



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

## 3 GOVERNANCE

### 3.2 CORPORATE GOVERNANCE

This section gives a broad outline of SBM Offshore's corporate governance structure by describing the roles of the corporate bodies, the external auditor and of the foundation Stichting Continuïteit SBM Offshore. This section also indicates to what extent SBM Offshore applies the principles and best practice provisions in the Dutch Corporate Governance Code of December 8, 2016 (the Corporate Governance Code). The details on compliance with the Corporate Governance Code can be found on SBM Offshore's website under 'Rules governing the Supervisory Board'. The full text of the Corporate Governance Code can be found on [www.mccg.nl](http://www.mccg.nl).

#### 3.2.1 CORPORATE GOVERNANCE STRUCTURE

SBM Offshore N.V. is a limited liability company (*Naamloze Vennootschap*) incorporated under the laws of the Netherlands with its corporate seat in Amsterdam. The Company is listed on Euronext Amsterdam. The Company has a two-tier board consisting of a Supervisory Board and a Management Board. Each board has its specific roles and tasks regulated by laws, the articles of association, the Corporate Governance Code, the Supervisory Board rules and Management Board rules. The Management Board rules and Supervisory Board rules contain details on the ways of working of the Management Board and the Supervisory Board and were last amended in November 2019 by adding the Related Party Transaction Policy as an additional schedule to the both set of rules. Both sets of rules are published on the Company's website, together with the articles of association.

#### 3.2.2 MANAGEMENT BOARD

The Management Board manages the Company and is responsible for the continuity of the Company and its business. The Management Board establishes a position on the relevance of long-term value creation and strategy for the Company and its business and takes into account the relevant stakeholders' interests. In fulfilling its responsibilities, the Management Board is guided by the interests of the Company and its business.

Each year, the Management Board presents to the Supervisory Board the strategy of the Company, the Operational Plan and the financial objectives that allow quantification and progress measurement of the strategy implementation.

The Management Board is responsible for determining the Company's risk profile and policy, which are designed to realize the Company's objectives, to assess and manage the Company's risks and to ensure that sound internal risk

management and control systems are in place. The Management Board monitors the operation of the internal risk management and control systems and carries out a systematic assessment of their design and effectiveness at least once a year. This monitoring covers all material control measures relating to strategic, operational, financial, compliance and reporting risks. Among other considerations, attention is given to observed weaknesses, instances of misconduct and irregularities and indications from whistle blowers. A regular risk report is provided to the Supervisory Board.

The Management Board adopted corporate core values for the Company that contribute to a culture focused on long-term value creation. These values are Integrity, Care, Entrepreneurship and Ownership and are regularly discussed with the Supervisory Board. The Management Board encourages behavior that is in keeping with the values and propagates these values through leading by example. The Management Board is responsible for the incorporation and maintenance of the values.

The Management Board is accountable to the Supervisory Board and the General Meeting of Shareholders for the performance of its management tasks.

The Management Board currently consists of four members: the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Chief Governance and Compliance Officer. Management Board members are appointed and can be suspended or dismissed by the General Meeting of Shareholders. Further information about the appointment and dismissal of Management Board members can be found in SBM Offshore's articles of association.

Section 3.1 lists the material mandates of the Management Board outside SBM Offshore. Management 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 positions can not be in conflict with the Company's interests. Mandates are discussed annually in the Supervisory Board meeting. The Company is compliant with best practice 2.4.2 of the Corporate Governance Code. Members of the Management Board may also be appointed to the statutory board of the Company's operational entities.

#### 3.2.3 SUPERVISORY BOARD AND COMMITTEES

The Supervisory Board supervises the policies, the management of the Company and its businesses, the effectiveness and the integrity of the internal control and

risk management systems and procedures implemented by the Management Board, as well as the general conduct of affairs of the Company and its businesses. The Supervisory Board also supervises the activities of the Management Board in relation to the creation of a culture aimed at long-term value creation for the Company and its businesses. Furthermore the Supervisory Board assists the Management Board with advice in accordance with the 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.

Due to Andy Brown stepping down per December 31, 2020, the Supervisory Board currently consists of seven members. Members of the Supervisory Board are appointed by the General Meeting of Shareholders following nomination by the Supervisory Board.

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. Further information about the appointment and dismissal of Supervisory Board members can be found in SBM Offshore's articles of association.

The Supervisory Board appoints one of its members as Chairman and one as Vice-Chairman.

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. The task of each subcommittee is to assist and advise the Supervisory Board in fulfilling its responsibilities. 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.

Section 3.1 lists the material mandates of the Supervisory Board outside SBM Offshore. 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 positions can not be in conflict with the Company's interests. Mandates are discussed annually in the Supervisory Board meeting. The Company is compliant with best practice 2.4.2 of the Corporate Governance Code.

### 3.2.4 SHARE CAPITAL

The authorized share capital of the Company amounts to EUR200 million and is divided into 400,000,000 ordinary shares with a nominal value of EUR0.25 and 400,000,000 protective preference shares, also with a nominal value of EUR0.25. The preference shares can be issued as a protective measure, as explained below in the section on the Stichting Continuïteit SBM Offshore.

As per December 31, 2020, 188,671,305 (2019: 198,671,305) ordinary shares are issued. No preference shares have been issued.

### 3.2.5 GENERAL MEETING OF SHAREHOLDERS

Annually within six months after the end of the financial year, the Annual General Meeting (AGM) shall be held. 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 remuneration report for an advisory vote
- 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

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

Proposals to the agenda of General Meetings of Shareholders can be made by persons who are entitled to attend General Meetings of Shareholders, solely or jointly representing shares amounting to at least 1% of the issued share capital, or with a market value of at least EUR50