



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

(Wet op het accountantsberoep), the audit firm of a so-called public interest entity (such as a listed company) will have to be replaced if the audit firm performed the statutory audits of the Company for a period of ten consecutive years, at the latest in 2024.

Pursuant to the Audit Profession Act, the auditors are prohibited from providing the Company with services in the Netherlands other than 'audit services aimed to provide reliability concerning the information supplied by the audited client for the benefit of external users of this information and also for the benefit of the Supervisory Board, as referred to in the reports mentioned'. During 2019, a small number of limited-scope non-audit services were provided by foreign member firms of the PricewaterhouseCoopers global network, taking into account the global independence rules and SBM Offshore's policy in this regard.

### 3.5.7 STICHTING CONTINUÏTEIT SBM OFFSHORE

In this paragraph, SBM Offshore's anti-takeover measures are described, as well as the circumstances under which it is expected that these measures may be used.

A Foundation 'Stichting Continuïteit SBM Offshore' (the Foundation), was established on March 15, 1988. In summary, the objectives of the Foundation are to represent the interests of SBM Offshore in such a way that the interests of the Company and of all parties involved in this are safeguarded, and that influences which could affect the independence, continuity and/or the identity of the Company in breach of those interests are deterred. The Foundation will perform its role, and take all actions required, at its sole discretion. In the exercise of its functions it will, however, be guided by the interests of the Company and the business enterprises connected with it, and all other stakeholders, including shareholders and employees.

The Foundation is managed by a Board, the composition of which is intended to ensure that an independent judgement may be made as to the interests of the Company. The Board consists of a number of experienced (former) senior executives of multinational companies. To be kept informed about the business and interests of the Company, the Chairman of the Supervisory Board, CEO and the CGCO are invited to attend the Foundation Board meetings.

The Board of the Foundation consists of: Mr. A.W. Veenman, Chairman, former CEO of the Nederlandse Spoorwegen, Mr. B. Vree, Vice-Chairman, former CEO of APM Terminals, Mr. R.H. Berkvens, CEO of Damen

Shipyards, Mrs. H.F.M. Defesche, Company Secretary of Fugro N.V. and Mr. J.O. van Klinken, General Counsel and member of the Management Board at Aegon N.V.

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of preference shares in the Company's share capital, carrying voting rights, equal to one half of the voting rights carried by the ordinary shares outstanding immediately prior to the exercise of the option, enabling it effectively to perform its functions, at its sole discretion and responsibility, as it deems useful or desirable.

The option agreement between SBM Offshore and the Foundation was lastly amended and restated in 2011, to reflect a waiver by the Company of its put option and the alignment of the nominal value of the protective preference shares with the nominal value of ordinary shares by reducing the nominal value of EUR 1 to EUR 0.25 and the related increase in the number of protective preference shares, as per the amended articles of association of the Company. The Foundation is independent, as stipulated in article 5:71 (1) (c) Financial Market Supervision Act.

### 3.5.8 OTHER REGULATORY MATTERS

#### CONFLICTS OF INTEREST

The members of the Management Board have a services contract with SBM Offshore N.V. These contracts stipulate that members of the Management Board may not compete with the Company. A change of control clause is included in the service agreement between the Company and each of the members of the Management Board.

The Management Board Rules and the Code of Conduct of the Company regulate matters of conflict of interest. The Supervisory Board Rules also contain a regulation based on the Dutch Corporate Governance Code that deals with reporting of conflict of interest of the Chairman and members of the Supervisory Board. In 2019, there were no conflicts of interest in relation to the members of the Management Board and Supervisory Board reported, which means that the Company is compliant with best practice 2.7.3 to 2.7.4 of the Dutch Corporate Governance Code.

The Company's Code of Conduct does not permit employees and directors to accept gifts of value for themselves or their relatives, to provide advantages to third-parties to the detriment of the Company or to take advantage of business opportunities to which SBM Offshore is entitled.

In 2019, no loans or guarantees have been provided to members of the Management Board.



### 3 GOVERNANCE

In 2019, SBM Offshore did not enter into transactions with persons who held at least ten percent of the shares in the Company. The Company is compliant with best practice 2.7.5 of the Dutch Corporate Governance Code.

#### REGULATIONS CONCERNING OWNERSHIP OF AND TRANSACTIONS IN SHARES

In addition to the Company's Insider Trading Rules, the Supervisory Board and Management Board rules contain a provision with regard to the ownership of and transactions in shares in the Company and in shares of Dutch listed companies other than SBM Offshore N.V. This provision stipulates that Supervisory Board and Management Board members will not trade in Company shares or other shares issued by entities other than the Company on the basis of share price sensitive information if this information has been obtained in the course of managing the Company's business.

For information about the shares (or other financial instruments) held in SBM Offshore N.V. by members of the Management Board, reference is made to note 4.3.23 to the consolidated financial statements.

#### MANDATES WITH THIRD-PARTIES

Reference is made to the overview of the Management Board and Supervisory Board members in section 3.1 and 3.2 of this report, in which their material mandates outside SBM Offshore are listed. Management Board and Supervisory Board members shall inform the Supervisory Board before accepting positions outside the Company. Positions may not be accepted without the Supervisory Boards' prior approval. The position cannot be in conflict with the Company's interest. Mandates are discussed annually in the Supervisory Board meeting. The Company is compliant with best practice 2.4.2 of the Dutch Corporate Governance Code. Members of the Management Board may also be appointed to the statutory board of the Company's operational entities.

#### CODE OF CONDUCT AND REPORTING OF ALLEGED IRREGULARITIES

The Company has a Code of Conduct, which was updated in April 2018 and can be found on the Company's website. The Company also has a procedure allowing employees to report alleged irregularities with respect to the Code of Conduct without jeopardizing their employment position. A free-phone and web-based reporting facility (the SBM Offshore Integrity Line) is in place, which employees can use – anonymously if they wish – in their own language. The facility is operated by an external provider, People Intouch. For more details on SBM Offshore's compliance program reference is made to section 3.8.

#### DIVERSITY

The Company's diversity policy for the Supervisory Board and the Management Board is published on the Company website. This diversity policy addresses the aspects that have been identified as relevant for the Company when composing the Supervisory Board and the Management Board and selecting persons for (re-)appointment. These aspects are nationality/cultural background, age, gender and (work) experience. The objective is to have nationality, age and gender diversity in the Management Board and the Supervisory Board. On gender diversity the target is to have a minimum of 30% women and a minimum of 30% men on each of the Management Board and Supervisory Board.

The members of the Supervisory Board have a diverse mix of knowledge, skills and expertise, in line with the required profile (see also Schedule 2 of the Supervisory Board Rules). Currently, 25% of the Supervisory Board members are female and 100% of the Management Board is male. Following the appointment of a female member in June 2019, the Executive Committee now consists of three female members out of the six members that complete the Executive Committee. The nationality/cultural background is diverse, as the members of the Management Board cover four and the eight members of the Supervisory Board cover five nationalities. Two additional nationalities are represented in the Executive Committee.

Diversity also applies to our employee base. We therefore continue to pay attention to diversity at the recruitment of staff, talent management, appointment to roles, retention of employees, succession planning, training and development in general. In succession planning, including re-appointments, of both the Management Board and the Supervisory Board, the set diversity aspects, objectives and targets are considered; ultimately the most qualified candidate will be nominated for appointment.

#### EXECUTIVE COMMITTEE

Since the end of 2012, an Executive Committee has been in place. The Executive Committee facilitates decision-making without detracting from the exercise of statutory responsibilities by the members of the Management Board and the internal company authority matrix. Currently, the Executive Committee is comprised of the Management Board members, the Managing Directors of Floating Production Solutions, Global Resources & Services, Operations and Strategic Growth, as well as the Group HR Director and the Chief Strategy Officer. The Executive Committee meets on a monthly basis. In the meetings both strategic and operational topics are discussed.

## MISCELLANEOUS

SBM Offshore N.V. has a revolving credit facility agreement under which the agreement of the participating banks must be obtained in the event of a change in control of the Company after a public take-over bid has been made. Certain vessel charter contracts contain clauses to the effect that the prior consent of the client is required in case of a change of control or merger or where the company resulting from such change of control or merger would have a lower financial rating or where such change of control or merger would affect the proper execution of the contract. In addition, local bidding rules and regulations (e.g. in Brazil for Petrobras) may require client approval for changes in control.

## FURTHER INFORMATION

The Investor Relations and the Corporate Governance sections of the Company website provide extensive information including the articles of association, the Company Code of Conduct, the Supervisory Board and Committee rules and the Management Board rules. The website also contains the contact details of the Investor Relations department.

