



2024 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

2.5 RISK AND 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 and 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.






2.5.1 DESIGN AND OPERATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

Group Risk and Control empowers the business to identify and manage risks and opportunities effectively, ensuring alignment with the Company's 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.

2 GOVERNANCE

DESIGN AND OPERATION OF THE RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

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, Achievement in 2024, Maturity assessment and the Company's Future ambitions.

COMPONENT	KEY FEATURES	ACHIEVEMENTS IN 2024	MATURITY ASSESSMENT according to Management Board	FUTURE AMBITIONS
GOVERNANCE & CULTURE 	<ul style="list-style-type: none"> Management identifies, assesses, and treats risks in line with strategy and the Risk Appetite The Risk Assurance Committee oversees risk treatment and the Internal Control Framework, ensuring alignment with the Risk Appetite Internal Audit independently tests the Internal Control environment, ensuring governance 	<ul style="list-style-type: none"> Aligned Risk management in identifying and treating risks coordinated with the strategy and risk appetite Enhanced Oversight, through the Risk Assurance Committee in aligning risk mitigation with organizational standards Strengthened Governance with independent audits to ensure effective 3 lines of defense. 	<ul style="list-style-type: none"> Management decisions are driven by a risk-aware and control-focused approach 	<ul style="list-style-type: none"> Reinforce governance and risk policies to promote a risk awareness, control-focused approach Further integration with strategic goals monitoring and improved risk oversight Enhance internal controls environment and accountability across the company
STRATEGY & OBJECTIVE-SETTING 	<ul style="list-style-type: none"> The Management Board (MB) sets the Risk Appetite, which is endorsed by the Supervisory Board (SB) Financial and non-financial risk-bearing processes are identified and incorporated into the Internal Control Framework. 	<ul style="list-style-type: none"> ESG risks, impacts, and opportunities are assessed and monitored periodically. Internal controls related to ESG have been embedded within global internal control framework The risk appetite was revised in the course of 2024 and aligned with the strategic objectives 	<ul style="list-style-type: none"> Strategy and its Material Topics are well integrated in the Company's Risk Management and Internal Control Framework 	<ul style="list-style-type: none"> Continue to integrate risk and internal controls at both strategic and operational levels Enhance risk monitoring through collaboration of strategic oversight and risk & control functions Strengthen ESG-related non-financial controls Keep focusing on emerging Risks
PERFORMANCE 	<ul style="list-style-type: none"> Business achieve its objectives through adequate Risk Management and Internal Control support Activities are performed according to the annual Strategy Cycle and disclosure requirements 	<ul style="list-style-type: none"> Implemented key risk indicators (KRIs) providing improved insight and control over strategic and operational risks. Strengthened ESG and Reporting Controls with ESG KPIs and related internal controls 	<ul style="list-style-type: none"> Risk Management and Internal Control are adequately performed, providing information for discussion and prioritization of assurance 	<ul style="list-style-type: none"> Develop key risk indicators (KRIs) and financial metrics within the integrated risk and control framework. Improve the monitoring of ESG KPIs and associated internal controls, incorporating both financial and non-financial reporting controls
REVIEW & REVISION 	<ul style="list-style-type: none"> The Risk Assurance Committee (RAC) meets monthly to ensure an integrated assurance approach Management Board and Supervisory Board monitors on quarterly basis, the Company's risk profile and internal control associated 	<ul style="list-style-type: none"> Policies and tooling were regularly reviewed and improved with the RAC Integrating risk mitigation with business objectives Applications mapping exercise completed to anticipate changes as result of new ERP 	<ul style="list-style-type: none"> Risk Management and Internal Control policies and procedures and tooling are annually discussed and reviewed with the Risk Assurance Committee and Supervisory Board 	<ul style="list-style-type: none"> Improve activities based on internal review and external feedback Continue to adapt Risk and Internal control framework based on company strategy
INFORMATION, COMMUNICATION & REPORTING 	<ul style="list-style-type: none"> The Company keeps track of their risks, controls, and actions in appropriate digital solutions Results are disclosed according to relevant regulatory frameworks 	<ul style="list-style-type: none"> Quarterly Risk Report of Company's Risk Appetite measurement and main risks and related mitigating actions Improved disclosure of Climate Change related Risks & Opportunities 	<ul style="list-style-type: none"> Disclosure of information, internal and external, through digital support and solutions operates adequately 	<ul style="list-style-type: none"> Enhance existing digital solutions (e.g., data analytics tools to improve analysis and KPIs to monitor thresholds) 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.

2.5.2 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, employees and contractors 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, laws and other wrongdoing. The leaders of SBM Offshore are responsible for ensuring that the Company fulfills this commitment. They provide direction to employees and contractors to make decisions in line with SBM Offshore's Core Values and Code of Conduct and foster and encourage a safe space 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.

2024 PERFORMANCE

Key elements of the Compliance Program:

- Involvement of the Management Board and the Supervisory Board in compliance matters.
 - Oversight and autonomy of the Global Compliance Manager and adequate, qualified resources in the department.
 - Code of Conduct, compliance policies and procedures (incl. Anti-Bribery and Corruption Policy that is, among others, consistent with the UN Convention against corruption and Anti-Money Laundering Policy which implements the European Union Directive 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as well as Foreign Corrupt Practices Act (FCPA) commitments and global anti-money laundering legislation).
 - Regular communication, training and continued guidance and advice.
 - Regular monitoring of compliance risks, mitigating measures and incident and action reporting.
 - A structured 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.
- Engagement with third parties who share the same principles of conduct, communicated prior to any contractual engagement.
 - Confidential reporting procedures, including a Speak Up Line and internal investigations according to EU Whistleblowing Directive
 - Annual compliance statements for designated staff to monitor adherence to the Code of Conduct 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 related to Code of Conduct, Workplace Civility (WPC) and internal policies as well as laws and regulations. In particular, all actual or suspected misconduct that may be related to SBM Offshore, whether involving SBM Offshore employees or third parties working for or on behalf of SBM Offshore, can and should be reported. SBM Offshore is committed to investigating 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. 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 steps described in the figure are taken.
- SBM Offshore's Integrity Committee oversees the handling of Speak Up reports.
- The reporting person receives a confirmation of the report within seven days and a feedback within a reasonable time frame, usually not exceeding three months after receiving the report, except in cases where the nature or complexity of the report requires a longer process.
- The latest 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.
- The new Speak Up Policy, along with a new Speak Up Investigation Framework, will be published in 2025.

