



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2021

## 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. Both sets of rules are published on SBM Offshore'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 focuses on long-term value creation 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 including the operational plan for the following financial year. The financial and operational objectives that allow quantification and progress measurement of the strategy implementation are regularly reviewed. Both the strategy and the operational plan are adopted after the Supervisory Boards' approval.

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 that contribute to a culture focused on long-term value creation for the Company. 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 has drawn up a Code of Conduct and monitors its effectiveness as well as compliance with this Code. Findings and observations in this context are shared with the Supervisory Board.

The Management Board is accountable to the Supervisory Board and the General Meeting 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. 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 and shall not accept such position prior to the approval of the Supervisory Board. Mandates are discussed annually in the Supervisory Board meeting. The Company is therefore 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 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 seven members. Members of the Supervisory Board are appointed by the General Meeting 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 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 reviewed 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 EURO.25 and 400,000,000 protective preference shares, also with a nominal value of EURO.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, 2021, 180,671,305 (2020: 188,671,305) ordinary shares are issued. No preference shares have been issued.

#### Bearer shares

As per the Dutch Act on Conversion of bearer shares (*Wet omzetting aandelen aan toonder*), all bearer shares still outstanding at December 31, 2020 have been converted into registered shares (31,840) held in the name of the Company as per January 1, 2021. A shareholder who hands in a bearer share certificate to the Company before January 2, 2026 is entitled to receive from the Company a replacement registered share. A shareholder may not exercise the rights vested in a share until the shareholder has handed in the corresponding bearer share certificate(s) to the Company.

### 3.2.5 GENERAL MEETING

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.

## 3 GOVERNANCE

- 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 can be made by persons who are entitled to attend General Meetings, solely or jointly representing shares amounting to at least 1% of the issued share capital, or with a market value of at least EUR50 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, to address the General Meeting 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, 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 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 the COVID-19 pandemic, the 2021 AGM was held virtually and shareholders could cast their votes prior to and real-time in the meeting. 135,310,224 ordinary shares participated in the voting, equal to 71.7% (2020: 64.5%) of the then total outstanding share capital of 188,671,305 ordinary shares. 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 2021 AGM.

### 3.2.6 ISSUE, REPURCHASE AND CANCELLATION OF SHARES

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

The General Meeting 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 2021 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 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 2021 AGM, the shareholders have delegated the authority to the Management Board for a period of eighteen months, as from April 7, 2021 and subject to approval of the Supervisory Board, to repurchase up to 10% of the total outstanding shares at that time.

On August 5, 2021 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 October 11, 2021. 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 2021, 8 million shares in the capital of SBM Offshore were cancelled. The EUR150 million share repurchase program and the cancellation of 8 million shares was executed under the authorization of the 2021 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 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 2021 AGM for a period of three years and ending with the audit of the financial year 2023. 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, which term ends with the audit of the financial year 2023. 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 2021, 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 and the Company's Code of Conduct, and reflect Dutch law and the principle and best practices of the Dutch Corporate Governance Code. In 2021, there were no conflicts of interest in relation to the members of the Management Board and Supervisory Board reported other

## 3 GOVERNANCE

than ordinary course compensation arrangements. The Company is compliant with best practice 2.7.3 to 2.7.4 of the Corporate Governance Code.

In 2021, 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.

### REGULATIONS CONCERNING OWNERSHIP OF AND TRANSACTIONS IN SHARES

In addition to the Company's Insider Trading Rules, the Supervisory Board rules and Management Board rules contain a provision stipulating 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 or supervising 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 section 4.3.6 of the notes to the consolidated financial statements.

### CHANGE OF CONTROL

The Company is not a party to any material agreement that takes effect, alters or terminates upon a change of control of the Company following a take-over bid as referred to in section 5:70 of the Dutch Financial Markets Supervision Act, other than as mentioned in this paragraph.

SBM Offshore N.V. has a revolving credit facility agreement under which the approval of the participating lenders 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. A change of control clause is included in the services contract between the Company and each of the members of the Management Board.

### 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, Strategic Growth and New Energies & Services, as well as the Group HR Director and the Chief Strategy Officer. In principle, the Executive Committee meets every three weeks. In the meetings strategic, operational and organisational topics are discussed.

### DIVERSITY

In 2021, a revised Diversity Policy for the Supervisory Board and for the Management Board was finalised and can now be found on the Company website. Diversity targets found to be relevant are i) nationality/cultural background with a due and fair representation of the geographic regions in which the Company operates and ii) gender. At least one third of the Supervisory Board members should be male and one third should be female. The Company will set diversity targets for the Management Board and senior management in 2022.

In 2021 the members of the Management Board covered four and the members of the Supervisory Board covered six nationalities. Two additional nationalities were represented in the Executive Committee. A broad range of experience in the geographic regions the Company operates is seen, or in case of new regions, experience is being build up. For gender, as at December 31, 2021 28.5% of the Supervisory Board members was female, whereby it is noted that a female candidate is proposed to be appointed at the 2022 AGM. The Management Board consisted of 100% males. More than for re-appointments, whereby experience and good performance are weighing heavily on the decision, new appointments offer opportunity to re-balance the composition in view of fair and equal gender representation when needed. The targets set for (gender) diversity will be taken into consideration when there are vacancies in the Supervisory Board, Management Board and senior management positions.

### CODE OF CONDUCT AND SPEAK UP LINE

The Company has a Code of Conduct which is built on the Company's four core values Integrity, Care, Entrepreneurship and Ownership. Reporting channels and a Speak Up Line are in place and enable SBM Offshore to carefully listen to its employees and partners in the value chain about concerns related to potential violations against the Code of Conduct, Core Values, or the law. The Speak Up Line, managed by an independent third party, is available 24 hours a day, 365 days a year, supports multiple languages, and allows for anonymous and confidential reporting. For more details on SBM Offshore's compliance program reference is made to section 3.6.2. The Code of Conduct can be found on the Company website.

### COMPLIANCE WITH THE CODE

SBM Offshore complies with the principles and best practices of the Corporate Governance Code.

### 3.3 REPORT OF THE SUPERVISORY BOARD

#### Composition

In 2021, Laurence Mulliez stepped down after the 2021 AGM after six years of service. Following the departure of Andy Brown, Francis Gugen took over as Vice-Chairman of the Supervisory Board. The Supervisory Board welcomed Ingelise Arntsen who was newly appointed at the 2021 AGM for a period of four years, until the 2025 AGM. In 2021 the Supervisory Board also announced its intention to nominate Hilary Mercer as member of the Supervisory Board. In accordance with best practice 2.2.2 of the Corporate Governance Code, the profile, the competencies and background of the Supervisory Board members already in function, as well as the Diversity Policy for the Supervisory Board, were closely observed for nominations made.

#### Independence

As per year-end, six out of seven 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 2021, the Supervisory Board held seven scheduled meetings, one additional meeting and some ad hoc calls. Due to the COVID-19 pandemic, Supervisory Board members mostly participated in the meetings via video conferencing. The Supervisory Board assessed that its members have adequate time available to give sufficient attention to the Company. In 2021, the attendance percentage of the Supervisory Board for the meetings was 98.21%. The table below shows the overview of the attendance in 2021 at scheduled meetings for the individual members out of the number eligible to attend.

Members <sup>1</sup>	Supervisory Board	Audit and Finance Committee	Technical and Commercial Committee	Appointment and Remuneration Committee
Roeland Baan (Chairman)	8/8	-	-	5/5
Francis Gugen (Vice-Chairman)	8/8	5/5	-	-
Ingelise Arntsen	6/6	-	3/3	-
Bernard Bajolet	8/8	-	6/6	-
Sietze Hepkema	8/8	3/3	-	5/5
Cheryl Richard	8/8	-	-	5/5
Jaap van Wiechen	7/8	4.5/5	6/6	-
Laurence Mulliez	2/2	2/2	3/3	-

<sup>1</sup> 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 on specific topics within their area of responsibility. The Supervisory Board and Committee meetings were usually held over two days to ensure time for review and discussion. The Management Board attended all scheduled meetings of the Supervisory Board. The customary informal pre-board dinner was cancelled in most instances in 2021 due to the COVID-19 pandemic. Several informal meetings and contacts among Supervisory Board members and/or Management Board members took place. Prior to the scheduled meetings, the Supervisory Board met outside the presence of the Management Board to reflect on agenda items and discuss potential items requiring attention during the meeting. The Supervisory Board also received regular updates from the Management Board outside meetings on relevant developments within the Company.

In 2021, a repeat subject on the agenda of the Supervisory Board meeting was the challenges that came with the COVID-19 pandemic. The Supervisory Board was regularly informed about the impact of COVID-19 on SBM Offshore, its employees, projects, supply chain and fleet operations, as well as measures implemented in relation herewith. In addition, recurring standard items on the agenda of the Supervisory Board meetings were the Company strategy, the commercial activities/projects and the market environment, the operational performance, the financial performance and liquidity position, treasury topics, investor relations topics, compliance, risk management and internal controls, SBM Offshore organisation and culture including diversity and inclusion, corporate governance, succession planning of the Management Board, Supervisory Board and senior management of the Company, remuneration for senior management and the Management Board and ESG topics including SBM Offshore's approach hereto.