



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2021

## 3 GOVERNANCE

### 3.8 OPERATIONAL GOVERNANCE

Operational Governance of the Company is supported by an independent team under Group HSSE and Operational Excellence, which encompasses key operational and assurance functions involved in SBM Offshore's core business activities and reports directly to SBM Offshore's Management Board. Such functions have a key role in ensuring a coordinated, consistent and controlled approach to core business over the full lifecycle i.e. Win, Execute and Operate phases, and across the Company's locations, Fleet Operations and Product Lines through:

- Functional leadership within the corresponding communities (distributed across entities) and other functions.
- Ownership and governance of internal systems and procedures, developed in response to known and anticipated risks in line with the strategic direction of the Company.
- Maintenance of GEMS, as introduced in section 3.8.1.
- Maintenance of GTS, as introduced in section 3.8.2.
- Management of improvement initiatives.
- Coordination and harmonization of the Company's ways of working and internal standards.
- Specific focus on the product lifecycle, notably based on a cross-functional gate process and internal arbitration if necessary.
- A focused hazard and effects management process that builds on experience in order to continuously improve the performance of our HSSE barriers such that the risk exposure is reduced to as low as reasonably practicable.
- An internal Incident Management Committee (connected in turn to the Risk Assurance Committee referred to in section 3.6.1) to ensure that lessons are effectively learned from incidents.
- Coordinated assurance activities focusing on risk management, compliance, effectiveness, business performance.
- Involvement of independent third-parties as certification, verification or classification bodies.

A detailed certification and classification table is provided in section 5.5, mapping compliance with international certification standards and classification rules.

Note: for complementary details on SBM Offshore's approach to Operational Excellence, refer also to section 2.1.4.

### 3.8.1 GLOBAL ENTERPRISE MANAGEMENT SYSTEM (GEMS)

GEMS is structured around three main process domains: executive processes, core processes and support processes. Core processes are further modelled into the Win, Execute and Operate phases and is represented as shown in the illustration.

The Management System is one of the key enablers for the Company to perform its business activities in a consistent, reliable and sustainable manner, meeting client expectations, adapting to new challenges and continuously improving ways of working.

The Management System of SBM Offshore is called the Global Enterprise Management System (GEMS) and is based on several international standards and other practices.

GEMS is the core of a broader ecosystem including software solutions (e.g. LUCY, SBM Offshore's Human Capital Management System) and other elements such as SharePoint microsites and Group Technical Standards (GTS) as introduced in section 3.8.2.

The Group's Vision, Values (section 1.3.1) and Policies are embedded in GEMS to support the correct governance of SBM Offshore's organization and business activities. These form the foundation processes that are consistently applied throughout all offices and fleet operations (in-country offices and vessels).

To align GEMS with the new ways of working brought by the new 'Integra' ERP platform, a new version of GEMS, 'GEMS Sapphire', has been developed, which will come into operation in 2022.

GEMS Sapphire's main core processes have been redesigned to show where the company generates value from its activities.

The existing version of GEMS will remain available and be maintained until the full deployment of Integra across SBM Offshore.

GEMS gives clear and formal ownership of end-to-end processes and clear identification of key controls. It provides a cohesive framework for quality and regulatory compliance, health and safety, security of personnel and assets, protection of the environment, as well as risk and opportunity management throughout the product lifecycle, ensuring the Company's sustainability.

GEMS can be accessed in its entirety via a single website which ensures easy access to all employees.

## GEMS SAPPHIRE

### EXECUTIVE PROCESSES

MANAGE GROUP STRATEGY	MANAGE ENTERPRISE RISK
MANAGE STRATEGIC ALLIANCES	MANAGE HSSE, QRM & OPERATIONAL EXCELLENCE
MANAGE SUPPLIERS & STRATEGIC SOURCING	MANAGE TECHNOLOGY & INNOVATION
ENSURE SUSTAINABILITY	MANAGE CLIENT & OPPORTUNITY
MANAGE LEGAL & COMPLIANCE	

### CORE PROCESSES

TENDER TO CASH
SERVICE TO CASH
PROCURE TO PAY
FORECAST TO CONTROL
RECORD TO REPORT
INVEST TO DIVEST
CONCEPT TO NEW PRODUCT AND SERVICES
HIRE TO RELEASE

### SUPPORT PROCESSES & SERVICES

MANAGE DATA & INFORMATION SYSTEM	MANAGE COMMUNICATION
MANAGE INFORMATION TECHNOLOGY	

### 3.8.2 GROUP TECHNICAL STANDARDS (GTS)

A key driver for the cost of new projects is the technical standards to be applied in addition to the local regulatory requirements. Typically, these standards fall into three categories – customer standards, contractor standards or a hybrid set of customized standards. In the current climate of severe cost pressure, there is a logical push in the industry towards wider acceptance of contractor standards. By leveraging its expertise – notably through its Fast4Ward® program – SBM Offshore can minimize project customization and efficiently deliver more standard products, with significant cost and schedule savings.

To support this approach, the Company has over the years established its own Group Technical Standards (GTS) by integrating key elements of its accumulated project execution and fleet operational experience. The GTS consist of a set of minimum technical requirements applicable to Company products provided to customers on a Lease & Operate basis. They ensure a consistent design approach, optimized from a lifecycle cost perspective and integrating Company's policies and standards with respect to personnel safety, environmental protection and asset integrity. Additionally, all GTS documents are formally reviewed and approved by Classification Societies acting as independent third parties.

### 3 GOVERNANCE

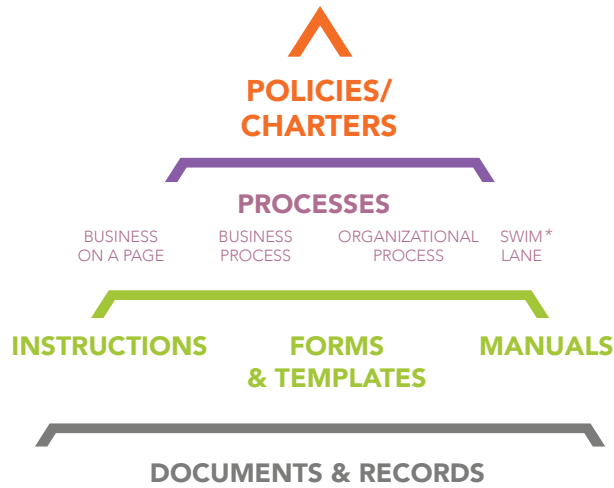
The GTS are maintained by a team of internal technical authorities and experts covering all key technical aspects of Company products, providing assurance over GTS application during project execution and integrating operational feedback as part of GTS continuous improvement.

To date, the Company has executed over 22 major projects using its GTS as basis of design since they were established in 2003.

GTS are going digital and will be available through a Requirement Management Software by Q1 2022, providing new features for GTS users and the team in charge of GTS development.

The main benefits will be time-saving, enhanced search and filtering functionalities, data re-use capacity, improved overall quality and multi support availability.

#### MANAGEMENT SYSTEM HIERARCHY



*\*A swimlane, also referred to as a Process Diagram, is a cross-functional diagram that displays all the steps included in an Organizational Process*

## 3.9 IN CONTROL STATEMENT

### INTRODUCTION

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. The implementation of the internal risk management and control framework at SBM Offshore focuses on managing both financial risks and operational risks, as described in section 3.6 of the Management Report. As a key part of its scope, the Risk Management function is responsible for the design, monitoring and reporting on the internal control framework.

During 2021, various aspects of risk management were discussed by the Management Board, including the consolidated quarterly Risk Report and the result of the yearly testing Internal Control Over Financial Reporting (ICOFR) campaign. The responsibilities concerning risk management, as well as the lines of defense, were also discussed with senior management of the Company. There were no major failings in the internal risk management and control systems which have been observed over the period. In addition, the result of the yearly ICOFR testing campaign has been reviewed with the Audit and Finance Committee and Supervisory Board. This testing campaign did not highlight any major control deficiency and concluded to an increased level of conformity rate around the organization.

SBM Offshore prepared the In Control Statement 2021 in accordance with the best practice provision 1.4.3 of the Dutch Corporate Governance Code. With due consideration to the above, the Company believes that:

- The Management Report provides sufficient insights into the Company's internal risk management and control systems.
- Its internal risk management and control systems provide reasonable assurance that the financial reporting over 2021 does not contain any errors of material importance.
- Based on the current state of affairs, the Management Board states that it is justified that the financial reporting over 2021 is prepared on a going concern basis; and
- Those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report have been included in the Management Report.

However, the Company cannot provide certainty that its business and financial strategic objectives will be realized or that its approach to internal control over financial reporting can prevent or detect all misstatements, errors, fraud or violation of law or regulations. Financial reporting over 2021 was based upon the best operational information available throughout the year and the Company makes a

conscious effort at all times to weigh the potential impact of risk and the cost of control in a balanced manner.

With reference to section 5.25c paragraph 2, sub c of the Financial Markets Supervision Act (*Wet op het financieel toezicht*), the Management Board states that, to the best of its knowledge:

- The financial statements for 2021 give a true and fair view of the assets, liabilities, financial position and profit or loss of SBM Offshore and its consolidated companies.
- The Management Report gives a true and fair view of the position as per December 31, 2021 and that of SBM Offshore's and its affiliated companies development during 2021. Furthermore, the Management Report includes a description of the principal risks facing SBM Offshore.

Schiphol, the Netherlands  
February 9, 2022

### Management Board

Bruno Chabas, CEO  
Philippe Barril, COO  
Erik Lagendijk, CGCO  
Douglas Wood, CFO