



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

3 GOVERNANCE

3.3 REPORT OF THE SUPERVISORY BOARD

Message from the Chairman of the Supervisory Board

Dear reader,

I am pleased to present our Supervisory Board Report for 2020.

The COVID-19 pandemic had and will continue to have an impact on the world. SBM Offshore has been able to demonstrate the strength of its positioning, business model and execution by showing good results and bringing value to its stakeholders. I am proud to say that the Company managed to maintain its focus on project delivery and safe operations, while working together virtually, across time zones, with clients, suppliers and all our other global stakeholders with the aim of limiting delivery delays and interruptions to operations.

In September 2020, the Company confirmed it entered into negotiations with Petrobras for a charter contract for the FPSO *Almirante Tamandaré* which will operate in the Buzios field which is part of the Santos basin, offshore Brazil. Furthermore, the Company was awarded the contracts for the next phase of the Payara development project located in the Stabroek block in Guyana by Esso Exploration and Production Guyana Limited (EEPGL), an affiliate of Exxon Mobil Corporation. Under these contracts, SBM Offshore will construct, install and then lease and operate the *FPSO Prosperity* for a period of up to two years, after which the FPSO ownership and operation will transfer to EEPGL. The award followed completion of front-end engineering and design studies, completion of the multi-purpose hull, receipt of requisite government approvals and the final investment decision on the project by ExxonMobil and block co-venturers. In December, SBM Offshore reported a contractual five year lease extension with its client Shell for FPSO *Espirito Santo* in Brazil. In addition, it announced that EEPGL initiated discussions with SBM Offshore on the lease and operations durations for FPSOs in Guyana.

The Supervisory Board has throughout the year focused on the direct and indirect impact of the COVID-19 pandemic on the Company's business and results. Particular attention was paid to the wellbeing of our staff and contractors, especially those who have been away from their homes and families for a long period due to travel restrictions.

The Supervisory Board also focused on SBM Offshore's organizational structure and the implementation and further development of the Company Strategy. We believe that these developments are supporting the strategy of the Company and will meet stakeholder expectations.

For further details about the activities of the Supervisory Board and its committees, I refer to the next sections of this chapter.

Roeland Baan

Chairman of the Supervisory Board

THE SUPERVISORY BOARD

Composition

In 2020, both Floris Deckers and Thomas Ehret retired after the 2020 AGM after twelve years of service. Francis Gugen was re-appointed as member of the Supervisory Board for a fourth term (two years) ending at the 2022 AGM. When deciding upon the proposal to re-appoint Francis Gugen, the Supervisory Board has taken into account his past performance and it was concluded to be important to retain the experience Francis Gugen brings as Chairman of the Audit and Finance Committee. The Supervisory Board welcomed Andy Brown and Jaap van Wiechen who were newly appointed at the 2020 AGM for a period of four years, until the 2024 AGM. Regretably, Andy Brown decided to leave the Company at year end 2020 in view of other activities. It was also announced in December 2020 that after six years Laurence Mulliez will step down from the Supervisory Board at the 2021 AGM. In accordance with best practice 2.2.2 of the Corporate Governance Code, for all (re-)appointments the profile, the competencies, as well as the diversity policy for the Supervisory Board, were closely observed and performance (in case of re-appointment) had been taken into consideration.

Independence

As per year-end, seven out of eight Supervisory Board members are independent from the Company within the meaning of best practice provisions 2.1.7 to 2.1.9 inclusive of the Corporate Governance Code. The exception is Jaap van Wiechen in view of his position as member of the Executive Board of HAL Holding N.V./director HAL Investments B.V. Sietze Hepkema who was a Management Board member of SBM Offshore until this appointment as Supervisory Board member in April 2015, qualifies as independent Supervisory Board member as of April 16, 2020.

Meetings

In 2020, the Supervisory Board convened eight times; Supervisory Board members participated in seven thereof via video conferencing. These meetings included a two-day session in December that focused on the strategic direction of the Company. The Supervisory Board confirms that its members have adequate time available to give sufficient attention to the Company. In 2020, the attendance percentage of the Supervisory Board for the meetings was 98.4%. The table below shows the overview of the attendance in 2020 at scheduled meetings for the individual members out of the number eligible to attend.

Members	Supervisory Board meeting	Audit and Finance Committee	Technical and Commercial Committee	Appointment and Remuneration Committee
Roeland Baan ¹ (Chairman)	8/8	-	1/2	5/5
Andy Brown ¹ (Vice-Chairman)	6/6	-	2/2	-
Bernard Bajolet	7/8	-	4/4	-
Francis Gugen	8/8	6/6	-	-
Sietze Hepkema ¹	8/8	2/2	-	3/3
Laurence Mulliez	8/8	6/6	4/4	-
Cheryl Richard	8/8	-	-	5/5
Jaap van Wiechen ¹	6/6	4/4	-	-
Floris Deckers ¹	2/2	-	2/2	2/2
Thomas Ehret ¹	2/2	-	2/2	-

¹ Where a Supervisory Board member retired from or was appointed to the Supervisory Board, stepped down from a Committee or was appointed throughout the year, only meetings during his/her tenure were taken into account

The Management Board prepared detailed supporting documents as preparation for all meetings and several representatives of senior management were invited to give presentations. The Supervisory Board meetings and the Committee meetings were usually held over two days, to ensure time for review and discussion. The Management Board attended all meetings of the Supervisory Board. Although the customary informal pre-board dinner was cancelled in most instances in 2020, several informal meetings and contacts among Supervisory Board members and/or Management Board members took place. At the end of the Supervisory Board meetings, the members of the Supervisory Board discussed governance matters outside the presence of the Management Board members.

In 2020, a repeat subject on the agenda of the Supervisory Board meeting was the COVID-19 pandemic. In addition, standard items on the agenda of the Supervisory Board meetings were updates from each of the Management Board members, the Company's commercial activities/projects and the market environment, Health, Safety, Security and Environment and Process Safety, ESG, the operational performance, the financial performance and liquidity position, investor relations, governance, compliance, risk management and internal controls. In February 2020, the Supervisory Board approved the 2019 Annual Financial Statements, a EUR150 million share

repurchase program and the proposal to the General Meeting of Shareholders of an all cash dividend distribution. In the same meeting, the Operating Plan 2020 was approved in its final form. On various occasions during the year, the strategy, progress of implementation thereof, as well as the risks related to its realization, were discussed. In December 2020 the Long-Term Strategic Plan was approved. The Supervisory Board annually discusses the Company's Risk Appetite statement.

The Supervisory Board also discussed the succession planning of the Management Board, Supervisory Board and senior management of the Company at various occasions. The remuneration of the senior management and the Management Board was discussed. In addition, the Supervisory Board frequently discussed the elements of the existing Management Board remuneration policy (RP 2018) and the feedback of stakeholders hereon.

THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has three committees. These committees have advisory powers and provide the Supervisory Board with updates on their meetings in the Supervisory Board meeting and provide recommendations for decision by the Supervisory Board. The composition of each committee as at December 31, 2020 is detailed hereafter.

3 GOVERNANCE

Members	Appointment and Remuneration Committee			
	Audit and Finance Committee	Technical and Commercial Committee	Appointment matters	Remuneration matters
Roeland Baan(Chairman) ¹			Chairman	√
Andy Brown(Vice- Chairman) ²		Chairman		
Bernard Bajolet		√		
Francis Gugen	Chairman			
Sietze Hepkema ³			√	√
Laurence Mulliez	√	√		
Cheryl Richard			√	Chairman
Jaap van Wiechen ⁴	√			

1 As per April 8, 2020, Chairman of the Supervisory Board, Chairman of the Appointment and Remuneration Committee dealing with appointment matters, member of the Appointment and Remuneration Committee dealing with remuneration matters

2 Newly appointed as per April 8, 2020 and stepped down per December 31, 2020

3 Member of the Appointment and Remuneration Committee as per April 8, 2020

4 Newly appointed as per April 8, 2020

There is an open invitation to join committee meetings for those Supervisory Board members who are not a member of a specific committee. This invitation is frequently made use of.

Audit and Finance Committee

The Audit and Finance Committee convened six times in 2020. The attendance percentage of the Audit and Finance Committee meetings was 100%. The Chairman of the Audit and Finance Committee reported to the Supervisory Board on the principal issues discussed, on actions arising and the follow-up of such actions and made recommendations on those matters requiring a decision. The Management Board, the Group Internal Audit Director, the Group Controller and the external auditor attended the meetings. After each meeting, meetings of the Audit and Finance Committee with the external auditor outside the presence of the Management Board were held. The Chairman of the Audit and Finance Committee regularly held meetings with the CFO, and separately with SBM Offshore's Group Internal Audit Director and again separately with PricewaterhouseCoopers.

Besides the standard agenda topics, such as reports on financial performance, compliance, risk management and internal controls and Internal Audit activities, the following was discussed in 2020: the COVID-19 pandemic, funding and liquidity, dividend proposal and share repurchase proposal, share cancellation, the external auditor's audit plan and engagement letter, the external auditor's management letter and board report, functioning of and relationship with the external auditor including audit quality, financing strategy, the Group's tax structure, tax planning and transfer pricing policies, IT and cyber security.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee had five scheduled meetings in 2020. The attendance rate of the Appointment and Remuneration Committee meetings was

100%. In additions to the scheduled meeting, various ad hoc meetings took place to prepare and discuss the Management Board remuneration policy. The Appointment and Remuneration Committee consists of two parts as prescribed by the Corporate Governance Code: a part for Selection and Appointment matters and a part for Remuneration matters. During the Supervisory Board meetings, the respective Chairmen reported on the selection and appointment matters and on the remuneration matters reviewed by the Committee, on actions arising and the follow-up of such actions. They made recommendations on those matters that require a decision from the Supervisory Board. The meetings were attended by the Management Board and the Group HR Director, except where the Appointment and Remuneration Committee chose to discuss matters in private.

The main remuneration matters discussed by the Appointment and Remuneration Committee in 2020 were: determination of the relevant remuneration of the Management Board (Short-Term Incentive target setting and realization; Long-Term Incentive target realization and the Value Creation Stake award). In the first quarter of 2020 the Appointment & Remuneration Committee prepared for the presentation of an amended remuneration policy at the 2020 AGM in view of the requirements of the EU Shareholder Rights' Directive and stakeholder feedback. As this amendment did not pass the vote at the 2020 AGM, during the rest of the year, various meetings were held to prepare a new remuneration policy to be put forward for resolution at the 2021 AGM. Further details on remuneration can be found in the remuneration report (section 3.4). On Management Board remuneration matters, the views of the Management Board members on their own remuneration have been noted.

The main selection and appointment matters discussed were: succession planning, talent management, Management Board and Supervisory Board

(re-)appointments, the SBM Offshore organizational structure and employee wellbeing.

Technical and Commercial Committee

The Technical and Commercial Committee held four scheduled meetings in 2020. The attendance rate of the Technical and Commercial Committee for these meetings was 93.75%. In addition, a number of calls were held to provide information on and to discuss, among other topics, commercial prospects. The Chairman of the Technical and Commercial Committee reported to the Supervisory Board on the principal issues discussed, on actions arising and the follow-up of such actions and made recommendations on those matters requiring a decision. The meetings were attended by the Management Board, and mostly by the Managing Director Floating Production Solutions, the Managing Director Operations and the Managing Director Global Resources & Services. Other senior managers gave presentations on specific topics within the remit of the Technical and Commercial Committee. The main subjects discussed by the Technical and Commercial Committee were the following: COVID-19, Health, Safety, Security and Environment and Process Safety performance, operational performance and strategy, project resourcing and execution, sales, marketing and tender activities, client relationships, competitive environment, technology and innovation developments, and risk assessment.

INDUCTION, TRAINING AND PERFORMANCE ASSESSMENT

Following appointment to the Supervisory Board, new members receive a comprehensive induction tailored to their needs. This includes sessions with members of the Management Board and senior management in which they are informed on all relevant aspects of the Company as well as site visits. In 2020, SBM Offshore welcomed two new members to the Supervisory Board. Due to the COVID-19 restrictions, their induction program took place mainly in the form of sessions with the Management Board and senior management in either a physical form or via videoconferencing, as well as participation in the annual mid-year Strategy Seminar. Site visits are to be continued if and when is possible. Both the Management Board and the Supervisory Board spent time on training on various relevant subjects, including a corporate governance update workshop for the Supervisory Board in December 2020. In August 2020, the Supervisory Board assessed the profiles and the competencies of the individual Supervisory Board members. Annually, an assessment on the functioning of the Supervisory Board, its Committees and its members is performed. In principle this is done with an external advisor every three years. As the 2019 performance evaluation was done with an external advisor, the Supervisory Board conducted a self-assessment in Q4 2020 via a survey. In a separate meeting without the Management Board being

present, the Supervisory Board discussed the results of this performance assessment. As a result of the assessment, the Supervisory Board and the Management Board have fruitfully engaged on how to continue discussing structurally the strategy of the Company. Some practical suggestions on the organization of the meetings were also made and will be implemented, such as a further optimization of the annual schedule of topics to be addressed in the Supervisory Board and Committee meetings. The Chairman of the Supervisory Board frequently spoke with the CEO and other Management Board members outside the meetings. The Management Board reviewed its functioning as a whole and that of the individual Management Board members on various occasions throughout the year. In addition, a self-evaluation was conducted in 2020 by means of a survey, and included among others an assessment of its role and responsibilities, meeting efficiency and the relationship with the Supervisory Board and senior management. Overall, it was concluded that both the Supervisory Board and the Management Board function properly and effectively and that the relationship is constructive.

CONCLUSION

The Financial Statements have been audited by the external auditor, PricewaterhouseCoopers Accountants N.V. Their findings have been discussed with the Audit and Finance Committee and the Supervisory Board in the presence of the Management Board. The external auditor have expressed an unqualified opinion on the Financial Statements.

The members of the Supervisory Board have signed the 2020 Financial Statements pursuant to their statutory obligations under article 2:101 (2) of the Dutch Civil Code. The members of the Management Board have signed the 2020 Financial Statements pursuant to their statutory obligations under article 2:101(2) of the Dutch Civil Code and article 5:25c (2) (c) of the Financial Markets Supervision Act. The Supervisory Board of SBM Offshore N.V. recommends that the General Meeting of Shareholders adopts the Financial Statements for the year 2020.

Supervisory Board

Roeland Baan, Chairman
Francis Gugen, Vice-Chairman
Bernard Bajolet
Sietze Hepkema
Laurence Mulliez
Cheryl Richard
Jaap van Wiechen

Schiphol, the Netherlands
February 10, 2021