



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2018

## 3 GOVERNANCE

### 3.10 OPERATIONAL GOVERNANCE

Operational Governance of the Company is supported by an independent and dedicated team under Group Execution Functions, which encompasses key operational and assurance functions involved in SBM Offshore's core business activities.

Such functions have a key role in ensuring a coordinated, consistent and controlled approach to core business over the Full Life Cycle i.e. Win, Execute and Operate phases, and across the Company's locations, Fleet Operations and Product Lines. Notably through:

- Functional leadership within the corresponding communities (distributed across entities) and vis-à-vis other functions;
- Ownership and governance of processes and systems, developed in response to known and anticipated risks in line with the strategic direction of the Company;
- Maintenance of a Global Enterprise Management System (GEMS) as introduced in section 3.10.1 ;
- Implementation of continuous improvement initiatives as introduced in section 2.7 led by a dedicated team;
- Improvement of reporting systems and setting key indicators to ensure effective oversight and performance monitoring;
- Coordination and harmonization of the Company's ways of working;
- Specific focus on the product lifecycle, notably based on a cross-functional gate process and internal arbitration if necessary;
- Coordinated assurance activities focusing on risk management, compliance, effectiveness and business performance;
- Coordinated assurance activities focusing on product conformity vis-à-vis applicable international and local Regulations, Rules, Technical Standards and other applicable requirements as introduced in section 2.8 ;
- Involvement of independent 3<sup>rd</sup> Parties as Certification, Verification or Classification Bodies.

A detailed Certification & Classification Table is provided in section 5.5, mapping compliance with International Certification Standards and Classification Rules.

### 3.10.1 GROUP ENTERPRISE MANAGEMENT SYSTEMS (GEMS)

SBM Offshore operates under a Global Enterprise Management System (GEMS), which is structured around three main process domains known as executive processes, core processes and support processes, with the core processes further modelled into the Win, Execute and Operate phases and is represented as shown in the illustration.

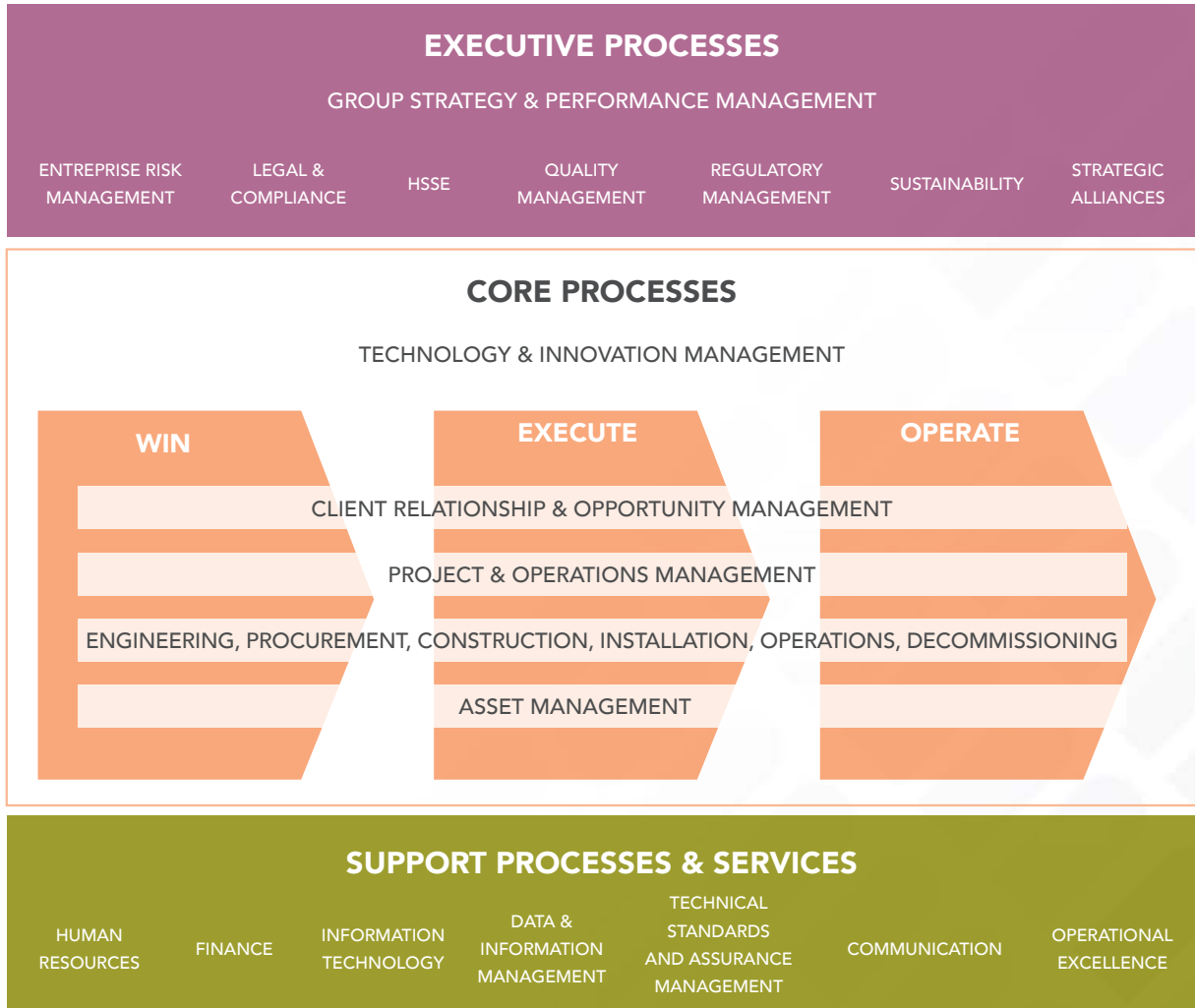
Group values (section 1.3 ) and policies are embedded to support the correct governance of SBM Offshore's organization and business activities. These form the foundation of GEMS and its processes, which are consistently applied throughout all regional centers and fleet operations (in-country offices and vessels).

GEMS allow an integrated end-to-end approach to all the business activities of SBM Offshore and of the joint venture operating companies, with clear and formal ownership of key 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.

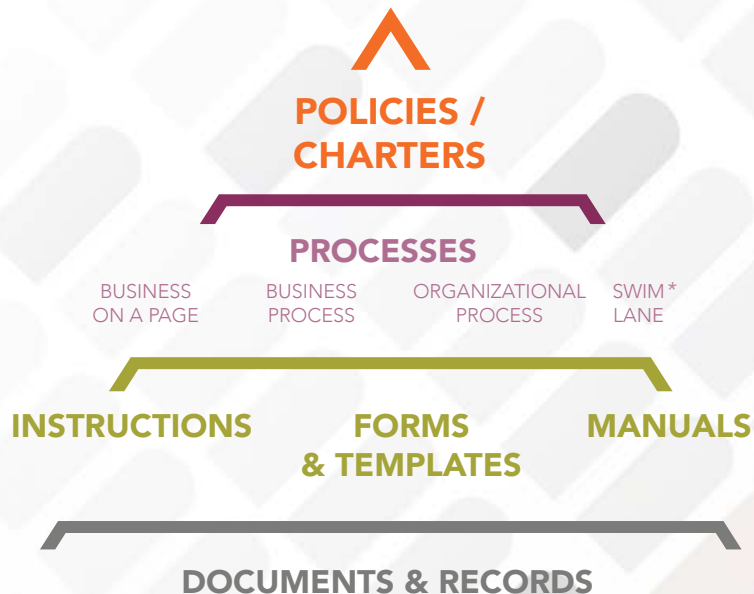
GEMS can be accessed in its entirety via SBM Offshore's online intranet portal which ensures easy access by all employees. In order to support the identity and scope of our joint venture operating companies, dedicated web portals have also been set up with access to applicable information from the central GEMS database.



## GEMS ON A PAGE



## 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