

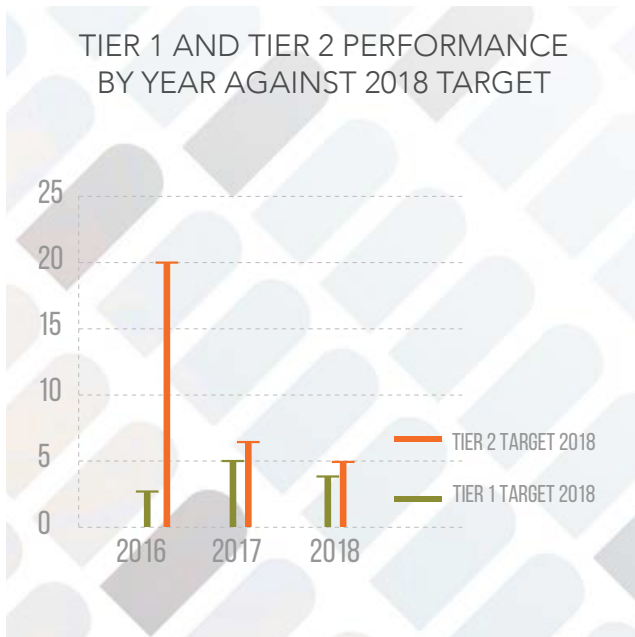


OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

2 STRATEGY AND PERFORMANCE



FUTURE

The following objectives have been set for 2019:

- Targets are set to reduce the number of Tier 1 and 2 PSEs compared to 2018 i.e Tier 1 PSE performance to be 1 or better, and Tier 2 PSE performance to be 3 or better.
- Continue implementation of the PSM framework throughout our business processes.

2.7.2 INTERNATIONAL SUSTAINABILITY RATING SYSTEM™

Since adopting the DNV GL's International Sustainability Rating System™ (ISRS) system in 2014, the Company has been implementing the ISRS best practices into its ways of working.



2.8 QUALITY AND REGULATORY

MANAGEMENT APPROACH

SBM Offshore is committed to performing its business in full compliance with all applicable laws and regulations and to delivering products and services meeting all related regulatory requirements, as well as any applicable specifications and requirements imposed by relevant stakeholders (including but not limited to clients).

As part of the Group Execution Functions, the combined Quality & Regulatory Management function is dedicated to ensuring that such objectives are consistently met in the Company's core business, notably through:

- Promoting a quality and compliance culture across its organization and ensuring appropriate behaviors
- Ensuring compliance of GEMS with relevant international standards (including, but not limited to, ISO 9001) and, in turn, ensuring effective compliance of the organization with GEMS.
- Providing systematic identification of regulatory requirements applicable to its core business activities and ensuring their implementation within the organization.
- Ensuring that conformity, compliance and acceptance of the Company's products and services are effectively achieved and maintained throughout their lifecycle.

2018 PERFORMANCE

Key achievements

- Active promotion of quality and regulatory compliance through communication campaigns and events (combined with HSSE and Process Safety)
- Maintenance of SBM Offshore's ISO 9001:2015 certification.
- Development and implementation of a revised, more risk-based and integrated approach to assurance activities across disciplines and business entities
- Quality improvement initiatives in the context of SBM Offshore's Journey to Excellence, focusing notably on 'Costs of Non-Quality' and 'Quality Rules'
- Regulatory watch and research as required to support the Company's Win, Execute and Operate

activities and strengthen corresponding assurance coverage

Most importantly, all Company offshore facilities were duly accepted by all relevant authorities and regulators, with all related permits, licenses, authorizations, notifications and certificates duly granted and maintained valid. Offshore facilities have also remained in class at all times as required from both statutory and insurance perspectives.

FUTURE

Key objectives for 2019

- Leading contribution to the Company's Journey to Excellence, with specific focus on the 'No Harm, No Defects, no Leaks' target and the 'right first time' principle
- Reduction of Cost-of-Non-Quality (and Cost-of-Non-Compliance) through systematic tracking, investigations and pilot initiatives to both prevent and mitigate future occurrences across the Company's Corporate, Win, Execute and Operate activities
- Leveraging ISRS to effectively support ongoing optimization and transformation.
- Smarter and leaner management system, assurance activities and ways of working.
- Deployment of SBM Offshore's new Quality Rules as part of the development of an integrated product assurance approach and as a quality-focused complement to SBM Offshore's well established Life Saving Rules and Process Safety Fundamentals.
- Effective use of independent third parties (including, but not limited to, certification and classification bodies, as shown in table 5.5) for inspection, verification and assurance services related to Execute and Operate activities
- Maintenance of an effective regulatory watch and interface with regulators, supporting ongoing business, innovation and new ventures.

As a permanent, overarching objective, all Company projects, facilities and sites are to be performed, delivered and maintained in full compliance with all applicable laws, regulations and requirements from relevant stakeholders.



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