



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

3 GOVERNANCE

Management Board rules, as available on the Company's website.

3.5.3 SUPERVISORY BOARD AND COMMITTEES

The Supervisory Board supervises 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 assists the Management Board with advice in accordance with the Dutch 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 various groups of stakeholders of the Company. 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 eight members. Members of the Supervisory Board are appointed by the General Meeting following nomination by the Supervisory Board. Further information about the appointment and dismissal of Supervisory Board members can be found in SBM Offshore's articles of association.

Except for Mr. Hepkema, who was a Management Board member of SBM Offshore until his appointment as Supervisory Board member in April 2015, all Supervisory Board members are independent from the Company within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code. None of the Supervisory Board members are on the Management Board of a Dutch listed company in

which a member of the Management Board of the Company is a Supervisory Board member.

The Supervisory Board has three subcommittees: the Audit 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. SBM Offshore has an internal audit department with direct reporting to the Audit 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 also available on the Company's website.

3.5.4 SHAREHOLDERS AND THE ANNUAL GENERAL MEETING

The authorized share capital of the Company amounts EUR 200 million and is divided into 400,000,000 ordinary shares with a nominal value of EUR 0.25 and 400,000,000 protective preference shares also with a nominal value of EUR 0.25. The preference shares can be issued as a protective measure, as explained below in the section on the Stichting Continuïteit SBM Offshore.

With reference to the articles of association, all shareholders are entitled to attend the General Meeting, to address the General Meeting and to vote. At the General Meeting each Ordinary Share with a nominal value of EUR 0.25 each shall confer the right to cast one (1) vote. Each protective preference share with a nominal value of EUR 0.25 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 lastly amended in April 2016.

On December 31, 2016 the following investors holding ordinary shares had notified an interest of 3% or more of the Company's issued share capital to the Autoriteit Financiële Markten (AFM) (whereas only notifications after July 1, 2013 are included):

| Date | Investor | % of share capital |
|-------------------|--------------------------------------|--------------------|
| 14 September 2016 | JO Hambro Capital Management Limited | 4.89% |
| 26 July 2016 | FIL Limited | 5.19% |
| 9 November 2015 | Dimensional Fund Advisors LP | 3.18% |
| 18 November 2014 | HAL Trust | 15.01% |
| 13 November 2014 | Templeton Funds | 3.30% |
| 18 September 2014 | Invesco Ltd. | 5.93% |

In 2016, SBM Offshore did not enter into transactions with persons who hold at least ten percent of the shares in the Company where there were conflicts of interest of material significance to the Company.

As per December 31, 2016, 213,471,305 (2015: 211,694,950) ordinary shares are issued. No preference shares have been issued.

Every year the General Meeting is held within six months after the start of a new calendar year. 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 adoption of the Company's Financial Statements, the allocation of profits and the approval of the dividend,
- 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 and
- 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.

An Extraordinary General Meeting can be held whenever the Management Board and/or the Supervisory Board shall deem this necessary. The General Meetings can be held in Schiedam, Rotterdam, The Hague, Amsterdam, Hoofddorp, Amstelveen or Haarlemmermeer (Schiphol).

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. 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 (60) days before that meeting.

The proxy voting system used at the General Meetings of SBM Offshore is provided through ABN Amro Bank N.V. and by SGG Financial Services B.V. as independent third party. The articles of association do not provide for any limitation of the

transferability of the ordinary shares and the voting rights of shareholders is not subject to any limitation.

Analysts meetings, presentations to institutional or other investors and direct discussions with investors did not take place shortly before the publication of the regular financial information.

At the General Meeting of April 6, 2016, 132,630,774 ordinary shares participated in the voting, equal to 62.51% (2015: 52.38%) of the then total outstanding share capital of 212,173,814 ordinary shares. All the proposed resolutions were approved with a majority of the votes. An Extraordinary General Meeting was held on November 30, 2016, where the appointment of Mr. Wood as Management Board Member for a first term of four years was on the agenda. At this meeting, 133,014,704 ordinary shares participated in the voting, equal to 62.31% of the then outstanding capital of 213,471,305 ordinary shares. The proposed resolution was adopted. The outcome of the voting of both meetings was posted on the Company's website on the day following the respective General Meetings.

3.5.5 ISSUE AND REPURCHASE 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 section 80, subsection 2, Book 2, of the Dutch Civil Code. At the General Meeting of April 6, 2016,

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 case of mergers, acquisitions or strategic cooperation this percentage is increased to 20%. In the same meeting, the shareholders have delegated the authority to the Management Board for a period of eighteen months as from April 6, 2016 and subject to the approval of the Supervisory Board to restrict or withdraw preferential rights of the shareholders in respect of ordinary shares when ordinary shares are being issued.

The Management Board may, with the authorization of the General Meeting and the Supervisory Board and without prejudice to the provisions of sections 98 and sections 98d, Book 2, 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 2016, the shareholders have delegated the authority to the Management Board for a period of eighteen months as from April 6, 2016 and subject to approval of the Supervisory Board, to acquire up to 10% of the total outstanding shares at that time. On August 11, 2016 SBM Offshore initiated a EUR 150 million share repurchase program, predominantly for share capital reduction purposes and, to a lesser extent, for employee share programs. The repurchase program was completed in December 2016. The execution of the share repurchase program was 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. More