

Governance overview



Allen Stevens,
Chairman of the Corporate Governance and Nominations Committee

“As a Board it is our aim to create long-term value for all our stakeholders.”

2019 was a busy year in terms of corporate governance during which we continued to build upon and improve our governance structure for the benefit of all our stakeholders.

Changes to Board composition

Through our Corporate Governance and Nominations Committee we regularly review the composition of the Board of Directors to ensure that, as a whole, it possesses the necessary range of complementary skills, experience, knowledge and the appropriate degree of diversity. With this in mind, we seek out individuals who we feel are qualified to become Directors of the Company. Accordingly, the Board of Directors recommended the appointment of our newest Non-Executive Director to the shareholders at the AGM in April and we were delighted to welcome Elisabeth Proust to the Board. Ms Proust (whose biography appears on page 29) brings with her more than 35 years of international experience in the oil and gas sector combined with engineering expertise.

The end of 2019 also saw the retirement of Jean Cahuzac from his position as Chief Executive Officer of Subsea 7, but we will continue to benefit from his expertise as he remains on the Board of Directors in a non-executive capacity.

Review of Board effectiveness

Having appointed in 2018 an external facilitator to conduct the annual evaluation of its working practices, the Board agreed that for 2019, the Board effectiveness review would be carried out internally. Accordingly, the Company Secretary oversaw an evaluation, asking each Director to complete a questionnaire focusing upon matters such as contribution to the Company's performance, Board composition and risk management. Based on the responses, a detailed report was prepared and presented to the Board, providing it with an opportunity to reflect upon the Board's behaviours and identify areas where improvements could be made. The report highlighted an experienced Board, working well together in the interest of all of the Company's stakeholders.

Sustainability

During 2019 the Corporate Governance and Nominations Committee continued to focus upon ensuring that the Company fully complies with all Luxembourg legislation. In particular, detailed consideration has been given to the Luxembourg legislation regarding non-financial and diversity information and, accordingly, pages 18-19 of the Annual Report provide information regarding Subsea 7's approach to topics such as diversity, environmental matters and human rights.

In addition, following the inclusion of Sustainability as one of Subsea 7's six core Values in February 2019, there has been a focus throughout Subsea 7 on ensuring that it takes a proactive approach towards social responsibility, including mitigating the impact of its activities on the environment and responding to the effects of climate change. For the Board of Directors, this commitment is emphasised by our Board Charter which provides us with a duty to embed Sustainability into all the Group's business processes. In line with this aim, in March 2019 Subsea 7 formally signed up to the UN Global Compact, the world's largest corporate sustainability initiative, thereby committing to implement its Ten Principles on human rights, labour, environment and anti-corruption. This commitment is fully supported by the Board of Directors, which aims to embed these principles into the work that we do. In addition, I am pleased to report that Subsea 7 published its first Sustainability Report in March 2020 and this is available at www.subsea7.com.

We are proud of the work being accomplished on corporate governance and we will continue to build upon and improve our governance structures to run our business for the benefit of all stakeholders.

Governance at a glance

The areas listed below, on which we report on the pages indicated, are aligned with the Norwegian Code of Practice for Corporate Governance.

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Board of Directors

Kristian Siem

Chairman

Skills and experience

Mr Siem brings an extensive knowledge of the offshore oil and gas services business worldwide from previous senior executive and non-executive roles combined with long-standing experience as chairman of public companies listed in the US, UK and Norway. Mr Siem is the founder of the Siem Industries Group and has been Director and Chairman of Siem Industries since 1982. Prior to joining the Group, he held several management positions with the Fred. Olsen Group in the US and Norway. Mr Siem has previously held directorships at Kvaerner ASA and Transocean Inc. He holds a degree in Business Economics.

Date of appointment

Appointed Director and Chairman from January 2011.

Prior to the merger of Acergy S.A. and Subsea 7 Inc. in January 2011 Mr Siem was Chairman of Subsea 7 Inc. from January 2002.

Committee membership



Key external appointments

Chairman of Siem Industries Inc.

Director of Siem Offshore Inc., Siem Shipping Inc. (formerly Star Reefers Inc.) and Frupor S.A.

Nationality and date of birth



1949

Tenure

Re-elected by shareholders on 17 April 2019 until the 2021 AGM.

Allen Stevens

Senior Independent Director

Skills and experience

Mr Stevens brings to the role many years of experience in shipping, finance and management. Mr Stevens started in the shipping industry in financial planning at Sea-Land Service Inc., and subsequently served as Treasurer of McLean Industries Inc. from 1972 to 1988. Mr Stevens served as Chairman and Director of Erie Shipbuilding from 2006 to 2009, and Chairman of Trailer Bridge Inc. from 2008 until 2012. He has also held senior executive and management positions with Great Lakes Transport Limited. He is a graduate of Harvard Law School and holds a degree in Industrial Engineering from the University of Michigan.

Date of appointment

Appointed a Non-Executive Independent Director from January 2011 and Senior Independent Director from May 2018.

Mr Stevens was Independent Director of Subsea 7 Inc. from December 2005 to January 2011.

Committee membership



Key external appointments

Vice President and director of Masterworks Development Co., LLC.

Nationality and date of birth



1943

Tenure

Re-elected by shareholders on 17 April 2019 until the 2021 AGM.

Jean Cahuzac

Director

Skills and experience

Mr Cahuzac has wide multi-country technical, commercial and general management experience in senior executive roles in the oil and gas services sector spanning a period of 40 years. He was appointed Chief Executive Officer of Acergy S.A. in 2008 and in 2011, post merger, became the Chief Executive Officer of Subsea 7 S.A., a position he held until his retirement in December 2019. Mr Cahuzac was Chief Operating Officer and then President at Transocean from 2000 to 2008. He worked at Schlumberger from 1979 to 1999 in various field management positions and then as President of Sedco-Forex. He holds a Master's degree in Engineering from École des Mines de St-Étienne and is a graduate of the French Petroleum Institute in Paris.

Date of appointment

Appointed a Director from May 2008 (then named Acergy S.A.).

Committee membership

Key external appointments

Member of the Supervisory Board of Société Phocéenne de Participations.

Nationality and date of birth



1954

Tenure

Re-elected by shareholders on 17 April 2018 until the 2020 AGM.

Eystein Eriksrud

Director

Skills and experience

Mr Eriksrud brings to his role extensive legal expertise in commercial and corporate affairs combined with senior executive experience in the offshore energy and shipping industries. In 2019 he became a partner at RO Sommernes Advokatfirma DA. Mr Eriksrud was Deputy Chief Executive Officer of the Siem Industries Group from 2011 to 2019 and held a number of Directorships within the Siem Industries Group. He was a partner of Norwegian law firm Wiersholm Mellbye & Bech, from 2005 to 2011. He is a Candidate of Jurisprudence from the University of Oslo.

Date of appointment

Appointed a Non-Executive Director from March 2012.

Committee membership



Key external appointments

Nationality and date of birth



1970

Tenure

Re-elected by shareholders on 17 April 2018 until the 2020 AGM.

Committee key

-  Chairman
-  Compensation Committee
-  Corporate Governance and Nominations Committee
-  Audit Committee

* As used below, 'independent' is defined by the rules and codes of corporate governance of the Oslo Børs on which Subsea 7 S.A. is listed, which the Board must satisfy, in particular the Norwegian Code of Practice for Corporate Governance. Under the terms of the Company's Articles of Incorporation, Directors may be elected for terms of up to two years and serve until their successors are elected. Under the Company's Articles of Incorporation, the Board must consist of not fewer than three Directors.

Dod Fraser

Independent Director*

Skills and experience

Mr Fraser brings comprehensive experience in corporate finance and investment banking both internationally and in the United States. This is supplemented by extensive knowledge of corporate governance in his current and prior appointments as audit committee member. Mr Fraser served as a Managing Director and Group Executive with Chase Manhattan Bank, now JP Morgan Chase, leading the global oil and gas group from 1995 until 2000. Until 1995 he was a General Partner of Lazard Frères & Co. Mr Fraser has been a trustee of Resources for the Future, a Washington-based environmental policy think-tank. He is a graduate of Princeton University.

Date of appointment

Appointed a Non-Executive Independent Director from December 2009 (then named Acergy S.A.).

Committee membership**Key external appointments**

Director of Rayonier Inc.
Director of Fleet Topco Limited.
Director of OCI N.V.

Nationality and date of birth

1950

Tenure

Re-elected by shareholders on 17 April 2019 until the 2021 AGM.

Niels Kirk

Independent Director*

Skills and experience

Mr Kirk brings to the role over 35 years of international corporate and structured finance experience with extensive knowledge of the global energy, power and resource sectors at executive level. He worked at Citibank for over 25 years where his most recent appointment was Chairman & Managing Director of Energy & Natural Resources in Europe, the Middle East and Africa until 2018. Prior to Citibank, he worked at Banque Paribas for five years. Mr Kirk is a member of the Advisory Council of Advanced Power, which develops, acquires, owns and manages power generation and related infrastructure projects in Europe and North America. He holds an MBA in Finance and International Business from the Stern School at New York University.

Date of appointment

Appointed a Non-Executive Independent Director from April 2018.

Committee membership**Key external appointments**

Co-founder and CEO of Kirk, Lovegrove and Company Ltd.

Nationality and date of birth

1962

Tenure

Elected by shareholders on 17 April 2018 until the 2020 AGM.

David Mullen

Independent Director*

Skills and experience

Mr Mullen brings over 30 years' experience in the oil services business. He has previously held the position of CEO at two other companies in the subsea industry, Wellstream Holdings PLC and Ocean Rig ASA. Prior to these appointments he was Senior Vice President of Global Marketing, Business Development and M&A at Transocean from 2005 to 2008. Mr Mullen also had a 23-year career at Schlumberger, including as President of Oilfield Services for North and South America. He holds a Bachelor of Arts degree in Geology and Physics from Trinity College, Dublin, and a MSc degree in Geophysics from the National University of Ireland.

Date of appointment

Appointed a Non-Executive Independent Director from April 2018.

Committee membership**Key external appointments**

CEO and Director of Shelf Drilling Limited.

Nationality and date of birth

1958

Tenure

Elected by shareholders on 17 April 2018 until the 2020 AGM.

Elisabeth Proust

Independent Director

Skills and experience

Ms Proust, in addition to her engineering expertise, brings extensive multi-country experience in the oil and gas sector at an executive level after spending more than 35 years at Total. Ms Proust was the first female vice president for development engineering for Total worldwide and, as her career progressed, she held multiple leadership roles as a managing director of Total's affiliates in Indonesia, Nigeria and, finally, the UK. Ms Proust is a Senior Advisor for Renoir Group, which is a management consulting firm in sustainable change. Ms Proust has a Bachelor of Applied Science degree in hydrodynamics from École Centrale de Nantes as well as a Diploma in drilling, reservoir and production engineering from the French Petroleum Institute in Paris.

Date of appointment

Appointed a Non-Executive Independent Director from April 2019.

Committee membership**Key external appointments**

None listed.

Nationality and date of birth

1957

Tenure

Elected by shareholders on 17 April 2019 until the 2021 AGM.

Executive Management Team

John Evans

Chief Executive Officer

Skills and experience

John has over 30 years of experience in the oil and gas services industry, primarily in the SURF and offshore engineering and construction sectors. He started his career in 1986, working with Brown & Root and built a successful track record in general management, commercial and operational roles in the offshore oil and gas industry.

Prior to his current appointment, from July 2005, John held the position of Chief Operating Officer of Subsea 7.

John has a Bachelor of Engineering degree in Mechanical Engineering from Cardiff University, is a Chartered Mechanical and Marine Engineer and a Chartered Director.

Date of appointment

John has been Chief Executive Officer of Subsea 7 since January 2020.

Nationality and date of birth



1963

Olivier Blaringhem

Executive Vice President
– SURF and Conventional

Skills and experience

Olivier started his career in the oil and gas engineering and contracting sector in 1995, working for seven years with Entrepose Contracting in project management and commercial roles, based in Nigeria, China and France.

Since joining Subsea 7 in 2002, Olivier has held a number of country, regional and corporate management positions based in the North Sea, Africa, Asia and the Middle East. In 2016, Olivier was appointed Vice President of Asia Pacific and the Middle East until his appointment to Executive Vice President – SURF and Conventional in January 2020.

Olivier has a degree in Mechanical and Electrical Engineering from the École Spéciale des Travaux Publics in Paris.

Date of appointment

Olivier was appointed Executive Vice President – SURF and Conventional in January 2020.

Nationality and date of birth



1970

Stuart Fitzgerald

Executive Vice President
– Alliances and Strategy

Skills and experience

Stuart began his career with Subsea 7 in 1998. In 2014 he was appointed Vice President Sales and Marketing for the Northern Hemisphere and Life of Field business. In June 2016, Stuart was appointed Vice President Strategy and Technology, a position that he held until his appointment to Executive Vice President – Strategy and Commercial in January 2018.

Stuart has a Bachelor of Engineering degree in Mechanical Engineering and a Bachelor of Science degree in Applied Mathematics from Monash University in Melbourne, Australia.

Date of appointment

Stuart was appointed Executive Vice President Alliances and Strategy in September 2019.

Nationality and date of birth



1969

Nathalie Louys

General Counsel

Skills and experience

Nathalie began her legal career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across various industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore.

In 2006 Nathalie joined Subsea 7 performing senior corporate and operational legal roles. Prior to her current appointment Nathalie was Vice President Legal – Commercial.

Nathalie has been admitted to the Paris Bar and has legal qualifications from University Paris I – Panthéon Sorbonne and Paris XI in France and the University of Kent in the UK.

Date of appointment

Nathalie has been General Counsel of Subsea 7 since April 2012.

Nationality and date of birth



1963

Katherine Lyne

Executive Vice President
– Human Resources

Skills and experience

Kate began her career in the power generation sector with Alstom, where she held roles in Belgium, France, the UK and the US. In 2004 she moved to Imerys where she was initially HR Director for the Paper division before being appointed as HR Director for the Ceramics, Refractories, Abrasives, and Foundry business based in Paris.

In 2012 Kate joined Subsea 7 as Vice President Group Human Resources which she held until her current appointment.

Kate has a business degree from the University of Brighton and is a fellow of the Chartered Institute of Personnel and Development.

Date of appointment

Kate has been Executive Vice President – Human Resources of Subsea 7 since September 2019.

Nationality and date of birth



1969

Stephen McNeill

Executive Vice President
– Renewables

Skills and experience

Steph began his career in the offshore energy sector in 1990, subsequently working in various technical, commercial and management roles worldwide for Brown and Root Vickers, Det Norske Veritas, Saipem and Kellogg Brown and Root.

Steph joined Subsea 7 in 2005 and has held a number of different positions in general management. In January 2018 Steph was appointed Senior Vice President Renewables and Heavy Lifting which he held until his current appointment.

Steph has a Bachelor of Engineering degree in Naval Architecture and Offshore Engineering from the University of Strathclyde and is a Chartered Engineer and a Fellow of the Royal Institution of Naval Architects.

Date of appointment

Steph was appointed Executive Vice President – Renewables in January 2020.

Nationality and date of birth



1969

Ricardo Rosa

Chief Financial Officer

Skills and experience

Ricardo started his career in 1977 with Price Waterhouse. In 1983 he joined Schlumberger where he held various financial positions, working in France, Indonesia, Brazil, Venezuela, Italy and the UK.

In 2000 he joined Transocean as Vice President and Controller in Houston, subsequently becoming Senior Vice President for Asia Pacific and Middle East and then for Europe and Africa. Prior to joining Subsea 7, he was Transocean's Executive Vice President and CFO.

Ricardo has a Masters of Arts degree in Modern Languages from Oxford University and is a member of the Institute of Chartered Accountants in England and Wales.

Date of appointment

Ricardo has been Chief Financial Officer of Subsea 7 since July 2012.

Nationality and date of birth



1956

Phillip Simons

Executive Vice President
– Projects and Operations

Skills and experience

Phil began his career in 1987 in offshore drilling until 1992 when he became an engineer for pipeline installation contractor, European Marine Contractors. Phil has more than 20 years' experience in the subsea pipelines business.

Phil joined Subsea 7 in Aberdeen in 2004 as a senior project manager and in 2011 was appointed Vice President for Canada, Mediterranean and Russia. In 2013 he was appointed Vice President UK and Canada, before taking up the role of Vice President for North Sea and Canada in 2016. In 2018 Phil was appointed Senior Vice President Global Projects and Operations.

Phil has a Bachelor of Engineering degree in Mining Engineering from the University of Leeds.

Date of appointment

Phil was appointed Executive Vice President – Projects and Operations in January 2020.

Nationality and date of birth



1966

2019 Corporate Governance Report

Regulatory compliance

This section sets out the arrangements the Board has put in place to help ensure that it fulfils its corporate governance obligations, including the application of the principles of the Norwegian Code of Practice for Corporate Governance.

Legal and regulatory framework

Subsea 7 S.A. is a 'société anonyme' organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended, being incorporated in Luxembourg in 1993, and acts as the holding company for all of the Group's entities.

Subsea 7 S.A.'s registered office is located at 412F, route d'Esch, L-2086 Luxembourg. The Company is registered with the Luxembourg Register of Commerce and Companies under the designation 'R.C.S. Luxembourg B 43172'. As a company incorporated in Luxembourg and with shares traded on the Oslo Børs and ADRs traded over-the-counter in the US, Subsea 7 S.A. is subject to Luxembourg laws and regulations with respect to corporate governance.

As a company listed on the Oslo Børs, where its shares are actively traded, the Company follows the Norwegian Code of Practice for Corporate Governance on a 'comply or explain' basis, where this does not contradict Luxembourg laws and regulations. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

The Group's corporate governance policies and procedures are explained below, with reference to the principles of corporate governance as set out in the sections identified in the Norwegian Code of Practice for Corporate Governance dated 17 October 2018.

Articles of Incorporation – nature of the Group's business

As stated in its Articles of Incorporation, Subsea 7 S.A.'s business activities are as follows:

"The objects of the Company are to invest in subsidiaries which predominantly will provide subsea construction, maintenance, inspection, survey and engineering services, in particular for the offshore oil and gas and related industries. The Company may further itself provide such subsea construction, maintenance, inspection, survey and engineering services, and services ancillary to such services.

The Company may, without restriction, carry out any and all acts and do any and all things that are not prohibited by law in connection with its corporate objects and to do such things in any part of the world whether as principal, agent, contractor or otherwise. More generally, the Company may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated to the Company; in general it may undertake any operations directly or indirectly connected with these objects."

The full text of the Company's Articles of Incorporation, as amended, is available on Subsea 7's website.

Business

The Board of Directors has set strategies and targets for the Company's business. The Group structures itself around its diversified strengths, reporting through three operational business units: SURF and Conventional, Life of Field and Renewables and Heavy Lifting.

The SURF and Conventional business unit is a global leader in offshore energy services delivering Design, Engineering, Procurement, Construction and Installation (EPCI), and Decommissioning projects in all water depths, operating under the Subsea 7 brand.

The Life of Field business unit is a leading expert in inspection, repair and maintenance (IRM), integrity management, drill rig support, production enhancement and decommissioning support services, operating under the i-Tech 7 brand.

The Renewables and Heavy Lifting business unit is an experienced partner for the delivery of offshore wind farm projects and specialist foundations and cable-lay services, operating under the Seaway 7 brand. Further details of the Group's business units are outlined in the 'Overview' and 'Strategy' sections on pages 6 to 17.

BOARD OF DIRECTORS

Kristian Siem
Chairman

Allen Stevens
Senior Independent Director

Jean Cahuzac
Director

Eystein Eriksrud
Director

Dod Fraser
Independent Director

Niels Kirk
Independent Director

David Mullen
Independent Director

Elisabeth Proust
Independent Director

Elisabeth Proust joined the Board of Directors on 17 April 2019.

Board of Directors: composition and independence

As a Luxembourg incorporated entity, the Company does not have a corporate assembly.

The Board of Directors comprises eight Directors. The majority of the Directors were, during the year ended 31 December 2019, considered independent in accordance with the rules of the Oslo Børs on which Subsea 7 S.A. is listed and the independence criteria of the Norwegian Code of Practice for Corporate Governance.

Biographies of the individual Directors are detailed on pages 28 to 29.

The charters of the permanent committees do not permit executive management to be members. The composition of the Company's Board of Directors and the controls to avoid conflicts of interest are in accordance with both Luxembourg company law and good corporate governance practice.

The Board of Directors endeavours to ensure that it is constituted by Directors with a varied background and with the necessary expertise, diversity and capacity to ensure that it can effectively function as a cohesive body. Prior to proposing candidates to the relevant general meeting for election to the Board of Directors, the Corporate Governance and Nominations Committee seeks to consult with the Company's major shareholders before recommending candidates to the Board of Directors.

Directors are elected by a general meeting for a term not exceeding two years and may be re-elected. Directors need not be shareholders. At a general meeting the shareholders may dismiss any Director, with or without cause, at any time notwithstanding any agreement between the Company and the Director. Such dismissal may not prejudice the claims that a Director may have for indemnification as provided for in the Articles of Incorporation or for a breach of any contract existing between him or her and the Company.

If there is a vacancy on the Board of Directors, the remaining Directors appointed at a general meeting have the right to appoint a replacement Director until the next meeting of shareholders, who will be asked to confirm such appointment.

With the exception of a candidate recommended by the Board of Directors, or a Director whose term of office expires at a general meeting of the Company, no candidate may be appointed unless at least three days and no more than 22 days before the date of the relevant meeting, a written proposal, signed by a duly authorised shareholder, shall have been deposited at the registered office of the Company together with a written declaration, signed by the proposed candidate, confirming his or her wish to be appointed.

The Directors of the Board are encouraged to hold shares in the Company as the Board of Directors believes it promotes a common financial interest between the members of the Board of Directors and the shareholders of the Company. Details of the Directors' shareholdings are on page 112.

Work of the Board of Directors

The Board of Directors adheres to a Board Charter which sets out the instructions for the Board.

The main responsibilities of the Board of Directors are:

1. Setting the values used to guide the affairs of the Group. This includes the Group's commitment to achieving its health and safety vision and the Group's adherence to the highest ethical standards in all of its operations worldwide.
2. Integrating environmental improvement into business plans and strategies, and seeking to embed sustainability into the Group's business processes.
3. Overseeing the Group's compliance with its statutory and regulatory obligations and ensuring that systems and processes are in place to enable these obligations to be met.
4. Setting the strategy and targets of the Group.
5. Establishing and maintaining an effective corporate structure for the Group.
6. Overseeing the Group's compliance with financial reporting and disclosure obligations.
7. Overseeing the risk management of the Group.
8. Overseeing Group communications.
9. Determining its own composition, subject to the provisions of the Company's Articles of Incorporation.
10. Ensuring the effective corporate governance of the Group.
11. Approving the remuneration package for the CEO based upon the recommendation of the Compensation Committee.
12. Setting and approving policies.

The Board of Directors' Charter is available on the Subsea 7 website: www.subsea7.com.

2019 Meeting attendance

	Board	Audit Committee*	Corporate Governance and Nominations Committee*	Compensation Committee
Kristian Siem	8/9		3/3	3/3
Allen Stevens	9/9		3/3	3/3
Jean Cahuzac	9/9			
Dod Fraser	9/9	6/6		
Eystein Eriksrud	8/9	6/6		
Niels Kirk	9/9	6/6		3/3
David Mullen	9/9		3/3	
Elisabeth Proust**	6/9			

* Additionally, a joint session of the Audit Committee and the Corporate Governance and Nominations Committee was held on 26 February 2019 at which all members of both committees were present.

** Elisabeth Proust was appointed as Director on 17 April 2019.

Responsibilities during the year

During the year, the Board of Directors sets a plan for its work for the following year, which includes a review of strategy, objectives and their implementation, the review and approval of the annual budget and the review and monitoring of the Group's current year financial performance. In 2020, the Board of Directors is scheduled to convene on seven occasions, but the schedule is flexible to react to operational or strategic changes in the market and circumstances affecting the Group.

The Board of Directors has overall responsibility for the management of the Group and has delegated the daily management and operations of the Group to the CEO, who is appointed by and serves at the discretion of the Board of Directors. The CEO is supported by the other members of the Executive Management Team, further details of which are on pages 30 to 31. The Executive Management Team has the collective duty to deliver Subsea 7's strategic, financial and other objectives, as well as to safeguard the Group's assets, organisation and reputation. The Board of Directors has internal regulations for its own operation and approves objectives for its own work, as well as the work of the Executive Management Team, with particular emphasis on clear internal allocation of responsibility and duties.

It is the duty of the Executive Management Team to provide the Board of Directors with appropriate, precise and timely information on the operations and financial performance of the Group, in order for the Board of Directors to perform its duties. The Board of Directors has established a Corporate Governance and Nominations Committee, a Compensation Committee and an Audit Committee, each of which has a charter approved by the Board of Directors. Matters are delegated to the committees as appropriate. The Directors appointed to these committees are selected based on their experience and to ensure the committees operate in an effective manner. The minutes of all committee meetings are circulated to all Directors.

The performance and expertise of the Board of Directors are monitored and reviewed annually, including an evaluation of the composition of the Board of Directors and the manner in which its members function, both individually and as a collegiate body. The evaluation of the performance of the Board of Directors during the 2019 year was conducted internally and the results of the evaluation were shared with the Corporate Governance and Nominations Committee. In line with best practice, the evaluation of the performance of the Board of Directors is conducted by an external facilitator every third year. The most recent external review was conducted during 2018 in respect of the year 2017; accordingly the next external review is due at the end of 2020.

Risk management and internal control

The Board of Directors acknowledges its responsibility for the Group's system of internal control and for reviewing its effectiveness. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material financial misstatement or loss.

The Group adopts internal controls appropriate to its business activities and geographical spread. The key components of the Group's system of internal control are described in the Risk Management section on pages 20 to 26. The Group has in place clearly defined lines of responsibility and limits of delegated authority. Comprehensive procedures provide for the appraisal, approval, control and review of capital expenditure. The Executive Management Team meets with other senior management on a regular basis to discuss particular issues, including key operational and commercial risks, health and safety performance, sustainability, environmental factors, and legal and financial matters.

The Group has a comprehensive annual planning and management reporting process. A detailed annual budget is prepared in advance of each year and supplemented by forecasts updated during the course of the year. Financial results are reported monthly to the Executive Management Team and quarterly to the Board of Directors and compared to budget, forecasts, market consensus and prior year results.

The Board of Directors reviews reports on actual financial performance and forward-looking financial guidance.

The Board of Directors derives further assurances from the reports of the Audit Committee. The Audit Committee has been delegated responsibility to review the effectiveness of the internal financial control systems implemented by management and is assisted by the internal audit function and the external auditor where appropriate.

Communication with stakeholders

Implementation and reporting on corporate governance

Subsea 7 S.A. acknowledges the division of roles between shareholders, the Board of Directors and the Executive Management Team. The Group further ensures good governance is adopted by holding regular Board of Directors' meetings, which the Executive Management Team attends and at which strategic, operational and financial matters are presented.

The Group's vision is:

To lead the way in the delivery of offshore projects and services for the energy industry.

The Group's Values are:

Safety, Integrity, Sustainability, Innovation, Performance and Collaboration.

In pursuit of the six Values, the Group has an Ethics Policy Statement and a Code of Conduct which reflect its commitment to clients, shareholders, employees and other stakeholders to conduct business legally and with integrity and honesty. The Ethics Policy Statement and the Code of Conduct were approved by the Board of Directors and were issued to all Directors, officers and employees and are subject to periodic review and updating.

General meetings

The Articles of Incorporation provide that the Annual General Meeting (AGM) shall be held within six months from the end of the financial year and in 2020 it will be held on 7 April.

The notice of meeting and agenda documents for the AGM are posted on the Group's website at least 21 days prior to the meeting and shareholders receive the information at least 21 days prior to the meeting by mail. Documentation from previous AGMs is available on the Subsea 7 website: www.subsea7.com.

All shareholders that are registered with the Norwegian Central Securities Depository System receive a written notice of the AGM. The Company will set a record date as close as practicable to the date of the AGM, taking into account the differing deadlines for ADR and common share proxies. Subject to the procedures described in the Articles of Incorporation, all shareholders holding individually or collectively at least 10% of the issued shares have the right to submit proposals or draft resolutions. All shareholders on the register as at the record date will be eligible to attend in person, or vote by proxy, at the AGM.

Proxy forms are available and may be submitted by eligible shareholders which allow separate voting instructions to be given for each proposed resolution to one of the representatives indicated on the proxy form and also allow a person to be nominated to vote on behalf of shareholders as their proxy. There will be a separate vote for each candidate nominated for election to the Board of Directors. Details will be provided in the resolutions and supporting information distributed to the shareholders ahead of the AGM.

Under Luxembourg law, there are minimum quorum requirements for extraordinary general meetings but no minimum quorum requirement for AGMs. Decisions will be validly made at the AGM regardless of the number of shares represented if approval is obtained from the majority of the votes of those shareholders that are present or represented.

The Articles of Incorporation of the Company stipulate that the AGM will be chaired by the Chairman of the Board of Directors. However, the Board of Directors ordinarily delegates authority to the Company Secretary to chair the AGM. If a majority of the shareholders request an alternative independent chairman, one will be appointed.

At the AGM, the shareholders, inter alia, elect members of the Board of Directors for nominated terms of appointment, approve the Company's Annual Accounts, the Group's Annual Report and Consolidated Financial Statements, discharge the Directors from their duties for the financial year and approve the statutory auditor's appointment. In accordance with Luxembourg law and the Company's Articles of Incorporation, the Chairman of the Board is elected by the Board of Directors based on its insight into who has the most suitable level of understanding of the Company to carry out the duties of the Chairman.

Equity and dividends

Shareholders' equity

Total shareholders' equity at 31 December 2019 was \$5.3 billion (2018: \$5.7 billion) which the Board of Directors believes is satisfactory given the Group's strategy, objectives and risk profile.

Dividend policy

It is Subsea 7's objective to give its shareholders an attractive return on their invested capital. The return is to be achieved through a combination of dividend payments, share repurchases and an increase in the value of the Company's shares over time through disciplined investment in value-adding growth opportunities. The Board of Directors each year, after evaluating the Company's financial position and re-investment opportunities, may decide to recommend that shareholders approve at the AGM an appropriate dividend. This dividend will normally be paid in the month following its approval at the AGM.

Equity mandates

At the extraordinary general meeting held on 17 April 2019, the Board of Directors' authority to approve the purchase of the Company's shares up to a maximum of 32,736,711 common shares (representing 10% of the issued common shares as at 17 April 2019) was granted until 17 April 2021. This authority is subject to certain purchase price conditions and is conditional on such purchases being made in open market transactions through the Oslo Børs, subject to certain limitations. The Board of Directors was also granted authority for a period ending on 17 October 2021 to cancel shares repurchased under such authorisation and to reduce the issued share capital through such cancellations.

An extraordinary general meeting was held on 17 April 2018 at which the Company's shareholders approved the restatement of the authorised share capital at \$900,000,000 with any authorised but unissued common shares lapsing on 16 May 2021. Additionally, the Board of Directors was authorised to issue new shares within the authorised unissued share capital. The Board of Directors was authorised to waive, suppress or limit existing shareholders' preferential subscription rights up to a maximum of 32,736,711 common shares (representing 10% of the issued common shares as at 17 April 2018). These authorisations were granted for a period of three years, expiring on 16 May 2021, to reduce inter alia the administrative burden of convening an extraordinary general meeting annually.

Equal treatment of shareholders and transactions with close associates

One class of shares

The Company has one class of shares which are listed on the Oslo Børs. Each share carries equal rights including an equal voting right at annual or extraordinary general meetings of shareholders of the Company. No shares carry any special control rights. The Articles of Incorporation contain no restrictions on voting rights.

Share issues

The Board of Directors is authorised to suppress the pre-emptive rights of shareholders under certain circumstances and within the limits set forth previously. This is to allow flexibility to deal with matters deemed to be in the best interest of the Company.

In the event of the Board of Directors resolving to issue new shares and waive the pre-emptive rights of existing shareholders, the Board of Directors intends to comply with the recommendation of the Norwegian Code of Practice for Corporate Governance that the justification for such waiver is noted in the Stock Exchange announcement relating to such a share issue.

Related party transactions

Any transactions between the Group and members of the Board of Directors, executive management or close associates are detailed in Note 34 'Related party transactions' to the Consolidated Financial Statements.

The Board of Directors will, from time to time, determine the necessity of obtaining third-party valuations on transactions with related parties. Under Luxembourg law, Directors may not vote on transactions in which they are directly or indirectly financially interested.

The Group's Code of Conduct requires any Director or employee to declare if they hold any direct or indirect financial interest in any transaction entered into by the Group.

Freely negotiable shares

Subsea 7 S.A.'s shares are traded as common shares on the Oslo Børs and as ADRs over-the-counter in the US.

All shares are freely negotiable. The Articles of Incorporation contain no form of restriction on the negotiability of shares in the Company.

Corporate Governance and Nominations Committee

Committee members

Allen Stevens

Committee Chairman

Kristian Siem

David Mullen

The Board of Directors has established a Corporate Governance and Nominations Committee. The composition of this Committee is for the Board of Directors to determine in accordance with the Company's Articles of Incorporation. The Board of Directors believes that the Committee, comprising certain members of the Board of Directors, the majority of whom are independent of the Company's main shareholders, has the most suitable level of understanding of the Company to carry out the duties of the Committee.

The Corporate Governance and Nominations Committee's main responsibilities are:

1. Actively seeking and evaluating individuals qualified to become Directors of the Company and nominating candidates to the Board of Directors.
2. Periodically reviewing the composition and duties of the Company's permanent committees and recommending any changes to the Board of Directors.
3. Periodically reviewing the compensation of Directors and making any recommendations to the Board of Directors.
4. Annually reviewing the duties and performance of the Chairman of the Board and recommending to the Board of Directors a Director for election by the Board of Directors to the position of Chairman of the Board.
5. Annually reviewing the Company's corporate governance guidelines, procedures and policies for the Board of Directors and recommending to the Board of Directors any changes and/or additions thereto that they believe are desirable and/or required. These governance guidelines include the following:
 - How the Board of Directors is selected and compensated (for example, the size of the Board, Directors' compensation, qualifications, independence, retirement and conflicts of interests).
 - How the Board of Directors functions (for example, procedures for Board meetings, agendas, committee structure and format and distribution of Board materials).
 - How the Board of Directors interacts with shareholders and management (for example, selection and evaluation of the CEO, succession planning, communications with shareholders and access to management).
6. Overseeing the annual evaluation of the Board of Directors' performance.
7. Overseeing all aspects of Subsea 7's compliance and ethics programme. This will include a regular review of the structure of the compliance function, the scope of its activities and the effective implementation of the programme (including procedures for employees to raise concerns about breaches of the Code of Conduct and for such concerns to be investigated and remediated).
8. Annually reviewing the Committee's own performance.

The Corporate Governance and Nominations Committee Charter is available on the Subsea 7 website: www.subsea7.com.

Compensation Committee

Committee members

Kristian Siem

Committee Chairman

Allen Stevens

Niels Kirk

The Compensation Committee has been established by the Board to assist in developing a fair compensation programme for the executive officers and to ensure compliance with legal requirements as to executive officer compensation. The Compensation Committee's main responsibilities are:

1. Annually reviewing and approving the compensation paid to the executive officers of the Company with the exception of the CEO where the Compensation Committee may make a recommendation to the Board of Directors.
2. Establishing annually performance objectives for the Company's CEO and annually reviewing the CEO's performance against objectives and setting the CEO's compensation based on its evaluation.
3. Overseeing the Company's Benefit Plans in accordance with the objectives of the Company established by the Board of Directors.
4. Reviewing executive compensation plans and making recommendations to the Board on the adoption of new plans or programmes.
5. Recommending to the Board of Directors, the terms of any contractual agreements and any other similar arrangements that may be entered into with executive officers of the Company and its subsidiaries.
6. Approving appointments of the CEO, the CEO's direct reports and certain other appointments.
7. Preparing the report on executive compensation to be included in the Company's Annual Report and Consolidated Financial Statements.
8. Annually reviewing the Compensation Committee's own performance.

The Compensation Committee Charter is available on the Subsea 7 website: www.subsea7.com.

Remuneration of the Board of Directors

The Company's Non-Executive Directors receive remuneration in accordance with their individual roles and committee membership. The CEO's remuneration is detailed in Note 34 'Related party transactions' to the Consolidated Financial Statements. The Directors are encouraged to own shares in the Company but no longer participate in any incentive or share option schemes, with the exception of Mr Cahuzac who retains awards granted to him in his capacity as CEO prior to his retirement from this role on 31 December 2019. The remuneration of the Board of Directors is approved at the AGM annually and is disclosed in Note 34 'Related party transactions' to the Consolidated Financial Statements.

Directors are not permitted to undertake specific assignments for the Group unless these have been disclosed to and approved in advance by the full Board of Directors.

Remuneration of the Executive Management

The Group's remuneration policy is set by the Compensation Committee. The policy is designed to provide remuneration packages which will help to attract, retain and motivate senior management to achieve the Group's strategic objectives and to enhance shareholder value. The Compensation Committee also seeks to ensure that the remuneration policy is applied consistently across the Group and that remuneration is fair and transparent, while encouraging high performance.

The Compensation Committee benchmarks executive remuneration against comparable companies and seeks to ensure that the Group offers rewards and incentives which are competitive with those offered by the Group's peers. In benchmarking elements of remuneration against Subsea 7's peers, the Compensation Committee may from time to time take advice from external consultants.

Remuneration comprises base salary, bonus, share-based payments, benefits and pension. Performance related remuneration schemes define limits in respect of the absolute awards available. These are defined within the scheme arrangements and set out limits regarding total award in a given year and, in specific instances, the total award available to certain individuals.

Short-term incentive arrangements

The Group operates a common annual short-term incentive plan (bonus) with targets set by the Compensation Committee. The current performance conditions for executive officers are based upon the following metrics with the relevant weighting: Financial performance (45%), Project performance (20%), Safety performance (10%) and Personal objectives (25%).

Long-term incentive arrangements

The Group currently operates a single long-term incentive arrangement, the 2018 Long-term Incentive Plan ('2018 LTIP') to reward and incentivise key management. The 2018 LTIP provides for conditional awards based upon performance conditions over a performance period of at least three years. The performance conditions are based upon two measures: relative Total Shareholder Return (TSR) and Return on Average Invested Capital (ROAIC) based upon a weighting of 65%/35%.

There is an award cap such that executive officers may not be granted shares in a single year that have an aggregate market value in excess of 150% of their annual base salary and must build up a shareholding with a fair value of 150% of their annual base salary. There are also former schemes which are now closed to new awards. Full details of the 2018 LTIP are set out in Note 35 'Share-based payments' to the Consolidated Financial Statements.

Chief Executive Officer remuneration

The remuneration package of the CEO was determined by the Board of Directors on the recommendation of the Compensation Committee. The compensation of the CEO is reported in Note 34 'Related party transactions' to the Consolidated Financial Statements.

Executive Management Team remuneration

The remuneration package of the other members of the Executive Management Team was determined by the Compensation Committee and is shown in aggregate in Note 34 'Related party transactions' to the Consolidated Financial Statements.

Share ownership of the Executive Management Team

Details of total performance shares and shares held in the Company by the Executive Management Team are shown in Note 34 'Related party transactions' to the Consolidated Financial Statements.

Audit Committee

Committee members

Dod Fraser

Committee Chairman

Eystein Eriksrud

Niels Kirk

The Audit Committee is responsible for ensuring that the Group has an independent and effective external and internal audit process. The Audit Committee supports the Board of Directors in the administration and exercise of its responsibility for supervisory oversight of financial reporting and internal control matters and to maintain appropriate relationships with the external auditor. A majority of the Audit Committee, including the Chairman, are independent as required by Luxembourg law.

The Audit Committee's main responsibilities include:

1. Monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity.
2. Monitoring the effectiveness of the Company's and the Group's internal quality controls, internal audit function, financial controls framework and, where applicable, risk management systems.
3. Monitoring the statutory audit of the Company's Annual Accounts and the Consolidated Financial Statements of the Group, in particular its performance, taking into account any findings and conclusions by the competent authority.
4. Reviewing the quarterly, half-yearly and annual financial statements of the Group before their approval by the Board of Directors.
5. Informing the Board of Directors of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and the role of the Committee in that process.
6. Reviewing and monitoring the independence of the external auditor, in particular with respect to the appropriateness of the provision of additional non-audit services to the Company and the Group and putting in place procedures and making recommendations with respect to the selection and the appointment of the external auditor.
7. Reviewing the report from the external auditor on key matters arising from the Group and the Company statutory audits.
8. Dealing with complaints received directly or via management, including information received confidentially and anonymously, in relation to accounting, financial reporting, internal controls and external audit issues.
9. Reviewing the disclosure of transactions involving related parties.
10. Annually reviewing the Audit Committee's own performance.

The Audit Committee Charter is available on the Subsea 7 website: www.subsea7.com.

The terms of reference of the Audit Committee, as set out in the Audit Committee Charter, satisfy the requirements of applicable law and are in accordance with the Articles of Incorporation.

The Chairman of the Audit Committee is Dod Fraser, whose biography can be found on page 29. The Board of Directors has determined that Mr Fraser is the Audit Committee's financial expert and competent in accounting and audit practice with recent and relevant financial experience. The Audit Committee Charter requires that the Audit Committee shall consist of not less than three Directors. The Audit Committee meets at least four times a year and its meetings are attended by representatives of the external auditor and by the head of the internal audit function.

Auditor

The external auditor meets the Audit Committee annually regarding the planning and preparation of the audit of the Group's Consolidated Financial Statements and the Company's Annual Accounts.

The Audit Committee members hold separate discussions with the external auditor during the year without members of the Executive Management Team being present. The scope, resources and level of fees proposed by the external auditor in relation to the Group's audit and related activities are approved by the Audit Committee.

The Audit Committee recognises that it is occasionally in the interest of the Group to engage its external auditor to undertake certain other non-prohibited non-audit assignments. Fees paid to the external auditor for audit and non-audit services are reported in Note 6 'Net operating income' to the Consolidated Financial Statements, which are in turn approved at the AGM. The Audit Committee also requests the external auditor to confirm annually in writing that the external auditor is independent.

Take-overs

Subsea 7 S.A.'s Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of applicable Luxembourg and Norwegian law provisions and in accordance with the applicable principles for good corporate governance.

The Company has been notified of the following significant shareholders who control 5% or more of the voting rights of the Company:

	% ^(a)
Siem Industries Inc.	23.9
Folketrygdfondet	8.9

(a) Information is correct as at 31 December 2019.

Information and communications

Subsea 7 S.A.'s Board of Directors concurs with the principles of equal treatment of all shareholders and the Group is committed to reporting financial results and other information on an accurate and timely basis. The Group provides information to the market through quarterly and annual reports, investor and analyst presentations which are available to the media and by making operational and financial information available on Subsea 7's website. Announcements are released through notification to the company disclosure systems of the Oslo Børs and the Luxembourg Commission de Surveillance du Secteur Financier and simultaneously on the Subsea 7 website. As a listed company, the Company complies with the relevant regulations regarding disclosure. Information is only provided in English.

The Company complies in all material respects with the Oslo Børs' Code of Practice for IR, which is available at www.oslobors.no/.

DIRECTORS AND CHIEF EXECUTIVE OFFICER'S RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the Consolidated Financial Statements and the Unconsolidated Financial Statements for the year ended 31 December 2019 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, the 2019 Annual Report, Consolidated Financial Statements and Unconsolidated Financial Statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group.

By Order of the Board of Directors of Subsea 7 S.A.

Kristian Siem

Chairman

John Evans

Chief Executive Officer