



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

advice in accordance with the Dutch Corporate Governance Code, the articles of association and the Supervisory Board rules. In the performance of its duties, the Supervisory Board is guided by the interests of the Company's various groups of stakeholders. In addition, certain (material) decisions of the Management Board, as stipulated in the Dutch Civil Code, articles of association or the Supervisory Board and Management Board rules, require the Supervisory Board's prior approval.

The Supervisory Board currently consists of eight members. Members of the Supervisory Board are appointed at the General Meeting of Shareholders following nomination by the Supervisory Board. Further information about the appointment and dismissal of Supervisory Board members can be found in SBM Offshore's articles of association.

A Supervisory Board member is appointed for a period of four years and may then be re-appointed once for another four-year period. A Supervisory Board member may subsequently be re-appointed again for a third period of two years, which may be extended by at most two years.

The Supervisory Board has three subcommittees: the Audit and Finance Committee, the Appointment and Remuneration Committee and the Technical and Commercial Committee. The Appointment and Remuneration Committee is a joint committee with two separate chairpersons and two separate tasks: the selection and appointment preparation of Management Board and Supervisory Board members and the preparation of decision-making regarding remuneration matters. SBM Offshore has an internal audit department with direct reporting to the Supervisory Board through the Audit and Finance Committee. More information about the ways of working of the Supervisory Board and its committees can be found in the Supervisory Board and Committee rules, as available on the Company's website. The Supervisory Board has drawn up a retirement schedule for its members, which is also available on the Company's website.

### 3.5.4 SHARES AND THE GENERAL MEETING OF SHAREHOLDERS

The authorized share capital of the Company amounts to EUR 200 million and is divided into 400,000,000 ordinary shares with a nominal value of EUR 0.25 and 400,000,000 protective preference shares, also with a nominal value of EUR 0.25. The preference shares can be issued as a protective measure, as explained below in the section on the Stichting Continuïteit SBM Offshore.

With reference to the articles of association, all shareholders are entitled to attend the General Meeting of Shareholders, to address the General Meeting of

Shareholders and to vote. At the General Meeting of Shareholders, each Ordinary Share with a nominal value of EUR 0.25 each shall confer the right to cast one (1) vote. Each protective preference share with a nominal value of EUR 0.25 each shall confer the right to cast one (1) vote, when issued. None of the protective preference shares have been issued to date. Unless otherwise required by law or the articles of association of the Company, all resolutions shall be adopted by an absolute majority of votes. The General Meeting of Shareholders may adopt a resolution to amend the articles of association of the Company by an absolute majority of votes cast, but solely upon the proposal of the Management Board, subject to the approval of the Supervisory Board. The articles of association are reviewed on a regular basis and were last amended in April 2016.

As per December 31, 2019, 198,671,305 (2018: 205,671,305) ordinary shares are issued. No preference shares have been issued.

Every year the Annual General Meeting is held within six months after the start of a new calendar year. The agenda for this meeting generally includes the following standard items:

- The report of the Management Board concerning the Company's affairs and the management as conducted during the previous financial year
- The report of the Supervisory Board and its committees
- The adoption of the Company's Financial Statements, the allocation of profits and the approval of the dividend
- the discharge of the Management Board and of the Supervisory Board
- Corporate Governance
- The delegation of authority to issue shares and to restrict or exclude pre-emptive rights
- The delegation of authority to purchase own shares
- The composition of the Supervisory Board and of the Management Board
- From 2020, the Remuneration Report for an advisory vote

In addition, certain specific topics may be added to the agenda by the Supervisory Board.

An Extraordinary General Meeting can be held whenever the Management Board and/or the Supervisory Board shall deem this necessary. The General Meetings of Shareholders can be held in Schiedam, Rotterdam, The Hague, Amsterdam, Hoofddorp, Amstelveen or Haarlemmermeer (Schiphol).

Proposals to the agenda of General Meetings of Shareholders can be made by persons who are entitled to

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attend General Meetings of Shareholders, solely or jointly representing shares amounting to at least 1% of the issued share capital. Proposals of persons who are entitled to attend the shareholders meetings will only be included in the agenda if such proposals are made in writing to the Management Board not later than sixty (60) days before that meeting.

The proxy voting system used at the General Meetings of SBM Offshore is provided through ABN Amro Bank N.V. and by IQ-EQ Financial Services B.V. as independent third parties. The articles of association do not provide for any limitation of the transferability of the ordinary shares and the voting rights of shareholders is not subject to any limitation.

At the 2019 Annual General Meeting, 137,634,990 ordinary shares participated in the voting, equal to 66.92% (2018: 63.83%) of the then total outstanding share capital of 205,671,305 ordinary shares. All the proposed resolutions were approved. The outcome of the voting of the meeting was posted on the Company's website on the day following the 2019 Annual General Meeting.

### 3.5.5 ISSUE, REPURCHASE AND CANCELLATION OF SHARES

The General Meeting of Shareholders or the Management Board, if authorized by the General Meeting of Shareholders and with the approval of the Supervisory Board, may resolve to issue shares.

The General Meeting of Shareholders or the Management Board, subject to the approval of the Supervisory Board, shall set the price and further conditions of issue, with due observance of the provisions contained in the articles of association. Shares shall never be issued below par, except in the case as referred to in article 2:80 (2) Dutch Civil Code. At the 2019 Annual General Meeting, the shareholders have delegated to the Management Board for a period of eighteen months and, subject to the approval of the Supervisory Board, the authority to issue ordinary shares up to 10% of the total outstanding shares at that time. In addition, authorization was granted to restrict or to exclude pre-emption rights, as provided for in article 6 of the Company's articles of association for a period of eighteen months and subject to the approval of the Supervisory Board.

The Management Board may, with the authorization of the General Meeting of Shareholders and the Supervisory Board and without prejudice to the provisions of article 2:98 Dutch Civil Code and the articles of association, cause the Company to acquire fully paid-up shares in its own capital for valuable consideration. The Management Board may

resolve, subject to the approval of the Supervisory Board, to dispose of shares acquired by the Company in its own capital. No pre-emption right shall exist in respect of such disposal. At the 2019 Annual General Meeting, the shareholders have delegated the authority to the Management Board for a period of eighteen months, as from April 10, 2019 and subject to approval of the Supervisory Board, to acquire up to 10% of the total outstanding shares at that time. The authorization granted at last year's Annual General Meeting will continue to apply for the share repurchase program as announced on February 14, 2019.

On February 14, 2019 SBM Offshore initiated a EUR175 million share repurchase program, with the objective of share capital reduction and, in addition, to provide shares for regular management and employee share programs. The repurchase program was completed on May 20, 2019. The execution of the share repurchase program was done under the terms of an engagement letter with a third-party and performed in compliance with the safe harbor provisions for share repurchases. In accordance with the European Market Abuse Regulation, the Company informed the market through weekly press releases and updates on its website. In 2019, 7,000,000 shares in the capital of SBM Offshore were cancelled. The cancellation of shares is executed under the authorization of the 2018 and 2019 Annual General Meeting resolutions. More information can be found in section 4.3.12 of this Annual Report.

### 3.5.6 EXTERNAL AUDITOR

The external auditor of SBM Offshore is appointed by the General Meeting of Shareholders on the proposal of the Supervisory Board.

PricewaterhouseCoopers Accountants N.V. ('PricewaterhouseCoopers') was first appointed during the 2014 Annual General Meeting. During the 2018 Annual General Meeting, PricewaterhouseCoopers was re-appointed as external auditor for a period of three years (for the audit of the financial years 2018-2020).

The current lead auditor is Michael de Ridder of PricewaterhouseCoopers. The external auditor attends all meetings of the Audit and Finance Committee, as well as the meeting of the Supervisory Board at which the financial statements are approved. The external auditor receives the financial information and underlying reports of the quarterly figures and is given the opportunity to comment and respond to this information.

Based on auditor independence requirements, the lead auditor in charge of the SBM Offshore account is changed every five years. Pursuant to the Dutch Audit Profession Act