



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

3.9 OPERATIONAL GOVERNANCE

Operational Governance of the Company is further supported by Group Execution Functions which encompass all key operational and assurance functions involved in SBM Offshore core business activities.

Such Functions have a key role in ensuring a coordinated, consistent and effectively controlled approach to core business across Group entities, notably through:

- functional governance and leadership within the corresponding communities (distributed across entities) and vis-à-vis other Functions;
- development and maintenance of a Global Enterprise Management System (GEMS) as introduced in section 3.9.1;
- implementation of key improvement initiatives as introduced under section 2.7 led by a team dedicated to Operational Excellence;
- development of reporting systems and tools to ensure effective control and performance monitoring
- standardization of ways of working
- specific focus on the overall product life cycle (from concept to decommissioning through delivery and operation), notably based on a cross-functional gate process and internal arbitration if necessary
- direct and active involvement in the qualification/ validation of suppliers and subcontractors as part of Strategic Sourcing activities
- governance of partly-owned fabrication yards through the corresponding JV Governance and Management structure
- coordinated assurance activities related to GEMS and underlying Industry Standards (e.g. ISO 9001), focusing on management system compliance, effectiveness and business performance;

- coordinated assurance activities focusing on product conformity vis-à-vis applicable Regulations, Rules, Technical Standards and other applicable requirements;
- involvement of independent 3rd Parties as Certification, Verification or Classification Bodies.

A detailed Certification & Classification Table is provided in Section 6.4 , mapping SBM Offshore compliance with International Certification Standards and Classification Rules.

3.9.1 GROUP ENTERPRISE MANAGEMENT SYSTEMS (GEMS)

SBM Offshore operates under a Global Enterprise Management System (GEMS). GEMS has been 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.

Group values 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 the Regional Centers, in-country offices and vessels.

GEMS allows 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 life cycle, ensuring the Company's Sustainability.

