



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

## 3 GOVERNANCE

million. 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 days before that meeting.

With reference to the articles of association, all shareholders are entitled, either personally or by proxy authorized in writing, to attend the General Meeting of Shareholders, to address the General Meeting of Shareholders and to vote. The articles of association do not provide for any limitation of the transferability of the ordinary shares and the voting rights of shareholders are not subject to any limitation.

At the General Meeting of Shareholders, each ordinary share with a nominal value of EUR0.25 each shall confer the right to cast one (1) vote. Each protective preference share with a nominal value of EUR0.25 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.

Due to COVID-19, the 2020 AGM was held virtually. 128,140,565 ordinary shares participated in the voting, equal to 64.50% (2019: 66.92%) of the then total outstanding share capital of 198,671,305 ordinary shares. With the exception of the proposal to implement the legally required changes to the Management Board Remuneration Policy to comply with legislation implementing the EU Shareholder Rights' Directive in The Netherlands, all proposed resolutions were adopted. The outcome of the voting of the meeting was posted on the Company's website on the day following the 2020 AGM. A proposal for a new Management Board remuneration policy will be submitted to the 2021 AGM.

### 3.2.6 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 2020 AGM, 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 2020 AGM, the shareholders have delegated the authority to the Management Board for a period of eighteen months, as from April 8, 2020 and subject to approval of the Supervisory Board, to repurchase up to 10% of the total outstanding shares at that time.

On February 13, 2020 SBM Offshore initiated a EUR150 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 April 3, 2020. 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 2020, 10,000,000 shares in the capital of SBM Offshore were cancelled. The cancellation of shares is executed under the authorization of the 2019 AGM resolution. More information can be found in section 4.2.4 of this Annual Report.

### 3.2.7 EXTERNAL AUDITOR

The external auditor of SBM Offshore is appointed by the General Meeting of Shareholders on the proposal of the Supervisory Board upon the selection process and nomination of the Audit and Finance Committee and the advice of the Management Board.

PricewaterhouseCoopers Accountants N.V. ('PricewaterhouseCoopers') was first appointed during the 2014 AGM and re-appointed during the 2018 AGM for a

period of three years and ending with the audit of the financial year 2020. Pursuant to the Dutch Auditors Profession Act (*Wet op het accountantsberoep*), the audit firm of a so-called public interest entity (such as a listed company) is required to be replaced if the audit firm has performed the statutory audits of the company for a period of ten consecutive years. This would allow PricewaterhouseCoopers to be re-appointed at the 2021 AGM for the audits of the financial years 2021-2023. Such re-appointment will be proposed at the 2021 AGM. Based on auditor independence requirements, the lead auditor in charge of the SBM Offshore account is changed every five years.

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 results and is given the opportunity to comment and respond to this information.

Pursuant to the Auditor's 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 2020, a small number of limited-scope non-audit services were provided by foreign member firms of the PricewaterhouseCoopers global network, taking into account the external auditor's independence rules and SBM Offshore's policy in this regard.

### 3.2.8 STICHTING CONTINUÏTEIT SBM OFFSHORE

In this section, 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: Mr. A.W. Veenman, Chairman, Mr. B. Vree, Vice-Chairman, Mr. R.H. Berkvens, Ms. H.F.M. Defesche and Mr. J.O. van Klinken. To be kept informed about the business and interests of the Company, the Chairman of the Supervisory Board, the CEO and the CGCO are invited to attend the Foundation Board meetings.

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 last 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 EUR1 to EUR0.25 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 Markets Supervision Act.

### 3.2.9 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. Conflict of interest procedures are included in the Management Board and Supervisory Board Rules, the Company's Code of Conduct and the Corporate Governance Code. In 2020, 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 Corporate Governance Code.

In 2020, 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 Corporate Governance Code.