

SBM Offshore N.V. Response to:

Corporate Governance Code Monitoring Committee

Consultation document

December 2006

Secretariat: P.O. Box 20201, NL 2500 EE The Hague

www.commissiecorporategovernance.nl

Introduction

The Corporate Governance Code Monitoring Committee (Monitoring Committee) was established on 6 December 2004 by the Minister of Finance, also acting on behalf of the Minister of Justice and the State Secretary for Economic Affairs. In its first report, which was published in December 2005, the Monitoring Committee announced that it would, in 2006, focus on, among other things, the preparation and effectiveness of the general meeting of shareholders and the dialogue between company and shareholders and on compliance with the Dutch corporate governance code (the code) by local companies and Dutch companies primarily listed abroad.

The Monitoring Committee considers it useful to hold consultations about these two fields, in addition to the progress report on compliance with the provisions of the code.

In April 2006, the Monitoring Committee published a questionnaire on the role of shareholders in listed companies. The Monitoring Committee thanks all respondents for their valuable contribution. Chapter 1 sets out the considerations and provisional opinions of the Monitoring Committee on the role of shareholders, based partly on the answers to this questionnaire.

It is apparent from the first and second reports of the Monitoring Committee that compliance with the code by local companies and Dutch companies with a primary listing abroad lags behind compliance by companies in the other categories. Chapter 2 explains what considerations play a role in relation to the scope of the code for foreign and local companies, and how the Monitoring Committee views this for the time being.

This consultation document contains questions that are put after each part. The Monitoring Committee invites all interested parties to respond to these questions, stating their reasons, before 15 March 2007. The consultation document and the answers will be published on the website of the Monitoring Committee (www.commissiecorporategovernance.nl), unless there are express objections. The Monitoring Committee will greatly appreciate your replies and thanks you in advance for your assistance.

You may send your reply to:
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Chapter 1 - Shareholders

I. GENERAL

1. Division of roles between management board, supervisory board and general meeting of shareholders

(a) Central position of management board

Q1. Do you agree with this broad description of how corporate duties and powers are organised?

A. Yes - the management board establishes policy and strategy to best meet the interest of the Company as a whole, under Supervisory board supervision.

(b) The role of the supervisory board

Q2. Do you agree with the above description of the role of the supervisory board and its chairman? Do you share the view of the Monitoring Committee that it is advisable for the chairman of the supervisory board to hold discussions with shareholders only if he does this together with a member of the management board?

A. Yes - a consistent message must be communicated externally. Management is in dialogue with shareholders throughout the year and should always be present if it is necessary for the Chairman to meet individual shareholders.

(c) Systems of corporate governance

Q3. Do you share the opinion of the Monitoring Committee that caution should be observed in the Netherlands regarding any further expansion of the rules governing the relationship between a company and its investors, in order to maintain balance in the corporate governance system?

A. Yes - a detailed rules based US type system is not preferred. Best practice principles, open dialogue and enhanced participation in general meetings of shareholders are all to be supported.

2. Rights and obligations

(a) Notification duty for shareholders

Q4. Do you share the opinion of the Monitoring Committee that it could be useful to lower the notification threshold under the Disclosure of Control and Capital Interests in Securities-issuing Institutions Act to 3% and also to include a notification duty for each change of 1%?

A. Yes - there is growing focus on shareholder rights and it is clear that companies need to have better feedback on who their shareholders actually are.

(b) Intentions of shareholders

Q5. The Monitoring Committee considers that it could be advisable to oblige a shareholder in Dutch companies to disclose his intentions if he acquires a shareholding of a given size. The Monitoring Committee is thinking of a threshold of 5% for the initial disclosure obligation and subsequent disclosure obligations if the intentions change. Do you agree with these two recommendations?

A. A disclosure of intentions obligation is a good initiative. The threshold should not be set unworkably low and we consider that 5% represents an appropriate level.

(c) Securities lending

Q6. Do you share the view of the Monitoring Committee that securities lending with a view to obtaining voting rights should be discouraged? If so, do you have any ideas about how this policy of discouragement should be achieved? Do you consider that self-regulation is sufficient for the time being?

A. Investors with ultra short-term interest should not be able to use voting rights to upset the long-term strategy of the company. Self-regulation with improved transparency / disclosure should be sufficient.

(d) Transparency of voting policy of institutional investors - No question.

3. Access to/identification of shareholders

Q7. The Monitoring Committee considers that it would be advisable to enable companies to discover the identity of their shareholders, for example by a rule inspired by the English or French system. Do you share the view of the Monitoring Committee?

A. Yes, definitely. Today it is impossible to obtain a complete and transparent view of shareholdings, sometimes preventing full compliance with national disclosure requirements.

4. Long-term shareholdership

Q8. Do you consider that it is for the legislator and/or Monitoring Committee to promote a long-term relationship between company and shareholder, or do you think that this should be left to market forces? If you consider that the legislator and/or the Monitoring Committee has a role to play here, how do you think that the long-term involvement of shareholders could best be encouraged?

A. The legal framework should allow companies to adopt such schemes, if the shareholders approve them. The expectation gap (short vs long-term views) could effectively be addressed using some form of loyalty bonus (dividend & votes).

II. COMMUNICATION BETWEEN COMPANY AND SHAREHOLDERS

5. Communication throughout the year other than the general meeting

- Q9.** Do you believe that a dialogue between company and shareholder, even outside the context of the general meeting, can be useful and should not be discouraged? Do you consider it useful, from the perspective of both the company and the shareholders, if the company publishes on its website its policy on bilateral contacts with shareholders?
- A.**
- Contact is essential on an ongoing basis and the company has to judge what is price-sensitive information;
 - A bilateral contacts policy will state the obvious but we would have no objection to doing this.

6. Communication in the context of the general meeting

(a) Role and decision-making

Introduction

- Q10.** Do you share the Monitoring Committee's opinion of the general meeting of shareholders as a company organ and of the physical meeting of shareholders?
- A.** AGM has become a formality where the high proportion of overseas investors in the Company's capital do not tend to exercise their voting rights. Electronic participation is expected to boost the relevance of the meeting.

Explaining voting behaviour

- Q11.** The Monitoring Committee sees no reason to oblige shareholders to attend or address the general meeting, even shareholders who hold a given percentage of the shares and/or voting rights. Do you agree with this view?
- A.** Agree - it is up to them. Ongoing contact with shareholders would usually reveal explanations for voting behaviour.

File and publish the outcome of voting proxies

- Q12.** Do you agree with the Monitoring Committee that it would be advisable for the company to make it possible for investors to deposit their voting proxies with an independent third party prior to the general meeting? Furthermore, do you share the opinion of the Monitoring Committee that votes and/or voting proxies known to the company prior to the general meeting need not be disclosed?
- A.** Agree - and this reflects the voting mechanism already in place at the Company.

(b) Provision of information and period of notice of meetings - No question.

(c) Course of the general meeting - No question.

(d) Order of meeting

Introduction - No question.

Limiting speaking time

Q13. Do you share the opinion of the Monitoring Committee that limiting the speaking time of individual shareholders could be useful in promoting an efficient and substantively worthwhile general meeting? If so, do you also share the opinion of the Monitoring Committee that it is up to the chairman of the general meeting to limit the speaking time where appropriate, provided that this power is exercised reasonably?

A. The Chairman's responsibility is to run the meeting efficiently. Our AGM is not of a size where firm rules are required, but discipline will have to be imposed when electronic participation will become more commonplace.

Asking questions in advance

Q14. Do you share the opinion of the Monitoring Committee that submitting questions prior to the meeting could help to promote the efficiency of meetings by regulating the order of business? If so, do you agree with the Monitoring Committee that the questions could also be answered prior to the meeting?

A. Agreed - questions could be grouped and full answers prepared in advance to provide as much relevant information as possible to the meeting or before.

Chapter 2 - Scope of the code

Scope of the code

This chapter deals with the scope of the code. Specific attention is paid to consultation questions concerning the use of a corporate governance code by Dutch companies exclusively listed abroad, by local companies (i.e. companies listed on Euronext Amsterdam and not included in the AEX, AMX or AMS index) and by Dutch companies whose shares are marketable on a non-regulated (stock) market.

I. Dutch companies exclusively listed abroad

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| <p>Q. Do you share the view of the Monitoring Committee that caution is necessary in deciding whether to introduce unilaterally an explicit option for Dutch companies exclusively listed abroad to choose which corporate governance code they wish to comply with?</p> <p>A. In our opinion companies should comply with the laws / codes:</p> <ul style="list-style-type: none">a) where they are domiciled <u>and</u>b) where they are listed. |
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II. Local companies

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| <p>Q. Can local companies make do with the existing corporate governance code, or do you believe that a specific corporate governance code for local companies should be drawn up which takes account of the characteristics of local companies?</p> <p>If you believe that a specific corporate governance code for local companies should be drawn up: what minimum requirements should such a code fulfil (for example, in order to safeguard the checks and balances between shareholders, the management board and the supervisory board)?</p> <p>A. In our opinion in the context of a principles based system there should be one Code, not several. Companies should be able to convincingly explain any sensible instances of non-compliance.</p> |
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III Non-regulated (stock) markets

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| <p>Q. Do you consider it desirable that companies whose shares are traded on a non-regulated market accessible to the general public should be subject to a corporate governance code specifically designed for them?</p> <p>Do you believe that there should be legislation making compliance with certain corporate governance standards mandatory for companies whose shares are traded only on non-regulated markets?</p> <p>A. Investors should be aware that investing in companies on non-regulated markets is riskier and that they cannot expect the same Corporate Governance Code as for AEX companies. There should be certain minimum standards however for any company where securities are traded.</p> |
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