SBMers to lead the business responsibly, beyond compliance with rules. The Code is designed to help make responsible choices.

Key elements of the Compliance Program

SBM Offshore's Compliance Program aims to promote an ethical culture throughout SBM Offshore and guides the Company's Management and employees in making values-led decisions, as well as strengthening the management control system to prevent, detect and respond to compliance risks and potential violations of the Code of Conduct, the law and other wrongdoing. The program includes proper and independent oversight, risk management, policies and procedures, integrity reporting and investigations, risk-based training and communication, auditing and monitoring.

Speak Up

An important part of the program's role includes the focus on the prevention of misconduct through the Integrity Panel, which oversees and investigates reports of (potential) misconduct. The Company's reporting channels and Speak Up Line enable leadership to carefully listen to employees and partners in the value chain about their compliance concerns. A revised version of the Speak Up Policy was drafted in 2021 line with the requirements set in the EU Whistleblowing Directive.

MATURITY ASSESSMENT

The Management Board has assessed the Compliance Program against a basic maturity model and concludes that the Company is transitioning from a rules-based approach towards a value-driven business approach. Certain elements of the Compliance Program, notably the focus on responsible leadership behavior, fall within the 'value-led business' maturity level.