



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

### 3.6.2 COMPLIANCE PROGRAM

#### STRATEGY

SBM Offshore's Compliance Program aims to guide the Company's Management and employees in applying their moral compass, as well as strengthening the management control system. SBM Offshore has integrated the Compliance Program into its organizational structure and promotes a culture of integrity and compliance in the day-to-day way of working of all employees, increasingly focusing on targeted training initiatives, digitalization of processes and data analysis. SBM Offshore maintains an effective compliance risk management and control system, which includes monitoring and reporting, and upholds the Company's zero-tolerance for bribery, corruption, fraud or any other form of misconduct. The Company maintains a global management control framework, while the Company's Management is responsible for embedding compliance in day-to-day business practice.

#### The Compliance Program is built on three pillars :

- Compliance governance and organization
- Hard and soft controls<sup>20</sup>
- Organizational culture and employee behavior



#### Key elements of the Compliance Program

- Commitment of the Management Board and the Supervisory Board.
- Responsibility and accountability for compliance implementation and management residing in line management and, ultimately, with the Management Board.
- Oversight by and autonomy of the GCD and adequate, qualified resources in the department.
- Company Code of Conduct and Compliance policies and procedures.
- Regular communication, training and continued guidance and advice.
- Convergence of compliance initiatives with other responsible business conduct initiatives
- Regular monitoring of compliance risks, mitigating measures and risk-based controls, as well as incident and action reporting.
- A thorough 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.
- Confidential reporting procedures, including an Integrity Line and internal investigations.
- Annual compliance statements from employees in middle and senior management positions.



<sup>20</sup> Hard controls are the explicit, tangible controls that guide employee behavior through defined policies and procedures while on the other hand, soft controls are intangible factors that influence the behavior of employees and ensure compliance with procedures such as openness, discussability and enforcement. Soft controls can be strengthened by for instance, training, improving the speak-up culture and facilitating the discussion of ethical dilemmas.

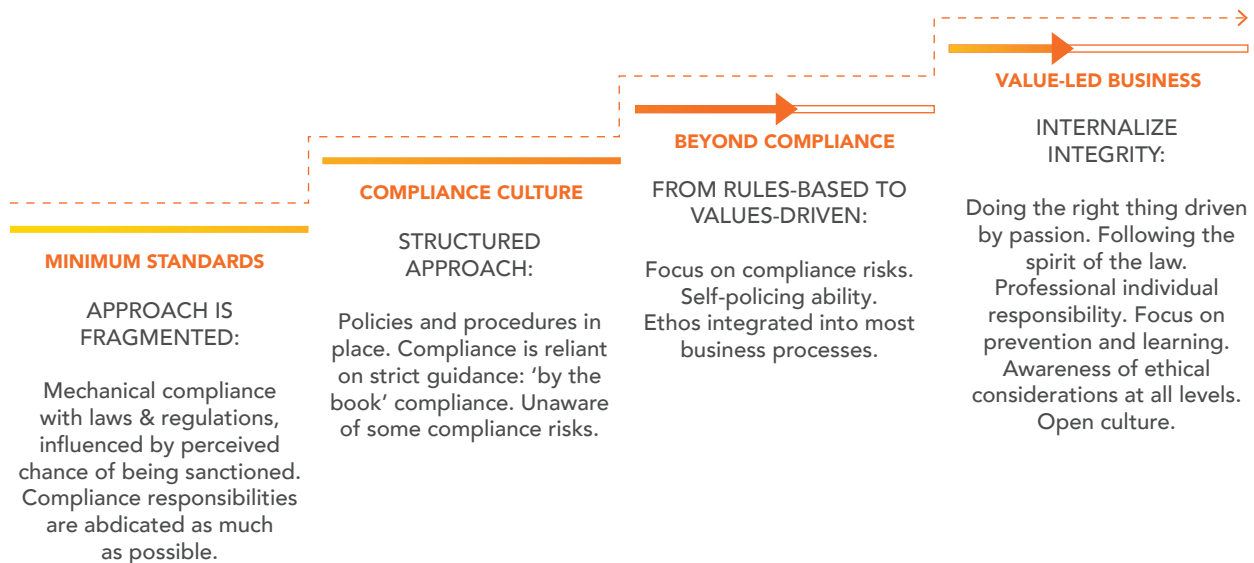
#### MATURITY ASSESSMENT

The Management Board has assessed its Compliance program against a basic maturity model (from 'minimum standards' to 'value led business'). The table below displays the Compliance program maturity level as per end of 2020. Overall, the Compliance program is continuing to transition from 'Compliance culture' to the 'Beyond Compliance'

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level, although certain elements of the Compliance program, notably the focus on responsible leadership behavior, fall within the 'value-led business' maturity level. This is supported by ongoing convergence of compliance initiatives with other initiatives that focus on responsible business conduct, such as LifeDay, Right365 and vendor

engagement events. Through evolving Compliance Program enhancements and by integrating compliance in business events, the Company strives for continuous improvement in embedding compliance as an integral part of its business processes.



### 3.7 COMPANY TAX POLICY

SBM Offshore's tax policy is summarized as follows :

- The Company aims to be a good corporate citizen in the countries where it operates by complying with the law and by contributing to the countries' progress and prosperity through employment, training and development, local spending, and through payment of the various taxes it is subject to, including wage tax, personal income tax, withholding tax, sales tax and other state and national taxes as appropriate.
- The Company aims to be tax efficient in order to be cost competitive, while fully complying with local and international tax laws.

The Company operates in a global context, with competitors, clients, suppliers and a workforce based around the world. A typical FPSO project sees a hull conversion in Asia, topsides construction in Asia, Africa or South America, engineering in Europe, Asia or the USA and large scale procurement from dozens of companies in many countries across the globe. In each of these countries, the Company complies with local regulations and pays direct and indirect taxes on local value added, labor and profits and in some cases pays a revenue based tax. To coordinate

the international nature of its operations and its value flows and to consolidate its global activities, in 1969 the Company created Single Buoy Moorings Inc, which continues to perform this function today from its offices in Marly, Switzerland.

The Company :

- Complies with the OECD transfer pricing guidelines.
- Supports the OECD's commitment to enhance tax transparency and is committed to be in full compliance with applicable laws in countries where it operates. Consistent with this approach, the Company supports the initiatives on base erosion and profit shifting, including but not limited to Anti Tax Avoidance Directive 2 (ATAD 2) or European Union directives enhancing transparency, such as DAC 6. The Company is required to file detailed reports and transfer pricing documentation in accordance with Base Erosion and Profit Shifting's (BEPS) action 13 as is now implemented in Dutch tax law. The disclosures contained in the country-by-country reporting ('CbCR') have been prepared to meet the OECD requirements and have been filed with the Dutch tax authorities for the year 2019.