



EXPERIENCE **MATTERS**

**2016**

ANNUAL REPORT

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. R.P. Voogd, Chairman, former public notary, Mr. A.W. Veenman, vice-chairman, former CEO of the Nederlandse Spoorwegen, Mr. R.H. Berkvens, CEO of Damen Shipyard and Mr. B. Vree, former CEO of APM Terminals. As per December 1, 2016, Mrs. H.F.M. Defesche and Mr. J.O. van Klinken were appointed Board members. Mrs. Defesche is former Group Director Legal Affairs at Royal Imtech and former General Counsel at Stork Group. Mr. Van Klinken is currently General Counsel at Aegon. In 2016, Mr. C.J.M. van Rijn stepped down as member of the Board. In 2016, the Board amended the Foundation's articles of association.

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. In the joint opinion of the Supervisory Board, the Management Board and the Foundation

Board members, the Foundation is independent as stipulated in clause 5:71 section 1 sub c Supervision Financial Market 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. In these contracts it is stipulated that members of the Management Board may not compete with the Company. In the service agreement, between the Company and each of the members of the Management Board a change of control clause is included.

The Management Board Rules and the Code of Conduct of the Company regulate conflict of interest matters. The Supervisory Board Rules also contain 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 2016, 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.

With reference to the Remuneration Committee, no loans or guarantees have been provided to members of the Management Board. No other conflicts of Interest in relation to the members of the Management Board or the Supervisory Board were reported during the year 2016.



## 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 5.3.23 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. The Company is fully compliant with Best Practice II.1.8 of the Dutch Corporate Governance Code and section 2 of the Dutch Civil Code regarding mandates at other listed and large Dutch Companies. Members of the Management Board may also be appointed to the statutory board of the Company's operational entities.

## CODE OF CONDUCT AND REPORTING OF ALLEGED IRREGULARITIES

The Company has a Code of Conduct, which was updated in March 2012 and is posted on the Company's website. The Company also has a procedure allowing employees to report alleged irregularities with respect to the Code without jeopardizing their employment position. A free phone and web-based reporting facility (the SBM Offshore Integrity Line) is in place, which employees

can use – anonymously if they wish – in their own language. The facility is operated by an external provider, People Intouch.

The Company has several ethics and anti-corruption initiatives, including:

- Code of Conduct containing a section on the use of agents and commercial relations with Public Officials
- Anti-Corruption Policy and Compliance Guide
- Due diligence and third-party vetting procedures
- Rules of conduct to report suspected irregularities, including a hotline called the 'SBM Offshore Integrity Line'
- Internal Audit Anti-corruption modules for third-party audits and SBM Offshore companies
- Internal training sessions and e-learning courses
- Use of standard contracts and inclusion of anti-corruption and conflict of interest clauses in contracts
- Strengthening of internal controls, notably ICOFR / IFRS system and new finance and accounting policies

## DIVERSITY

The Supervisory Board rules state that the composition of the Supervisory Board shall be such that the combined experience, expertise and independence of its members enable the Supervisory Board to best carry out the full range of its responsibilities. For SBM Offshore, the topic of diversity is of great importance, especially to have a workforce that reflects the international markets in which the Company is active. For that reason, the diversity policy of SBM Offshore is broader than gender diversity. Currently, the Supervisory Board consists of five male and three female members and covers four different nationalities. The Management Board has one French, one Swiss/French, one Dutch and one British member (all male). In succession planning, (gender) diversity is always considered. Ultimately the most qualified candidates will be nominated for appointment. In its Risk Appetite, the

## 3 GOVERNANCE

Company has established the need for nationality diversity in its workforce and its senior leadership population specifically. The HR systems support the realization of this ambition.

### EXECUTIVE COMMITTEE

Since end of 2012, an Executive Committee (Excom) is in place currently comprising of the Management Board members, the Managing Directors of the Company's Regional Centers, the Managing Director for the Business Unit FPSO, the Managing Director of Operations and the Lead Executive Project Director. The Excom meets each quarter. In the meetings both strategic and operational topics are discussed. The Excom facilitates decision-making without detracting from the exercise of statutory responsibilities by the members of the Management Board and the internal Company authority matrix.

### MISCELLANEOUS

SBM Offshore N.V. has a revolving credit facility under which the agreement of the participating banks must be obtained in the event of a change in control of the Company after a public take-over bid has been made. Under exceptional circumstances, 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.

### FURTHER INFORMATION

The Investor Relations and the Corporate Governance sections of the Company website ([www.sbmoffshore.com](http://www.sbmoffshore.com)) provide extensive information including the Articles of association, the Company Code of Conduct, the Supervisory Board and Committee rules and the Management Board rules. The website also contains the contact details of the Investor Relations department and of the Company Secretary for questions regarding corporate governance matters.