



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

3 GOVERNANCE

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 General Meeting of 2018, the shareholders have delegated the authority to the Management Board for a period of eighteen months as from April 11, 2018 and subject to approval of the Supervisory Board, to acquire up to 10% of the total outstanding shares at that time. The Management Board may resolve, with the approval of the Supervisory Board, to cancel shares repurchased up to the number of the aforementioned authorization.

3.5.6 AUDITORS

The external auditor of SBM Offshore is appointed by the General Meeting on the proposal of the Supervisory Board. During the Annual General Meeting of 2014, PricewaterhouseCoopers Accountants N.V. ('PricewaterhouseCoopers') was appointed for a term of four years (for the audit of the financial years 2014-2017). The Audit and Finance Committee, together with the Supervisory Board and the Management Board, made an independent evaluation of the performance of PricewaterhouseCoopers. In view of the positive outcome of the evaluation, the Supervisory Board proposed to re-appoint PricewaterhouseCoopers as external auditor. During the Annual General Meeting of 2018, PricewaterhouseCoopers was re-appointed as external auditor for a period of three years (for the audit of the financial years 2018-2020).

The current lead auditor is Michael de Ridder of PricewaterhouseCoopers. 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 figures and is given the opportunity to comment and respond to this information.

Based on auditor independence requirements, the lead auditor in charge of the SBM Offshore account is

changed every five years. Pursuant to the Dutch Audit Profession Act (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 2018, 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 own 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 Shipyard, Mrs. H.F.M. Defesche, former Company Secretary & Group Legal Counsel of Bosal Nederland B.V. and Mr. J.O. van Klinken, General Counsel & 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 as it, 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. Decisions to enter into transactions in which there are conflicts of interest with Management Board members that are of material significance to the Company and/or to the relevant Management Board members require the approval of the Supervisory Board. In 2018, there were no such transactions.

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.

No loans or guarantees have been provided to members of the Management Board. The Company is compliant with best practice 2.7.3 to 2.7.4 of the Dutch Corporate Governance Code as no conflicts of interest in relation to the members of the Management Board or the Supervisory Board were reported during the year 2018.

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