**2023** ANNUAL REPORT

SBM
OFFSHORE

# 3 GOVERNANCE

## 3.5 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 & Chief Compliance Officer has managerial responsibility for compliance, insurance and legal matters. The Compliance Function, headed by the Group Compliance Manager, 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.

## 3.5.1 DESIGN AND OPERATION 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 OPERATION OF THE 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 2023, Maturity assessment and the Company's Future ambitions.

| COMPONENT | KEY FEATURES | ACHIEVEMENTS IN 2023 | MATURITY ASSESSMENT according to Management Board | FUTURE AMBITIONS |
|---|---|---|---|---|
| GOVERNANCE & CULTURE | • Management takes responsibility of its risks, mitigation and controls<br>• Internal Control Framework is independently tested by Group Internal Audit | • Re-organized Group Risk and Control in Corporate & Business Solutions Center (CBSC)<br>• Restarted the Peer Review program for IC champions to visit other locations for review and cross-location learning opportunities<br>• Raised risk awareness through delivery of several Project Risk Training to key positions | • Management decision-making is performed with risk- and internal control-based mindset | • Build on business ownership of risks and focus on group integrated mitigation<br>• Reinforce awareness and accountability for risks and actions implementation |
| STRATEGY & OBJECTIVE-SETTING | • Risk Appetite is set by Management Board (MB) and is endorsed by the Supervisory Board (SB)<br>• Financial- and Non-Financial risk bearing processes are identified and reflected in the Internal Control Framework | • Internal Control addresses new topics in area of ESG (e.g. Emissions and Human Rights)<br>• Risk Appetite has been revised in 2023 | • Strategy and its Material Topics are well integrated in the Company's Risk Management and Internal Control Framework | • Support the Corporate Sustainability Reporting Directive (CSRD) requirements through compliance with Double Materiality<br>• Further integrate Risk and Internal control interaction at strategic and operational level |
| PERFORMANCE | • Business achieve its objectives through adequate Risk and Internal Control support<br>• Activities are performed according to the annual Strategy Cycle and disclosure requirements | • Performed Taskforce for Climate related Financial Disclosures (TCFD) assessment<br>• Updated Risk Control Matrices in line with new ERP | • Risk Management and Internal Control are adequately performed, providing information for discussion and prioritization of assurance | • Expand benefits of ERP and End-2-End processes to further improve Internal Control environment |
| REVIEW & REVISION | • The Risk Assurance Committee (RAC) meets monthly to ensure an integrated assurance approach<br>• Company's Risk Management & Control Systems are reviewed on a quarterly basis by the MB and SB. | • Policies and tooling were regularly reviewed and improved with the RAC<br>• Integrating risk mitigation with business objectives<br>• Applications mapping exercise completed to anticipate changes as result of new ERP | • Risk Management and Internal Control policies and procedures and tooling are annually discussed and reviewed with the SB | • Continue to improve activities based on internal review and external feedback<br>• Continue to adapt Risk and Internal control framework based on company strategy |
| INFORMATION, COMMUNICATION & REPORTING | • The Company keeps track of their risks, controls, and actions in appropriate digital solutions<br>• Results are disclosed according to relevant regulatory frameworks | • Quarterly Risk Report of Company's Risk Appetite measurement and main risks and related mitigating actions<br>• Improved disclosure of Climate Change related Risks & Opportunities | • Disclosure of information, internal and external, through digital support and solutions operates adequately | • Enhance existing digital solutions (e.g. embed contingency calculation and analyze its content for trends)<br>• Consider adoption of digital tool aiming to improve risk and control efficiency |

\* *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

## 3.5.2 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.

SBM Offshore's Compliance Program aims to promote an ethical culture throughout SBM Offshore and guides the Company's Management and employees in making value-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 leaders of SBM Offshore are responsible for ensuring that the Company fulfils this commitment. They provide direction to employees to make decisions in line with our Core Values and Code of Conduct and foster and encourage a safe space for employees to speak up. To support leaders in this role, the Compliance function provides guidance and offers various training and communication tools such as newsletters and tailored e-Learning.

Key elements of the Compliance Program:
- Commitment of the Management Board and the Supervisory Board.
- Oversight and autonomy of the Group Compliance Manager and adequate, qualified resources in the department.
- Code of Conduct, compliance policies and procedures (incl. Anti-Bribery and Corruption Policy that is, amongst others, consistent with the UN Convention against corruption).
- Regular communication, training and continued guidance and advice.
- Regular monitoring of compliance risks, mitigating measures and incident and action reporting.
- A thorough third-party management process, including an internal Validation Committee, which reviews the due diligence outcome on high-risk third parties prior to engagement.
- Independent verification (e.g. compliance audits).
- Compliance-related internal financial controls, following ICOFR principles.
- SBM Offshore only engages with third parties who share the same principles of conduct, communicated to all third parties prior to any contractual engagement.

- Confidential reporting procedures, including a Speak Up Line and internal investigations.
- Annual compliance statements for designated staff to monitor adherence to the Code and policies.
- Business conduct related questions part of the annual employee engagement survey.
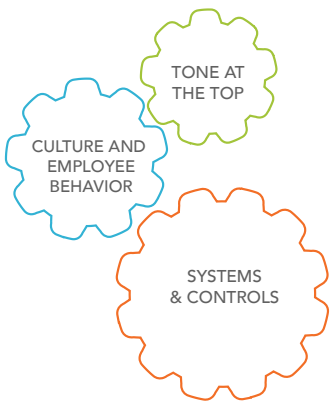


### Speak Up

SBM Offshore's reporting channels and Speak Up Line enable leadership to carefully listen to employees and partners in the value chain about their compliance concerns. SBM Offshore is committed to investigate these concerns promptly, independently and objectively. SBM Offshore's focus is on the prevention of misconduct and to protect the rights of the reporting person and SBM Offshore does not tolerate any form of retaliation against the reporting person. SBM Offshore takes claims of retaliation very seriously and deals with them directly.

- The Speak Up Line is managed by an independent third party, available 24 hours a day, allowing for anonymous and confidential reporting for both internal and external stakeholders.
- Once a report is made through the Speak Up Line, the below steps will be taken.
- SBM Offshore's Integrity Panel oversees and investigates reports of (potential) misconduct.
- Reporting persons will receive a confirmation of their report within 7 days and will receive feedback within a reasonable timeframe, usually not exceeding three months after receiving the report, except in cases where the nature or complexity of the report requires a longer timeframe.
- A revised version of the Speak Up Policy was drafted in 2021, in line with the requirements set in the EU Whistleblowing Directive, and is available on SBM Offshore's website.