



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

\* 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.