2018 Financial Performance

Revenue
$4,074m
(2017: $3,986m)

Net income
$165m
(2017: $455m)

Adjusted EBITDA
$669m
(2017: $1,035m)

Diluted earnings per share
$0.56
(2017: $1.36)

Cash and cash equivalents
$765m
(2017: $1,109m)

Backlog
$4,907m
(2017: $5,208m)

Dividends and share repurchases
$297m
(2017: $191m)

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Get the latest investor information online: www.subsea7.com

Our vision is to lead the way in the delivery of offshore projects and services for the energy industry.

Subsea 7 is a global leader in the delivery of offshore projects and services for the evolving energy industry. We create sustainable value by being the industry's partner and employer of choice in delivering the efficient offshore solutions the world needs.

2018 OPERATIONAL PERFORMANCE

Size of workforce
11,000+

Number of nationalities
91

Number of great safety days
336

Early engagement studies
153

Community assistance events
67

Number of engineers
1,700+

New graduate engineers joined
53

Average age of fleet
10 years

Active patent families
210

Active projects
93

Active presence in
33 countries

Projects awarded
34

Fleet size
33 vessels

"Our strategic investments to grow and strengthen our business through the recent down cycle position us well to deliver sustainable value to all our stakeholders as the market recovers."

Kristian Siem
Chairman

To the shareholders of Subsea 7 S.A.

Subsea 7 delivered good operational and financial results in 2018. Our safety standards remained high, and we continue to aim for improvement. This robust performance was driven by the improving activity levels in deepwater oil and gas and was supported by solid results from businesses acquired by Subsea 7 during the downturn.

Revenue rose by 2% to $4.1 billion with increased revenues from Conventional activities resulting from a full year's contribution from projects in the Middle East acquired in mid-2017. 2018 diluted earnings per share was $0.56 compared to $1.36 in 2017, reflecting lower pricing on projects awarded during the downturn and fewer large projects in the final stages of completion.

Our focused and collaborative approach to finding the optimal solutions with our clients, partners and suppliers has allowed us to deliver enhanced project outcomes. Subsea 7's order intake was $4.0 billion primarily due to new contracts and contract escalations in 2018, as we offered smarter and lower cost solutions for projects in a market benefiting from a higher oil price for the majority of the year.

Well positioned for growth

Offshore energy remains critical to meeting global demand in the long term. I am confident that Subsea 7 is in the right markets as we see continued long-term growth of oil and gas production, with gas increasing its share, as well as the development of offshore wind farms for renewable energy in a growing number of regions around the globe.

The number of deepwater oil and gas projects sanctioned by our clients started to increase in 2018 as the benefits of collaboration, innovation and integration supported better economic returns. Projects sanctioned in 2018 were mostly small and mid-sized that generate accelerated incremental returns for our clients at a lower absolute project cost. As the recovery cycle progresses we are seeing more tenders for larger greenfield developments with project sanctions expected in 2019 and 2020.

Through strategic investments made in the downturn we have strengthened our portfolio of best-in-class technology, enhanced our early engineering capability, developed a fully integrated offering with a world-leading partner, OneSubsea, a Schlumberger company, and grown our positions in the Conventional and Renewables markets. This has strengthened our presence in the offshore energy market, which positions us well to support clients and win market share as the market recovers.

Our Values driven culture

Subsea 7's Values provide the framework for how we behave and what our people, our clients, our shareholders and society can expect from us; they make us who we are.

We have introduced Sustainability as a new Value, having previously included it implicitly within our other Values. Our increased focus on Sustainability reflects the growing importance of environmental and social responsibility at Subsea 7. Subsea 7 has a track record in adhering to these Values. They are what make us an attractive employer for our people, and a long-standing trusted partner for our clients, suppliers, business partners and shareholders.

OUR VALUES

SAFETY
Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.

INTEGRITY
We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.

SUSTAINABILITY
We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.

PERFORMANCE
We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance from every project.

COLLABORATION
We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.

INNOVATION
We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.

Our framework for disciplined capital management

Subsea 7 has a strong financial and liquidity position that has enabled the Group to re-invest in the business, maintain an investment grade credit profile and return cash to shareholders, even during the challenging phases of the market cycle.

A total of $297 million in cash was returned to shareholders in 2018. The Group paid a special dividend of $204 million to shareholders in May 2018 and repurchased 8.1 million shares at a cost of $93 million, thereby completing on 19 February 2019 the $200 million share repurchase programme approved by the Board on 30 July 2014.

During the year, Subsea 7 developed its presence in Renewables, with the acquisition of Seaway Offshore Cables, and enhanced its early engineering capability by taking a majority stake in Xodus Group. Further investments were made in technology and the fleet with continued progress on the new-build rigid reel-lay vessel *Seven Vega*, which is due to commence operation in 2020.

Reflecting the Group's strong financial position and expectation of an improving market, the Board of Directors approved a new share repurchase programme on 27 February 2019 of up to $200 million over two years and will recommend to the shareholders at the Annual General Meeting that a special dividend of NOK 1.50 per share be paid, equating to a total dividend of approximately $55 million, reflecting a balancing of cash returns to favour share repurchases.

My thanks

I would like to thank our people and our business partners for their expertise, passion and commitment as we work to provide our clients with the right solutions and create sustainable value.

On behalf of the Board of Directors, I thank Sir Peter Mason, who was Senior Independent Director, and Mr Robert Long, who was an Independent Director, both of whom retired during 2018, for their long service and valuable counsel to the Company over many years.

I would also like to thank our clients and shareholders for their ongoing support and confidence as we deliver on our strategy to achieve our vision of leading the way in the delivery of offshore projects and services for the energy industry.

Kristian Siem
Chairman

"We have performed well, delivering differentiated services and solutions for our clients in an evolving energy sector."

Jean Cahuzac
Chief Executive Officer

Reflecting on our 2018 performance

In 2018, all three of Subsea 7's operational business units performed well. We executed our projects successfully and received a good share of new awards as the oil and gas market moved towards the gradual recovery phase of the cycle.

Revenue of $4.1 billion was 2% higher than the prior year as we consolidated acquisitions made during the downturn and benefited from an increase in offshore activity supported by the higher oil price. Our vessel utilisation increased to 70% as we completed major offshore campaigns in Egypt and benefited from recently awarded projects in the North Sea.

Adjusted EBITDA of $669 million was $366 million lower than 2017, reflecting the challenging market conditions as we executed projects that were awarded at lower prices during the downturn.

The increase in operations offshore UK and Norway in the summer accentuated the seasonality of our earnings, with more activity in the second and third quarters when weather conditions were more favourable in the Northern Hemisphere.

In 2018, we substantially completed the largest two projects awarded to Subsea 7 since the start of the downturn: the West Nile Delta Phase Two project, which was the latest in a series of domestic gas projects completed offshore Egypt since 2015; and our largest renewables project to date, the Beatrice wind farm project, offshore UK.

Our order backlog was $4.9 billion at the end of the year. Order intake was $4.0 billion, reflecting our strong differentiated offering of projects and services in offshore oil, gas and wind energy. Awards included the Manuel project, in the US Gulf of Mexico, which is the second application of our patented Electrically Heat Traced Flowline technology, designed to deliver a long-distance tie-back solution. We were also awarded the Penguins and Buzzard projects, offshore UK, both of which were enabled by the application of our unique Pipeline Bundle technology to drive cost-effective solutions. 2018 saw more integrated project awards for our successful Subsea Integration Alliance with OneSubsea, with the Katmai project in the US Gulf of Mexico and the West Barracouta project, offshore Australia. Our investment in a renewables business led to several transport and installation awards, with wind farm projects awarded offshore Taiwan and the US, the first outside Europe.

Pricing on new projects has been under pressure in 2018, reflecting prevailing market conditions. We have continued to focus on cost optimisation and maintained a disciplined approach to the appropriate level of project risk.

Our people, offshore and onshore, are at the heart of our good performance and their safety and wellbeing is our first priority. We aim to achieve an incident-free workplace every day in all our locations worldwide, despite the complex operating environments in which we execute our projects. In 2018, we improved our safety track record, as measured by key industry performance indicators, and introduced new programmes such as our mental health resilience training course alongside our existing safety training and leadership programmes.

OUR DIFFERENTIATORS

We add value to our clients' businesses as we support them with cost-effective solutions enabled by technology

CULTURE

Global team with expertise, passion and commitment to deliver.

CREATIVITY

Ability to innovate through technology, processes and partnerships.

RELATIONSHIPS

Working and learning together to achieve success for all.

RELIABILITY

Trusted partner in delivering projects.

SOLUTIONS

Client-focused mindset to create the right solution.

Delivering offshore solutions efficiently

Subsea 7 is a leading provider of offshore solutions to the energy industry. We achieve this through our differentiated offering based on our skill, expertise and experience. Our client-focused mindset and desire to offer the right solution has driven us to get involved earlier in the project lifecycle. Our expertise in early engineering, provided by Xodus for client-led solutions, our own engineering teams and Subsea Integration Alliance for supplier-led solutions, is helping our clients achieve superior results for their projects. Engaging earlier enables us to innovatively combine technology, processes and partnerships to deliver better and more efficient outcomes. Early engagement highlights of the year included the award of the Front End Engineering Design (FEED) for the greenfield SNE Phase 1 project offshore Senegal. Our long-term relationships with clients, partners and suppliers are strengthened by our reliable performance and collaborative culture.

In 2018, we have won and executed integrated projects through our successful Subsea Integration Alliance with OneSubsea. Based on this success, we have strengthened our alliance with a dedicated management team and supervisory board, with senior representation from both Subsea 7 and Schlumberger, to deliver on our integrated strategy and provide a solid framework for future joint technology programmes.

Looking ahead to the recovery

Project sanctions for offshore oil and gas troughed in 2016, with a sequential increase in tendering activity in both 2017 and 2018. As we look ahead to 2019, we see a continuation of this trend and expect our clients to award a number of larger greenfield oil and gas projects to the market. These larger awards require longer offshore campaigns for key enabling vessels and as these come to market we expect industry utilisation and subsequently project pricing to improve. Although oil price volatility remains a risk, most large projects we are tendering today have breakeven levels well below the projected long-term oil price trends. Subsea 7 does not have any large wind farm projects scheduled for execution in 2019, but new market awards are expected to drive increased activity from 2020, as this market continues to grow and becomes more global.

In 2019 we will be executing oil and gas projects awarded in the trough of the downturn. This, combined with a lull between large wind farm project awards, leads us to expect lower revenues and earnings in 2019. Nevertheless, the projects we are now tendering for and winning give us confidence that the expected market recovery will translate into further improvement of our financial performance in the medium term.

Jean Cahuzac
Chief Executive Officer

Offshore energy market dynamics

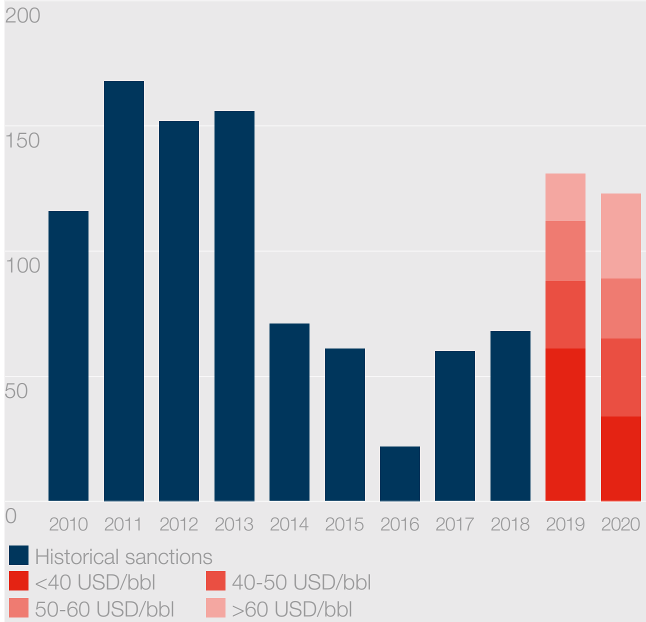
Oil and gas market

2018 was a turbulent year for the oil and gas market. In the first 10 months of 2018, the price of oil and gas increased, reflecting rising demand. This was driven by global economic growth, and supply constraints primarily due to geopolitical issues in Venezuela and Iran causing uncertainties to the supply curve. In October, Brent Crude reached a four-year high, briefly exceeding a price of $85 per barrel. The high oil price was short-lived and in the final three months of the year Brent fell over 40%, to just above $50 per barrel in the steepest decline since 2014. This was driven by exemptions to sanctions on Iran in parallel with a continued increase in supply from other nations, and market concerns about a slowdown in global economic growth.

The oil field services industry has made substantial progress in reducing the cost of developing offshore energy to help clients make offshore oil and gas developments viable at significantly lower breakeven prices. This has been achieved, in part, through early engagement, simplification and integration, initiatives that have been incorporated into Subsea 7's way of working. 85% of greenfield projects to be sanctioned in 2019 have a breakeven price below $60.

Investment in oil and gas production is needed to compensate for the natural depletion of producing wells, where depletion rates average 4% each year. Offshore oil accounts for over a quarter of the world's supply, and Rystad Energy, a leading energy consultant, estimates that at flat investment rates, due to depletion, a 16% net decline in offshore supply is expected by 2030. To maintain global supply, new offshore reserves must be developed, and existing reserves maximised with the addition of new wells.

Total greenfield capex offshore by sanctioning year
Billion USD

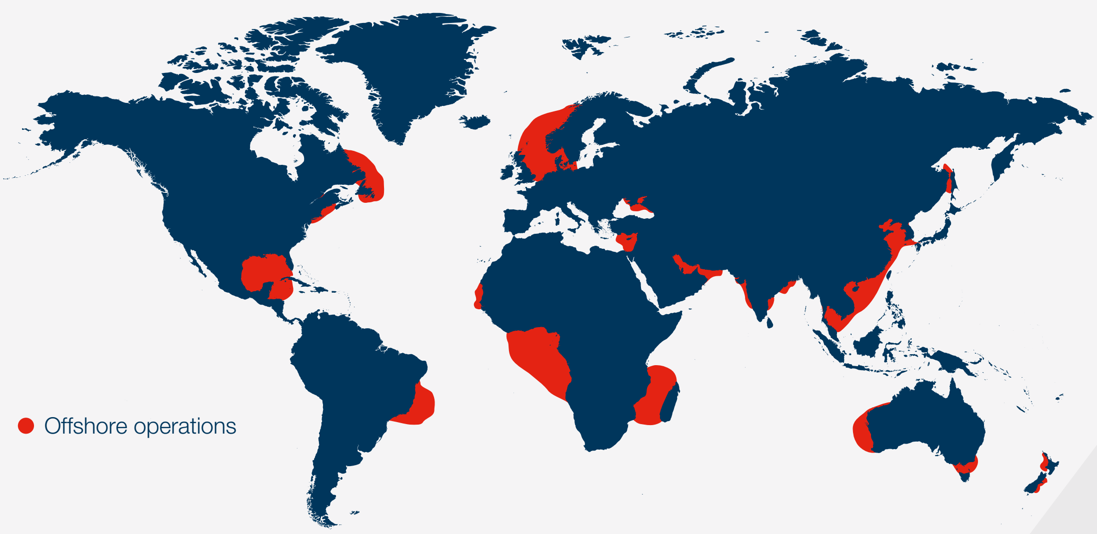


Source: Rystad Energy, January 2019

2018 saw record levels of free cash flow for operators, due to high oil prices accompanied by low capital expenditure budgets. Helped by the lower cost of development, the increased free cash flow is enabling operators to make the necessary investment to offset depletion, while balancing shareholder return. This is evident by evaluating the levels of project sanctioning through the cycle. During 2013 to 2016 project sanctioning declined, however Rystad Energy indicates that the sanctioning of $22 billion for offshore greenfield oil and gas projects in 2016 was the low point of the cycle, with an improvement to $60 billion sanctioned in 2017 and $68 billion in 2018. This indicates the start of a capital expenditure growth cycle with more than $120 billion committed to greenfield developments in 2019 and 2020.

The increase in Subsea Umbilicals Risers and Flowlines (SURF) awards to market in 2018 comprised mostly brownfield

OUR GLOBAL PRESENCE



33
Countries where Subsea 7 was active in 2018

41
Local offices

19
Spool bases, fabrication yards and operational support yards

developments. These developments have lower investment decision hurdles because the capital commitments are lower, as infrastructure is already in place and production underway. In 2019 it is estimated that, in addition to the brownfield developments, there will be an increase in greenfield project sanctions. Greenfield projects require multi-month offshore campaigns with high specification construction vessels. Sanctioning is expected in some of the mature markets such as Brazil and Australia, and in new provinces such as Guyana and Senegal. Subsea 7 continually reviews its addressable market and the macro-economic environment. As the oil and gas cycle gradually recovers and renewable energy continues to grow Rystad Energy estimates that Subsea 7's addressable market will increase in total size by approximately 50% from $40 billion in 2017, to $60 billion in 2022.

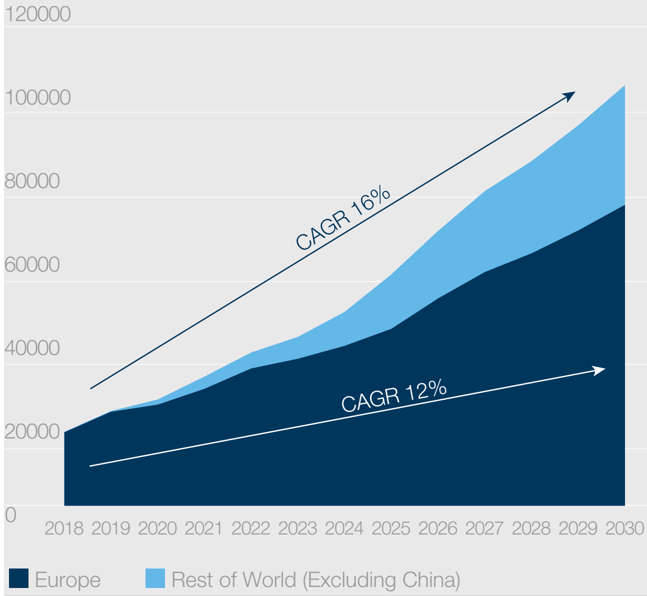
Renewables market

Global energy supply is steadily transitioning towards a lower carbon future. The International Energy Agency and Oil Majors have published long-term scenario based forecasts on energy demand, and on which supply categories will be called for. These studies show that sources such as coal will be significantly replaced by renewable energy as countries seek to maintain their carbon emissions quotas set out by international agreements. However, oil and gas will continue to be dominant in the supply curve for the foreseeable future, with oil production remaining relatively flat and gas seeing steady long-term growth.

The offshore wind market is growing with a 16% annual average growth forecast worldwide, excluding China, according to BloombergNEF, a leading provider of primary research on clean energy. Offshore wind energy has historically been focused around the shallow waters of the North Sea, off the coasts of Germany, the Netherlands and the UK. As governments invest in an energy transition towards a lower carbon world, offshore wind is developing in new regions such as Taiwan and the US, where suitable ocean topographies and prevailing wind conditions exist near to concentrated populations. Countries whose offshore terrains are too deep for fixed foundations are pioneering floating wind farm technologies, but these are still primarily in the prototype stage, and commercialisation is expected to occur in the medium term.

Offshore wind is a developing energy market, smaller but growing faster than offshore oil and gas. Various contracting models are used, with only a few large Engineering Procurement Construction and Installation (EPCI) contracts for foundations and cable-lay services awarded annually, as well as numerous Transport and Installation (T&I) contracts. There has been a recent increase in the number of service companies competing for EPCI awards with established SURF competitors attracted to the long-term structural growth in renewables. These factors have contributed to an uneven flow of work for contractors, resulting in peaks and troughs in revenue due to the unequal distribution of activity.

Offshore wind market outlook – cumulative gigawatt installations
(Gigawatt)



Source: BloombergNEF

OUR GLOBAL HIGHLIGHTS

Region	2018 Award highlights	2018 Operational highlights
Gulf of Mexico	• The first project award incorporating EHTF technology in the region with the Manuel project. • The award of Coastal Virginia Offshore Wind project, the first renewables project on the east coast of the US.	• Mad Dog 2 project substantially completed the engineering phase. • Successful installation by Subsea Integration Alliance of a boosting pump system for the Dalmatian project.
Brazil	• Carcará Steel Lazy Wave Riser Study for Equinor in the pre-salt fields.	• Commenced qualification, with Airborne Oil and Gas, of composite pipe for riser systems. • Continued high vessel utilisation for the Pipe Lay Support Vessel (PLSV) fleet.
North Sea and Canada	• Continued utilisation of Pipeline Bundle technology with the award of Buzzard Phase 2 and Penguins projects. • The award of Nova and Johan Castberg projects, showing increased volumes of work offshore Norway.	• Completion of three large multi-year projects: Catcher, Aasta Hansteen and Beatrice. • First project for Chrysaor with the Lomond pipe repair project.
Africa	• The re-commencement of Conventional work offshore Nigeria with the PUPP project. • Deployment of Pipe-in-Pipe technology in Angola with the Zinia Phase 2 project. • The FEED award on the Sangomar project in Senegal, a new oil and gas province.	• West Nile Delta Phase Two and Atoll projects completed offshore Egypt. • Successful completion of the OCTP project, offshore Ghana.
Asia Pacific	• Re-established presence in the Caspian Sea with a BP IRM Frame Agreement in Azerbaijan. • The award of the first renewables project in the region with the Yunlin project in Taiwan.	• Successful progress of the Greater Western Flank project, offshore Australia. • Seven years without a lost-time incident (LTI) in the region whilst executing over 28 projects for 21 clients.
Middle East	• The award of 3PDMs project, showing continued opportunities under the Saudi Aramco LTA.	• Substantial progress of the Hasbah and 17 Cranes projects, offshore Saudi Arabia.

A leading strategic partner

In an evolving energy sector, we create sustainable value by being the industry's partner and employer of choice in delivering the efficient offshore solutions the world needs.

OUR DIFFERENTIATORS

Culture	Creativity	Relationships	Reliability	Solutions
Global team with expertise, passion and commitment to deliver.	**Ability to innovate through technology, processes and partnerships.**	**Working and learning together to achieve success for all.**	**Trusted partner in delivering projects.**	**Client-focused mindset to create the right solution.**
Our Values are strongly embedded and underpin the behaviours and ways of working of our teams. Our people take great pride in living our Values and applying them consistently across our global operations.	We embrace new challenges, and apply our expertise and experience to generate technical, commercial and operational solutions, which benefit all our stakeholders.	We have built long-standing client and supplier relationships through consistent high-quality delivery, transparency and adaptability. We respond to what our clients need to support them in creating long-term value.	We are proud of the execution track record that keeps our clients coming back, with over 1,000 projects successfully executed in all water depths worldwide. Our reliability is enhanced by our secure financial profile and liquidity position.	Our clients rely on us to develop fit for purpose solutions that reliably meet project requirements. We deliver these solutions whether for complex programmes or for small, standardised projects or services.

Delivering value for our stakeholders

OUR STAKEHOLDERS

Our clients	Our shareholders	Our people	Society
Our collaborative way of working helps us to develop the best solutions for our clients' needs. We are able to lower our clients' costs by utilising our technology, our assets and efficient work processes. Our culture ensures good performance without compromising safety.	We seek to create long-term value for our shareholders in all that we do. We have the right solutions to maintain a market-leading position. We have a disciplined approach to capital allocation and an uncompromising commitment to good governance.	Our people are the foundation of our business and their safety and security is paramount. Our experts, onshore and offshore, can deliver solutions around the world, leading the industry in know-how and the ability to generate innovative solutions. We invest in our people, giving them opportunities to learn and grow.	We engage with the societies we work in. Through local partnerships we create and develop local content opportunities, and contribute to the communities in which we work. With Integrity as a Value we have a zero tolerance attitude toward non-compliant business practices.
98 clients worked with Subsea 7 in 2018	**318** meetings between Subsea 7 and investors in 2018	**53** engineering graduates completed development schemes in 2018	**67** community assistance events delivered in 2018

Full service offering across the energy lifecycle

Subsea 7 provides project management, engineering and construction expertise across the full energy lifecycle. These services are delivered within three operational business units: SURF and Conventional, Life of Field, and Renewables and Heavy Lifting.

	CONCEPT	DESIGN	ENGINEER	PROCURE & FABRICATE	INSTALL & COMMISSION	MAINTAIN	EXTEND	DECOMMISSION
	Input at concept allows for optimisation of later cycle stages.	**Robust FEED ensuring minimal change and accurate forecasting during design.**	**Detailed engineering by experienced personnel to deliver the best solution.**	**Efficient procurement and high-quality fabrication delivered on time.**	**Safe, on-schedule and cost-efficient installations by world-class vessels.**	**Effective and responsive maintenance reducing cost of ownership.**	**Maximised return on investment by utilising new technologies and tie-back solutions.**	**Facilitated abandonment and decommissioning with heavy lift vessels and re-use of infrastructure.**
What we do	Being involved at the earliest stage of the development enables us to deliver maximum value. The Concept stage is key to lowering costs in the later lifecycle stages.	We deliver Front End Engineering Design (FEED) for our clients. These services are essential in selecting the right solution to fully optimise the development.	Engineering is at the core of what we do. Detailed engineering involves taking the initial solutions developed in the concept and FEED stage, and refining these for field execution.	Our teams are able to execute the largest EPIC projects on the market, in all our business units and in all geographies. Our ability to procure and fabricate effectively on a large scale differentiates us.	We install and commission subsea energy developments in water depths of up to 3,000m, across all energy hubs.	We specialise in maintaining offshore field developments though our services and expertise delivered through our Life of Field business unit.	We invest in technology that enables our clients to extend the life of their assets through enhancement of current production or additional production from tie-back wells.	We have the capacity to undertake large-scale platform abandonments.
How we add value	We incorporate new technologies, fit for purpose solutions and standardisation into the concept design to lower the total cost of development.	We work with our alliance and client partners to optimise solutions, align schedules and accurately forecast full lifecycle costs.	Our global teams of experts have a track record in designing and executing the best solutions; this stems from our ability to accurately engineer and solve problems.	We have a clear understanding of the risks and opportunities that exist when working with a large supply chain network.	Our fleet of high specification vessels allows us to install market leading solutions. Our onshore and offshore experts have the experience to deliver these solutions safely and efficiently.	We incorporate our maintenance services into the design of the field, lowering the total cost of ownership for our clients.	Our technology portfolio offers different solutions for all tie-back lengths; working with our alliance partners we are able to incorporate Subsea Production Systems into these solutions.	We can manage all aspects of decommissioning projects including: regulation, technology, environment, planning, execution and costs.

Subsea 7 provides project management, engineering and construction expertise across three operational business units.

SURF AND CONVENTIONAL

Subsea 7 is a global leader in offshore energy construction projects, operating in all water depths and conditions.

subsea 7

LIFE OF FIELD

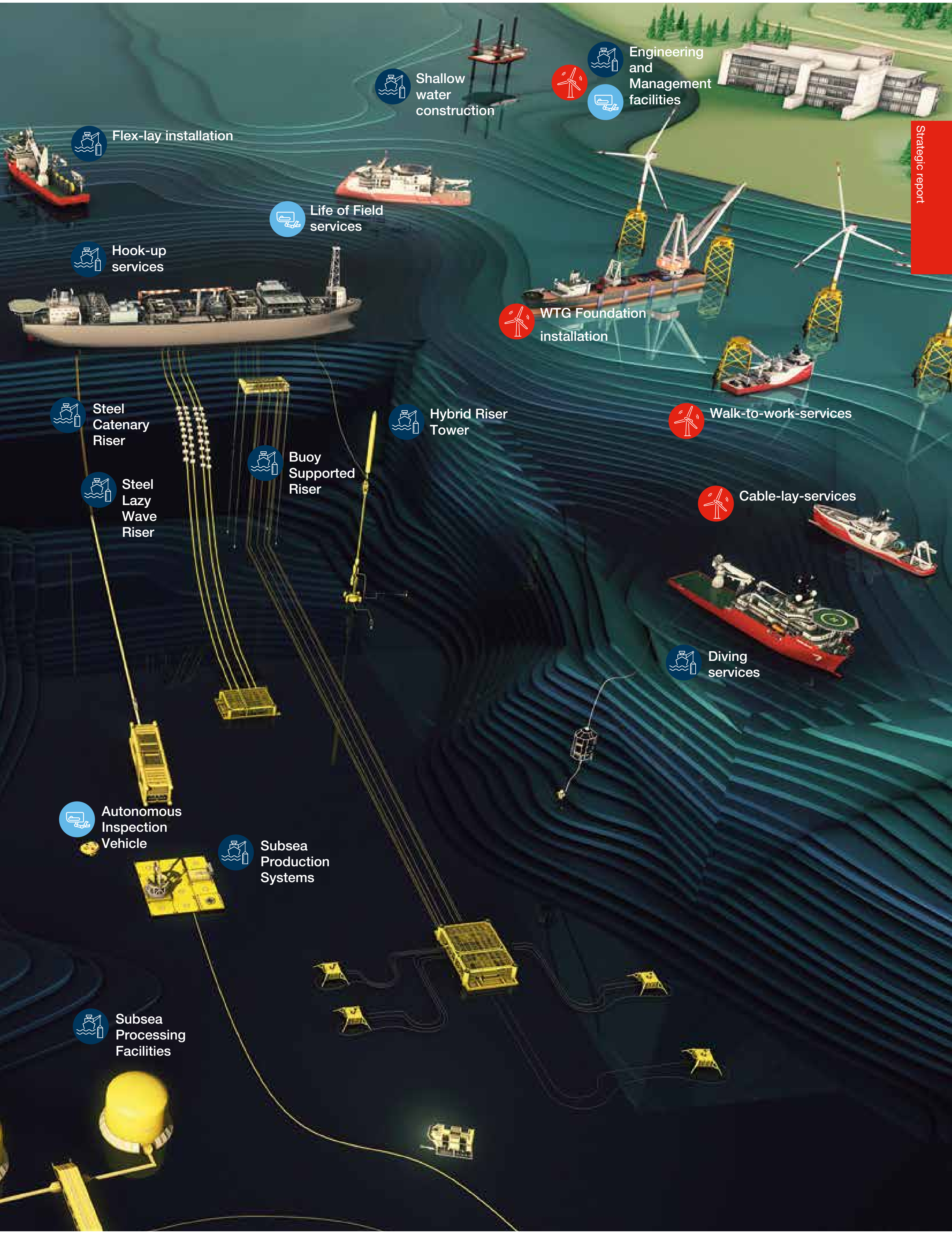
i-Tech 7 is a progressive and pioneering subsea life of field partner delivering Inspection, Repair and Maintenance solutions to offshore energy developments.

i-Tech 7

RENEWABLES AND HEAVY LIFTING

Seaway 7 is a highly capable and experienced partner for the delivery of offshore wind farm projects, specialist heavy lifting and cable-lay services.

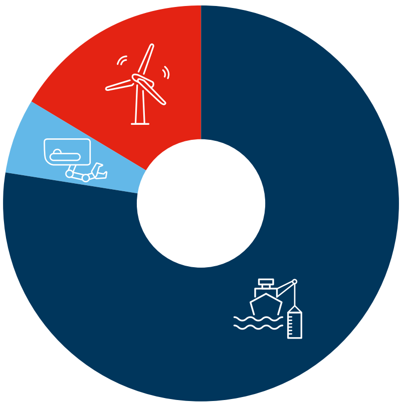
seaway 7


Engineering and Management facilities
Shallow water construction
Flex-lay installation
Life of Field services
Hook-up services
WTG Foundation installation
Steel Catenary Riser
Hybrid Riser Tower
Walk-to-work-services
Buoy Supported Riser
Steel Lazy Wave Riser
Cable-lay-services
Diving services
Autonomous Inspection Vehicle
Subsea Production Systems
Subsea Processing Facilities

Delivering across our segments

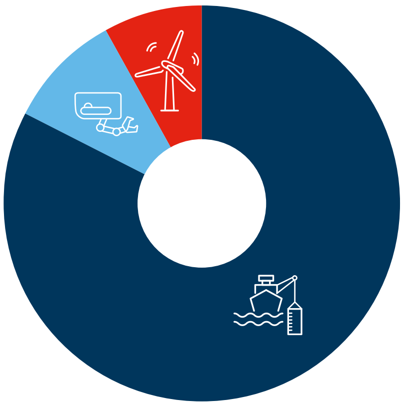
Subsea 7 structures itself around its diversified strengths, reporting across three operational business units: SURF and Conventional, Life of Field, and Renewables and Heavy Lifting. Through these business units we are able to provide full energy lifecycle services.

Group revenue **$4,074m**
(2017: $3,986m)



SURF and Conventional	**$3,164m**
Life of Field	**$245m**
Renewables and Heavy Lifting	**$664m**

Backlog **$4,907m**
(2017: $5,208m)



SURF and Conventional	**$4,059m**
Life of Field	**$461m**
Renewables and Heavy Lifting	**$388m**

OUR STRATEGY

In an evolving energy sector, we create sustainable value by being the industry's partner and employer of choice in delivering the efficient offshore solutions the world needs.

Subsea 7 has invested throughout the cycle in strategic opportunities, helping accomplish its vision to lead the way in the delivery of offshore projects and services for the energy industry.

Across our three operational business units we are able to provide our clients with the best solutions at every stage of the lifecycle.

In 2018 we deployed proprietary SURF technology to lower the cost of developments such as Electrically Heat Traced Flowlines and Pipeline Bundles. In Renewables and Heavy Lifting, our strategy to expand into other geographies was successful with contract awards in Asia and the US. In Life of Field, our digitalisation programme progressed well with the development of key partnerships and relationships.

SURF AND CONVENTIONAL

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

Subsea 7 delivers activities related to the design, engineering, procurement, construction, installation and decommissioning of highly complex oil and gas infrastructure offshore in deep water and challenging environments. Conventional services include the fabrication, installation, extension and refurbishment of energy infrastructure in shallow water locations.

We aim to deliver the right solution for clients at an optimised cost. This is achieved through three different operational models: fully integrated projects, long-term partnership agreements, and standalone SURF solutions.

Subsea Integration Alliance, an alliance between OneSubsea and Subsea 7, delivers a fully integrated subsea solution. This encompasses a single service delivery for project and risk management, engineering, manufacturing and offshore installation. This is a collaborative model, allowing for optimised schedules and aligned risks, which ultimately lowers the cost of the development for clients.

Our long-term partnership arrangements with our clients are an efficient and effective model to deliver enhanced value that we pioneered over ten years ago in the North Sea. In 2018 Subsea 7 expanded this model with clients in other geographies. Enabled by the deeper relationships with Subsea 7, these partnership clients can achieve superior results and operate with reduced internal resources.

A standalone SURF solution is still the main model chosen by our clients. This model champions client-led solutions whilst still promoting close collaboration, with our clients and their chosen Subsea Production Systems (SPS) provider, in the delivery of the project.

Early engagement is fundamental in optimising the cost of a development across its lifecycle. By engaging its expertise and experience at the concept stage, Subsea 7 is able to evaluate and promote the right technology to reach an optimised solution. This gives confidence to clients that their field development investment is built upon the right solutions, with minimal change and reduced risk as the development moves through its lifecycle stages. With over 50 years' experience in offshore projects, Subsea 7's feedback loop of learning from execution back into the concept stage creates sustainable value for our clients.

Innovation is a Subsea 7 Value; developing and owning the right technology differentiates us and is key to reducing the cost of offshore developments. Our pioneering commercially led technologies are unlocking new field development opportunities due to enhanced project economics and increased production from existing fields.

The development of long-distance tie-backs has been a focus for Subsea 7's technology strategy, transforming the economics of subsea developments of marginal fields. We have a range of solutions that correlate to the tie-back length, including Pipeline Bundles, Electrically Heat Traced Flowlines and Cold Flow technologies. Subsea Integration Alliance is developing integrated technology and innovating new ways of designing subsea infrastructure to help boost production.

In addition to the fixed-price lump-sum SURF contracts, Subsea 7 has four 550 tonne top tension Pipe Lay Support Vessels (PLSV) on long-term day rate contracts with Petrobras. Subsea 7 has a long history of operating in the deepwaters offshore Brazil and our current contracts extend to 2022.

Our Conventional activities are executed in shallower water depths, mainly offshore Nigeria in West Africa, and Saudi Arabia in the Middle East. Following a period of low activity, Conventional work in West Africa began to recover in 2018 and Subsea 7 was awarded, and commenced work on, the PUPP project offshore Nigeria. Our long track record of successful shallow water activities in West Africa has been applied to the Middle East, where activity has increased with the integration of EMAS Chiyoda Subsea (ECS) which was acquired by Subsea 7 in 2017.

SURF and Conventional revenue in 2018

$3,164m

(2017: $2,725m)

Number of active projects (SURF and Conventional)

70

BUSINESS UNIT STRATEGY

Market opportunities

- Deep water projects viable at lower breakeven oil and gas prices in various geographies.
- Applications of new technology and innovative solutions enabling lower-cost brownfield developments.
- Middle East growth continues to offer opportunities to the Conventional market with high volumes of activity.
- Once-in-a-cycle opportunities for investment in distressed assets as market conditions remain challenging.
- Clients' balance sheets and liquidity positions are strengthening, providing capacity to increase capital and operational expenditure.

Strategic objectives

- Continue to offer our clients the right operational model either through integrated SPS and SURF, client partnerships or standalone SURF.
- Enhance our early engagement expertise.
- Continue to deploy business led technology into live developments.
- Move into the execute phase of our digitalisation programme.
- Maintain the market leading capabilities of our fleet of vessels.

LIFE OF FIELD

Our 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.

i-Tech 7 provides fully-integrated solutions, engineering services and enabling technologies that protects the integrity and optimises the performance of subsea energy infrastructure, throughout the life of a field. Our portfolio of solutions is underpinned by one of the largest fleets in the industry, comprising 165 Remotely Operated Vehicles (ROVs), over 3,500 tooling products and five chartered life of field vessels. These are managed, crewed and operated by some of the most experienced personnel in the industry.

i-Tech 7 has strategically focused on key markets and clients to expand its global reach. In 2018 our relationship with BP was extended with the award of a multi-year IRM contract in a re-established market for Subsea 7, Azerbaijan in the Caspian Sea. IRM activities are essential in ensuring that our clients' production targets are achieved by minimising unplanned downtime, which can have a significant impact on operational performance and subsequent profitability.

We provide full energy lifecycle services to our clients, from early engineering to decommissioning. Engaging earlier with our clients lowers the total cost of the field, including the operating expense related to activities provided by i-Tech 7. By incorporating life of field solutions into the concept of the field design, Subsea 7 is able to enhance the monitoring, maintenance, intervention and reliability of the subsea system through the field's production life.

Our technical experts work with our clients, partners and suppliers to steer the direction of research and help develop industry leading technologies. Most recently, Subsea 7 enhanced its value proposition by adding digitalisation as a transformational tool for the optimisation of its services. Digitalisation is present throughout Subsea 7, but has been particularly championed within our Life of Field business unit where benefits are achieved in the near term. Digitalisation can extract additional value from the data collected by i-Tech 7. Our teams of experts are continually identifying and developing solutions that can do things quicker, better and more economically than before. In April, i-Tech 7 signed an exclusive partnership with Leidos, a multi-sector expert in digitalisation, to explore and develop further benefits that digitalisation may have for the life of an oil or gas field.

The ultimate aim for i-Tech 7's technology strategy is to reduce the total cost of energy production for our clients. The application of onshore command centres to pilot ROVs is fast becoming a reality, with Operational Control Centres due to be opened in Aberdeen in the UK, and Stavanger in Norway, in early 2019. This is a step towards a reduction in vessel dependency for IRM activities, reducing costs for clients, and delivering a lower carbon solution.

Another i-Tech 7 initiative is our autonomous vehicle programme that reached the field testing phase in 2018. Subsea 7's Autonomous Inspection Vehicle (AIV) is one of the most advanced, fully autonomous, hovering vehicles in the subsea market. The AIV is capable of unmanned inspection of pipelines, umbilicals, risers and subsea structures. Being able to monitor and predict the health of subsea assets through these technologies not only delivers major reductions in inspection costs, but also gives superior support to our clients' decision-making when addressing perceived risks and making life-extension assessments.

Life of Field revenue
$245m
(2017: $302m)

Number of ROVs owned
165

BUSINESS UNIT STRATEGY

Market opportunities

- Fully integrated projects across the full energy lifecycle allows optimisation of clients' operating expenditures by being involved in the concept design of the development.
- New technologies unlocking efficiencies in life of field services such as equipment electrification and digitalisation.
- Expansion in key energy hubs such as South East Asia, Australia and the Caspian Sea.
- Increase in operating expenditure by clients to minimise unplanned downtime on existing subsea infrastructure.

Strategic objectives

- Continue to invest in enhancing our ROVs through electrification technologies, making them faster, more efficient and more environmentally friendly.
- Drive our digitalisation programme to commercialisation.
- Continue to develop technologies with OneSubsea to offer more efficient IRM services.

RENEWABLES AND HEAVY LIFTING

Our Renewables and Heavy Lifting business unit is an experienced partner for the delivery of offshore wind farm projects and specialist heavy lifting and cable-lay services, operating under the Seaway 7 brand.

Seaway 7 delivers an array of services including Engineering, Procurement, Construction and Installation (EPCI), Transportation and Installation (T&I) and Decommissioning across two markets: offshore wind farms, and heavy lifting and cable-lay services for offshore oil and gas developments.

The dominant market at present is the installation of offshore fixed wind farms, delivering the balance of plant package on new fixed foundation wind farm developments. The balance of plant package includes the wind turbine foundations and inner array cables. Seaway 7 also has the expertise and assets to install offshore substations and export cables.

Subsea 7 has been involved in the renewables industry for nearly 10 years. The offshore wind industry is currently dependant on government subsidy, however in mature areas the level of subsidy is decreasing significantly. It is expected in the long term this industry will transition to being subsidy free as the levelised cost of electricity generation continues to reduce with new technologies, and it becomes an economically attractive source of renewable energy. Growth in this market is supported by social and political pressure to move to lower carbon sources of energy supply, particularly in Europe and Asia.

Subsea 7 has over 50 years' experience in the oil and gas construction industry. Experience and assets developed and refined for oil and gas markets are transferable and applicable to the developing renewables industry. In particular Subsea 7's expertise in executing large EPCI projects differentiates it amongst its peers.

In 2018, two major milestones were reached: the substantial completion of the large EPCI Beatrice wind farm project offshore UK, and the first wind farm projects awarded outside Europe in Taiwan and the US. The Beatrice project was the largest to be executed by Subsea 7 in the North Sea, with a revenue of approximately $1.4 billion earned over three years. The safe and on time delivery and installation of 84 turbine foundations and associated substations and array cables will enable the operator to provide 588 megawatts of sustainable power to its customers.

Technology developments in the industry are supporting a lower levelised cost of energy, with BloombergNEF predicting the industry will generate power for under 50$/MWh by 2025, compared to 150$/MWh in 2015, in some geographies. Smaller megawatt wind turbine generators are being superseded by larger turbines, with still larger turbines under development. Larger turbine sizes require stronger foundations, and with a top lifting capacity of 5,000 tonnes, Subsea 7's fleet is well positioned to take advantage of the enlarged scale of these foundations.

Our renewables fleet was enhanced in 2018 with the acquisition of Seaway Offshore Cables (formerly called Siem Offshore Contractors) and two specialist vessels, *Seaway Moxie*, a walk-to-work vessel, and *Seaway Aimery,* a cable-lay vessel. These vessels, although predominantly intended for the Renewables market, have the versatility to support oil and gas projects. The adaptability of Subsea 7's vessels is also evident for the wider fleet, with the pipelay vessel, *Seven Borealis*, having recently completed turbine foundation installation on the Borkum West field offshore Germany, working alongside the dedicated heavy lifting vessel, *Seaway Yudin*.

Renewables and Heavy Lifting revenue

$664m

(2017: $959m)

Number of turbine foundations installed

83

(2017: 33)

BUSINESS UNIT STRATEGY

Market opportunities

- Expansion of the offshore renewables industry into emerging markets such as Taiwan, France and the east coast of the US.
- Technological developments in floating wind energy making it commercially viable.
- Increasing interest shown by clients for EPCI services instead of T&I.

Strategic objectives

- Re-deploy experiences from north-west European projects to new geographies such as Taiwan and the east coast of the US.
- Offer our clients flexibility in contracting models, from full EPCI to segmented T&I services.
- Support our clients as the evolving offshore wind market begins a transition towards a lower subsidy environment.

Committed to operating in a safe, ethical and responsible manner

THE SAFETY AND WELLBEING OF OUR PEOPLE IS A PRIORITY

Safety is our first priority. With workplaces which are potentially hazardous it is essential that the right policies and framework are put in place, allowing our people to work in a safe way. We aim for an incident-free work place every day, everywhere and our policies are continually reviewed to ensure that this is achieved.

In 2018, a mental health resilience training programme was introduced, addressing the mental health and emotional wellbeing needs of the workforce. Ensuring our people are resilient helps keep them safer and makes Subsea 7, as an organisation, more resilient. The success of this training was recognised by the International Marine Contractors Association (IMCA), which awarded Subsea 7 the 2018 IMCA Safety Award at its annual seminar.

Subsea 7's Business Management System underpins the way in which Subsea 7 conducts safety training, reporting, procedures and assessments, which ultimately leads to the way work is carried out at our worksites. Procedures are set at Group level to ensure no matter where in the world the worksite is located, standards and the level of dedication of our people towards safety, are not compromised.

In 2018 no fatalities were recorded and key performance indicators for lost-time incident and recordable incident frequency rates reduced. We recognise that safety incidents and near misses are not acceptable and continually focus to reduce these occurrences.

DRIVING ENVIRONMENTAL SUSTAINABILITY

We have increased our focus on environmental sustainability in 2018, recognising the importance of environmental risks and opportunities to all our stakeholders. Subsea 7 takes a proactive approach to sustainability with technology and innovation programmes, such as our Pipeline Bundles and autonomous ROV programme, that reduce our own and our clients' carbon emissions. Our Environmental Management system is in full compliance and certified to the environmental management standard ISO 14001.

We manage and track key environmental data such as fuel and energy consumption, carbon emissions, waste segregation, spills and other incidents. We monitor trends and performance and measure these against our targets. Through the Carbon Disclosure Project, we provide detailed disclosure that allows all our stakeholders to review our progress. This year's disclosure also focused on our management of climate related risks and opportunities. Subsea 7 has a comprehensive risk management system with procedures and tools that identify, analyse, report and manage business risks, including those related to environmental risks and the effects of climate change. Environmental hazard severity is measured through a points system that reflects the potential impact on the environment should an incident occur.

Over 90% of our emissions come from the use of fuel to power our vessels and our carbon dioxide emissions are therefore proportional to our activity levels. All our vessels are able to operate using low sulphur fuel and do not require any modifications for the new low sulphur limits which will be introduced in 2020. All of our vessels are enlisted in the Norwegian NOx Fund and three have NOx reducing equipment that reduce emissions by 75%.

Our Clean Operations programme ensures our vessels operate to maximise energy efficiency. A clean operation is considered an activity where a vessel's carbon footprint is reduced through activities which save energy without compromising or being in conflict with safety or project execution, an example being efficient transit speeds. Over 3,600 clean operations were recorded on our vessels in the year, reducing our carbon dioxide emissions by over 14,500 tonnes, equating to an operational cost saving of $3.1 million.

The average age of Subsea 7's fleet has been reducing as we invest in newer, cleaner vessels and retire vessels at the end of their useful life. All end of use vessels are recycled in accordance with the Hong Kong Convention and the EU Ship Recycling Regulation. In addition we converted *Seven Viking* from conventional power to battery and diesel hybrid power, which is expected to save up to 20% of the vessel carbon emissions.

Our Renewables and Heavy Lifting business unit continues to enable clean renewable energy to enter the electricity grid. Through its experience in cost optimisation within the oil and gas industry, we are able to aid in reducing the cost of construction of these renewable

OUR 2018 KPIS

Lost-time incident frequency rate (%)
0.05
per 200,000 hours worked

Environmental spill
10.56
litres
per 200,000 hours worked

Carbon emissions
103
Tonnes of carbon dioxide (Scope 1) produced per $1 million in revenue.

Recordable incident frequency rate (%)
0.22
per 200,000 hours worked

Environmental incident frequency rate (%)
0.64
per 200,000 hours worked

Operational cost savings due to Clean Operations programme
$3.1m

developments. In 2018 we invested $155 million in growing our presence in the renewable energy market with the addition of cable-lay capabilities, and we completed the balance of plant installation on the 588 megawatt Beatrice wind farm project, which achieved first energy in August 2018.

RECOGNISING AND VALUING THE STRENGTH IN DIVERSITY

We believe that everyone has the right to be treated with dignity and respect. Our policy on Equal Opportunities and Diversity in Employment ensures our people are able to work in a manner where they are free from all forms of discrimination, including harassment and bullying.

We acknowledge that diversity is key to providing a variety of creative approaches to solving complex problems. Throughout the year a number of initiatives, championed by the Executive Management Team and senior leaders, were introduced with an ultimate aim of increasing our diversity. These initiatives resulted in recommendations within four key topics: leadership commitment and action, revised recruitment and talent management processes, career support for underrepresented groups and a review of working patterns. A new Diversity and Inclusion Strategy steering committee was established in 2018 and is responsible for delivering on these topics.

Subsea 7 has offices and onshore operations facilities in 24 countries worldwide and we have 91 nationalities represented in our workforce. Our local presence and local relationships are central to our ability to deliver projects, including the provision of national content and community investment. We work together with local businesses, organisations and educational establishments to develop local supply chains and partnerships that contribute to the long-term financial growth and social progress in the places we work. In 2018 we delivered over 67 community assistance programmes and events.

COMPLIANCE, ETHICS AND INTEGRITY ARE KEY TO OUR BUSINESS

We are committed to carrying out business in an ethical manner and in compliance with applicable laws wherever we operate. Integrity is one of our Values. We aim to act fairly, honestly and with integrity at all times, and in doing so earn the trust of our clients, business partners, suppliers and other stakeholders. All employees are required to uphold the Code of Conduct, which is underpinned by an annual Compliance and Ethics e-learning campaign. In 2018 a module developed by Transparency International was used to remind employees about the damage caused by bribery and corruption, the risks faced in the energy sector, and how to comply with the Anti-Bribery/Anti-Corruption Policy.

There is a Group-wide anti-bribery and anti-corruption compliance and ethics programme, which is rooted in our Values and designed in accordance with international best practice (including the International Anti-Bribery Management System Standard ISO 37001). It includes frameworks for assessing risks and providing assurance. During 2018 we engaged an independent, external organisation to assess progress made in embedding this programme.

Subsea 7's Head of Compliance and Ethics is responsible for the design and oversight of the compliance and ethics programme, and provides reports to the Corporate Governance and Nominations Committee and to the Executive Ethics Committee. One of the key roles of the compliance and ethics function is to ensure management understands, accepts and fulfils its accountability for compliance and ethics.

RESPECTING AND UPHOLDING HUMAN RIGHTS

We are committed to treating our employees, clients, suppliers and other stakeholders fairly and with respect, and to upholding and respecting human rights. In 2018 we published a new Human Rights Policy Statement, as well as updating our Slavery and Human Trafficking Statement. Together, these documents summarise Subsea 7's commitment and efforts to improve our understanding and management of the potential human rights impacts of our business and, more specifically, to respond to the UK Modern Slavery Act.

We engage in open and constructive dialogue with our people and, if applicable, their representatives. Our people are free to join organisations of their choice that represent them, consistent with local laws. Our whistleblowing policy ensures a mechanism that enables all stakeholders to voice concerns over malpractice or illegality in a responsible and effective way, without concern of reprisal.

We are a leader in full lifecycle project delivery. This means we engage with thousands of suppliers worldwide, and our Supply Chain Management procedures include rigorous selection and appointment criteria. Approved supplier status requires pre-qualification of suppliers from a quality, safety, environment, ethics and anti-corruption perspective. All suppliers are required to comply with the Subsea 7 Code of Conduct for Suppliers, which includes commitments regarding human rights, anti-corruption, safety and the environment.

Nationality mix

46%
Europe

17%
Asia/Pacific

23%
Americas

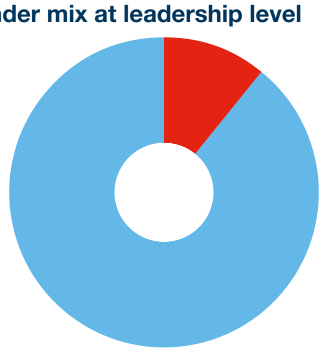
14%
Other

Number of employees completing compliance ethics e-learning

3,989

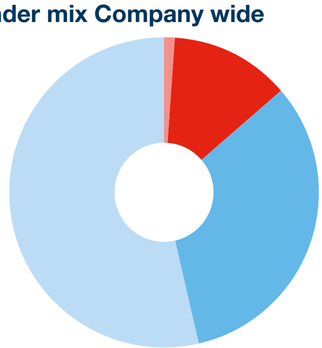
Over 99% completion rate for targeted personnel undertaking compliance and ethics e-learning.

Gender mix at leadership level



Female	11%
Male	89%

Gender mix Company wide



Offshore Female	1%
Onshore Female	12%
Onshore Male	33%
Offshore Male	54%

Principal risks and uncertainties

Effective risk management is fundamental to the Group's performance and creates sustainable value for our stakeholders.

The Group's approach is to identify key risks at an early stage and develop actions to measure, monitor and mitigate their likelihood and impact. This approach is embedded throughout the Group and is an integral part of our day-to-day activities.

The Group's SURF and Conventional business unit generates the majority of the Group's revenue. It executes offshore energy projects which, with the exception of long-term contracts for PLSVs offshore Brazil, are generally contracted on a fixed-price basis. These projects involve the design, engineering, procurement, construction and installation of offshore energy infrastructure on behalf of clients. Offshore systems can be large, highly complex and technologically rich solutions and the environments in which the Group operates can be harsh and challenging. The costs and margins realised on such projects can vary from the original estimated amounts due to a number of factors and could result in the Group incurring a reduced margin or loss on such projects. The Group assesses the risks involved in fixed-price contracts and uses the terms of the contracts to mitigate certain aspects of these risks. The long-term contracts for PLSVs, executed offshore Brazil, have a less challenging risk profile with services contracted on a day-rate basis.

The Life of Field business unit, which operates under the i-Tech 7 brand, has a lower, less complex risk profile but does involve working and planning around the operations of existing, sometimes ageing, infrastructure, to provide ROV and Inspection, Repair and Maintenance services throughout the life of the field, from first energy to decommissioning. Contracts are typically negotiated on a day-rate reimbursable basis using industry standard contracting terms which offer a balanced risk profile. With a strong focus on technology development, this business unit could be impacted by a failure of our strategy to offer a more technology and product driven service to clients.

The Group's Renewables and Heavy Lifting business unit operates under the Seaway 7 brand to deliver offshore wind farm projects and specialised heavy lifting and cable-lay services for offshore energy developments. The Group is one of a few operators that can provide EPCI expertise for the execution of offshore wind farm projects, which are usually contracted on a lump-sum basis. The Group may choose to hold an equity stake in the companies established to own and operate the wind farms in conjunction with an EPCI contract. The offshore wind market is less mature, less geographically diverse and in most cases involves a different client base with differing ways of contracting compared to the SURF and Conventional business unit. These factors can exacerbate episodic increases or decreases in project activity. When contracting on a Transportation and Installation (T&I) basis, the breadth of the Group's expertise is less critical, and so more providers may be able to compete for the contract compared to an EPCI contract and the time between tender and execution of the contracts may be shorter.

The Group operates in a cyclical industry where activity is strongly influenced by the current and forecast price of energy, including any subsidies, as well as the impact following decisions taken by governing bodies. The Group's risk management processes assist the Group to respond to changes in activity levels and apply appropriate measures to adjust its cost base as far as practical whilst at the same time ensuring that an acceptable risk profile is maintained.

ROLES AND RESPONSIBILITIES

The Board of Directors has oversight of the Group's risk management activities and internal control processes. The Executive Management Team is responsible for monitoring and managing operational and enterprise risk in pursuit of the Group's business objectives. The Executive Management Team is responsible for designing and implementing appropriate systems and procedures for the identification and management of risks, while ensuring that, within a given risk appetite, the business is able to optimise stakeholder value.

The CEO determines the level of risk which can be taken by the business units and by region, country and functional management. This is managed through Group policies and delegated authority levels which provide the means by which risks are reviewed and then escalated to the appropriate management level within the Group up to and including the Board of Directors for review and approval.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks are those risks that, given the Group's current position, could materially threaten its business model, future performance, prospects, solvency, liquidity, reputation, or prevent the Group from delivering its strategic objectives.

The means which the Group employs to mitigate or eliminate these risks are set out below.

Additional risks and uncertainties that the Group is unaware of, or that it currently deems immaterial, may in the future have a material adverse effect on the Group's reputation, operations, financial performance and position. However, the Board of Directors believes that the Group's risk management and internal control systems have assisted, and will continue to assist, the Group to identify and respond to such risks.

MARKET RISKS

Risk	Mitigation
Strategic	
The Group recognises the need to provide certain clients with comprehensive service packages and is committed to offering solutions whereby the Group engages earlier in the engineering and design stage as well as offering vertically integrated solutions in alliance with other companies. To participate in the projected increase in demand for integrated solutions, the Group has established vertically integrated SURF and SPS solutions through Subsea Integrated Alliance, its alliance with OneSubsea and other collaborative partnerships. Integrated solutions consolidate risk into one shared contractual framework, meaning that the risk profile to the Group is wider. There is a risk that the Group does not have sufficient knowledge or ability to manage, protect or mitigate the risks associated with vertically integrated solutions that were previously managed by other parties. A failure of our strategy to offer more technology and design led solutions could impact the growth of the business and affect its position as a market leader. From time to time the Group may engage in strategic mergers, partnerships, joint ventures and acquisitions to support this growth. This brings risk in the form of incorrect assessment of the target market, new and inherited legal and contractual liabilities as well as operational and financial risk. It also carries the risk of failure to integrate the new businesses and their resources into the Group and the failure to deliver on its strategic objectives.	These risks are mitigated through considered selection of alliance and collaborative partners and pre-identified ways of working. In addition, the Group has a procedure to establish, at tender stage, a risk sharing methodology to complement the project. The Group also continues to maintain disciplined contracting principles to mitigate increased risk. The Group has internal resources and external advisors to engage in thorough due diligence and also ensures that an experienced project management team is deployed to manage acquisition or merger opportunities. The project team ensures operational management is engaged in the integration process immediately after an acquisition or merger to ensure it is successfully executed.
Economic	
The Group's business depends on the level of activity in the segments of the energy industry in which it operates and, consequently, any significant change in the level, timing or nature of clients' expenditure plans could adversely impact the Group's order intake, financial performance and position. A rapid increase or decrease in demand for the Group's services could outpace the Group's ability to resize its capacity for service provision. Our clients' financial strength and the economic viability of their projects can be impacted by fluctuating energy prices which in turn can be driven by political conditions and technological development as well as decisions taken by OPEC and non-OPEC members on production levels. Our clients in the renewable sector may oblige contractors to invest in a minority equity stake in the energy development project as part of the requirements to tender, increasing the Group's financial exposure relating to the success or failure to achieve first power as planned.	The Group closely monitors market activity and collaborates with its clients to understand their future project and expenditure plans. Early engagement in the design phase of the energy project enables the Group to better assess the risks and opportunities of the project as it progresses towards construction. The financial strength and solvency of our clients is a specific area of focus before entering into contracts. The Group has successfully reduced costs and continues to look for ways to improve efficiency and productivity to respond to market demand to optimise costs. It also seeks to diversify selectively into new markets which allow the Group to leverage its resources and competencies, as well as into other geographies requiring its services. In addition, the Group reviews and adjusts its capacity, as necessary, to reflect the current and forecast near-term activity levels, whilst retaining and investing in capability.
Competition	
The Group faces competition to win contracts needed to assure a sustainable backlog of future work across all business units. This competition may result in pricing pressures or a change to a contractor's risk profile, as our competitors strive to win contracts and secure work. Contractual terms which are more onerous for the contractor and increase liabilities, both actual and contingent, can have an adverse impact on the Group's financial performance and position. Furthermore, the competitive landscape has reacted to the lower oil price environment in the form of alliances and vertical and horizontal consolidation to achieve economies of scale and wider control of the value chain. Such initiatives could represent a threat to the Group's profile as a specialised offshore service provider.	The Group endeavours to reduce its exposure to competition by differentiating itself from competitors. The Group's experience and resources, in particular its people, versatile and modern fleet and proprietary technology offerings, help it respond effectively to challenges from competitors. The Group seeks, within the framework of the businesses' contractual risk profile, to support and maintain industry recognised balanced contracting forms. A further differentiator is the Group's ability and experience in partnering with clients and forming alliances with other oilfield services companies to offer packaged solutions and to contribute to the early development stages of projects, as well as offering cost-effective and efficient technical solutions to its clients.

BUSINESS ENVIRONMENT RISKS

Risk	Mitigation
Geographic The Group operates and tenders for work in many countries worldwide, each with specific political, economic and social characteristics which can give rise to various risks and uncertainties that can adversely impact project execution and financial performance, including but not limited to: • Economic instability • Legal, fiscal and regulatory uncertainty and change • Onerous local content obligations • Sanctions and export controls • Civil or political unrest, including war • Regime change	Country or regional risks are identified and evaluated before and throughout Group operations in such markets. Appropriate risk responses are developed and implemented to mitigate the likelihood and impact of identified risks. The Group adopts a proactive and rigorous approach to assessing and mitigating these risks and, where possible, looks to develop local or regional management teams to strengthen its knowledge of and presence in the countries of operation.
Technological innovation The Group's clients seek cost-effective solutions to develop energy resources, particularly in deep waters and challenging offshore environments. This may require the implementation of new technologies. Any failure by the Group to anticipate or respond appropriately to changing technology, market demands and client requirements could adversely affect the Group's ability to compete effectively for, and win, new work. Introducing technology which is insufficiently mature or unsatisfactorily implemented when selected by our client as a valid solution could have an adverse reputational and financial impact for the Group.	The Group monitors industry trends and collaborates with clients to understand their technology requirements. This allows the Group to effectively invest in developing differentiated and cost-effective technologies to meet current and anticipated client demand. In developing new technologies, the risks associated with selecting and pursuing appropriate technological solutions, technical completion, commercialisation and successful implementation are carefully considered and addressed through 'gate controls' operated by knowledgeable and experienced Subsea 7 personnel.

ORGANISATION AND MANAGEMENT RISKS

Risk	Mitigation
People Failure to attract and retain suitably skilled and capable personnel could adversely impact the Group's ability to execute projects and its future growth prospects. Increased competition from other offshore service companies for skilled personnel as the market improves could result in rising employee attrition and create a lack of resources and/or increased compensation costs for the Group. In addition, there is a risk of failure to integrate business cultures and personnel following business growth through acquisition activities.	The Group sees the importance of health and wellness in the workplace and seeks to offer working groups, seminars and health initiatives across its locations and vessels. The Group utilises medium-term business projections to assess resource requirements which allows timely, corrective intervention to appropriately resource the organisation in terms of size, profile, competency mix and location. The Group monitors attrition by function and geography and has developed appropriate remuneration and incentive packages to help attract and retain key employees. Performance management and succession planning processes are in place to help develop staff and identify high-potential individuals for key roles in the business. Integration plans, including training and ongoing communication programmes covering all operational functions and business activities, are adopted at acquisition.

ORGANISATION AND MANAGEMENT RISKS CONTINUED

Risk	Mitigation
Compliance and ethics The Group is committed to conducting business in accordance with applicable law and the highest ethical standards. However, there is a risk that its employees, representatives or other persons associated with it may take actions that breach the Group's Code of Conduct or applicable laws, including but not limited to anti-bribery, particularly in countries perceived to be at high risk of corruption. Any such breach could result in monetary penalties, convictions, debarment and damage to the Group's reputation and could therefore impact its ability to do business.	Integrity is one of the Group's core Values and the Group has an Ethics Policy Statement and Code of Conduct which clearly set out the behaviours expected of its employees and those who work with it. The Group has a compliance and ethics programme underpinned by its values and designed in accordance with international best practice to embed the Code of Conduct and to prevent bribery and corruption. The programme includes financial controls, supply chain management procedures, and procedures for managing third-party risks. Mandatory annual compliance and ethics e-learning for employees raises awareness, highlights the whole range of consequences and encourages compliance. Employees are encouraged to raise concerns about possible non-compliance via an externally administered whistleblowing helpline. A committee comprising members of the Executive Management Team sets objectives for the implementation of the compliance and ethics programme and monitors progress. Regular reports are provided to the Board. The Group regularly engages an independent third-party assurance provider to benchmark its compliance and ethics programme against best practice including International Standard ISO 37001.
Information technology, cyber risks and security The Group's operations depend on the availability and security of a number of key IT systems. These systems could be disrupted or compromised by a general IT failure or cyber crime risks including but not limited to: • Unauthorised system access including to key operational financial or corporate systems • Malware (including computer viruses) • Theft and misappropriation of data and sensitive information • Targeted fraud attacks • Data management and non-compliance with legislation such as the EU General Data Protection Regulation (GDPR) • Increasing use of IT to interconnect with multiple stakeholders and the possibility of such interconnectivity being disrupted to the detriment of the multiple stakeholders Such breaches in IT security could adversely impact the Group's ability to maintain ongoing business operations and lead to financial and asset loss, reputational damage, loss of client and shareholder confidence and regulatory fines.	The Group recognises the increased incidence of cyber security threats and continually reviews its infrastructure, policies, procedures and defences to mitigate associated risks, engaging market-leading specialists where appropriate. The Group has a number of IT policies, including a policy on information security, designed to protect its systems and ensure their availability and integrity as well as combating attempted fraud. These policies are regularly reviewed to ensure they continue to address existing and emerging information security, cyber maritime and cybercrime risks as well as GDPR. Mandatory internal e-learning courses are used to maintain a high level of awareness among employees of IT security risks and of the Group's procedures to manage them. Furthermore, the Group maintains a programme of regular investment in new hardware, software and systems to ensure the integrity of its IT security defences.

DELIVERY AND OPERATIONAL RISKS

Risk	Mitigation
Bidding The Group wins most of its work through a competitive tendering process. A significant proportion of the Group's work is undertaken by way of fixed-price contracts which exposes the Group to increases in supply chain costs. Failure to secure and manage costs could impact the Group's financial performance. An inability to understand and respond to operational and contractual risks or accurately estimate project costs could have an adverse impact on the Group's legal liability and financial performance and position.	All bids are subject to the Group's estimating and tendering processes and authority levels. Cost estimates are prepared on the basis of a detailed standard costing analysis, and the selling price and contract terms are based on the Group's commercial contracting standards and market conditions. Before the tender is submitted, a formal review process is performed. Tenders are first reviewed at a region level where the technical, operational, legal and financial aspects of the proposal are considered in detail. Completion of the region review process requires the formal approval of the appropriate level of management. Dependent on the tender value, there is an escalating level of approval required. Tenders meeting specific financial and risk criteria are reviewed and approved by a Committee of the Board of Directors.

DELIVERY AND OPERATIONAL RISKS CONTINUED

Risk	Mitigation
Realisation and renewal of backlog	
Delays, suspensions, cancellations and scope changes to awarded projects in backlog could materially impact the financial performance and position of the Group in current and future years.	The Group works to mitigate these risks through its contract terms, including, where possible, provision for cancellation fees or early termination payments.
Joint ventures	
The Group may engage in joint ventures with selected partners to obtain the necessary expertise or local knowledge and contract or partner with specialist companies to develop new or emerging business opportunities. A failure to find an appropriate joint venture partner or a failure by a joint venture partner to perform to the standards required by the joint venture agreement could result in negative financial and reputational impact to the Group. Misalignment between Subsea 7 and a joint venture partner on the strategy for the joint venture could lead to a deadlock, impacting negatively, inter alia, on project execution. In addition, the failure of a joint venture partner to meet its financial obligations could result in an adverse impact on the Group's financial performance and position.	The Group seeks to ensure that selected joint venture partners not only have the necessary expertise, local knowledge and suitable financial profile but are also able to meet the Group's health, safety, security, environmental and quality standards (HSSEQ) and its Code of Conduct obligations. The Group endeavours to establish appropriate governance and oversight mechanisms to monitor the performance of its joint ventures and joint venture partners with regards to such matters.
Project execution	
The Group executes complex projects and a failure to meet contractual requirements could have several adverse consequences, including contract disputes, rejected claims and cost overruns, which could adversely impact the Group's financial performance, position and reputation. For most contracts, the offshore execution phase, which generally involves the use of either single or multiple vessels, is usually the most hazardous as this phase is exposed, among other risks, to adverse weather conditions or the risk of loss or damage to the contracted works. These hazards can result in unforeseen delays to the project; damage to vessels and equipment; repair or rework; injury to those working offshore; or increased financial loss associated with the delay.	The Group assigns a project management team to every project. Every project is assessed by regional management using the Project Monthly Status Report review process. These reviews cover project progress, risk management, cost management, financial performance and sensitivity analysis. Detailed assessments of costs and revenues are estimated and reported upon, taking into account project performance, planning schedules, contract variations, claims, allowances and contingency analysis. The Group factors the risk of adverse weather conditions into the design of its vessels, equipment and procedures and project scheduling, as well as the training of its offshore workforce. It also works to mitigate potential adverse financial consequences when negotiating contractual terms with its clients.
Supply chain	
Failure of a key supplier could result in disruption to the Group's ability to complete a project in a timely manner. In periods of increased activity, there is a risk that the supply chain does not react at the same pace as demand and insufficient capacity causes a deterioration in the quality of the product or service. Unexpected increases in supply chain costs could result in higher project costs that impact the Group's profitability. The resultant time delays or increased costs could lead to irrecoverable costs to the Group and the imposition of financial penalties by clients as well as reputational damage and reduced competitiveness.	The financial profile and outlook of the Group's key suppliers is reviewed during the pre-qualification process for vendors and is considered prior to signing project-related contracts. If necessary, appropriate guarantees or performance-related bonds are requested from our key suppliers. In addition, the Group seeks to develop strong long-term relationships with high-quality and competent suppliers, working to balance costs at a sustainable level and not only engage on a lowest bid basis.
Health, safety, security, environmental and quality	
The Group's projects are complex and are sometimes performed in unfamiliar environments in varied conditions. This requires continuous monitoring and management of health, safety, security, environmental and quality (HSSEQ) risks associated with the project specification and installation method as well as addressing the location and assets utilised. A failure to manage these risks could expose our people and those who work with us to injury or harm. It could result in an environmental event or cause injury or damage to other parties. It could result in significant commercial, legal and reputational damage or potential disbarment from the affected country.	The Group is focused on continuous HSSEQ performance at all levels and actively motivates, influences and guides employees' individual and collective behaviour. The Group is committed to protecting the health and safety of its people and those working on its sites and vessels as well as minimising our impact on the environment. The Group has an HSSEQ policy and detailed HSSEQ procedures designed to identify, assess and reduce such risks while ensuring compliance with relevant laws and regulations. The policy and procedures are subject to review, monitoring and certification by an independent, internationally recognised specialist firm.

DELIVERY AND OPERATIONAL RISKS CONTINUED

Risk	Mitigation
Fleet management The Group has a fleet of vessels which are required for the successful delivery of its projects. These vessels operate in a number of regions which are subject to political, fiscal, legal and regulatory risks. This also includes regulatory requirements related to the crewing of the vessels in the territories where they are operating. Failure to manage such risks could lead to an adverse impact to the Group's financial performance and position. Lack of vessel availability is a risk. Uncertainty in operational vessel schedules may lead to non-availability for other projects in the tendering or execution phase. Vessel availability could also be negatively impacted by delays to vessel construction, completion of maintenance, vessel upgrading and dry-docking activities. In extreme circumstances, the non-availability of a vessel or multiple vessels through loss or irreparable damage could compromise the Group's ability to meet its contractual obligations and cause financial loss. To maintain the competitiveness of the fleet, the Group from time to time makes significant investments in the construction or acquisition of new vessels. If the anticipated demand for those vessels does not materialise, such investments may not generate the intended financial return.	The Group considers carefully the political, fiscal, legal and regulatory risks associated with the deployment of its vessels and crew into regions in which it operates, and monitors developments to ensure it is able to respond appropriately. To minimise the risk of non-availability the Group dedicates resources to perform vessel scheduling centrally rather than at a business unit or region level. Vessel construction, maintenance, upgrading and dry-docking activities are subject to detailed planning and controls are deployed to mitigate the risk of completion delays. The design and operational capabilities of a vessel are carefully assessed before its deployment to a particular project and are then closely monitored during the project's execution. The impact of potential non-availability of a vessel is mitigated by both the size and flexibility of the Group's fleet and its ability to access the vessel charter market. Before initiating the construction or acquisition of new vessels, the Group conducts detailed analyses of the potential market and seeks to ensure that the vessels' technical specifications and projected capital and operating costs are appropriate for the anticipated market. In addition, the Group actively pursues long-term contracts with clients to underpin the investment in new vessels with a view to generating the intended financial returns.

FINANCIAL RISKS

Risk	Mitigation
Revenue and margin recognition Individual period performance may be significantly affected by the timing of contract completion, at which point the final outcome of a project may be fully assessed. Until then, the Group, in common with other companies in the sector, uses the percentage-of-completion method of accounting for revenue and margin recognition. This method relies on the Group's ability to estimate future costs in an accurate manner over the remaining life of a project. As projects may take a number of years to execute, this process requires a significant degree of judgement, with changes to estimates or unexpected costs or recoveries potentially resulting in significant fluctuations in revenue and profitability. Inaccurate forecasting of the costs to complete a project and of the revenues which can be earned from the client for changes to contract scope could have a negative impact on the Group's management of its liquidity and weaken its financial position. Fixed-price contracts awarded at low or negative margins can create volatility when accounting for project performance as forecast losses are recognised in full as soon as they are identified.	Project performance is monitored by means of Project Monthly Status Reports (PMSRs) which record actual costs of work performed, the estimated cost to complete a project and the estimated full-life project revenue. The PMSR allows management to reliably estimate the likely outcome in terms of profitability of each project. These PMSRs are subject to rigorous review and challenge at all key levels of management within the Group. Note 4 "Critical accounting judgements and key sources of estimation uncertainty" to the consolidated financial statements provides more detail of the Group's approach to revenue recognition on long-term contracts.
Cash flow and liquidity The Group's working capital position will be affected by the timing of contract cash flows where the timing of receipts from clients, typically based on completion of milestones, may not necessarily match the timing of payments the Group makes to its suppliers. In executing some of its contracts the Group is often required by its clients in the normal course of business to issue performance-related bonds and guarantees. Access to credit from financial institutions in support of these instruments is fundamental to the Group's ability to compete, particularly for large EPCIC contracts. The availability of short-term and long-term external financing is required to help meet the Group's financial obligations as they fall due. In the event that such financing were to be unavailable or withdrawn, the Group's activities would be significantly constrained.	The Group seeks, through committed banking facilities, to meet its working capital needs and to finance the acquisition or construction of new assets. The Group's cash position, access to liquidity and debt leverage are monitored closely by both the Executive Management Team and the Board of Directors.

INTERNAL CONTROL

The Board of Directors is responsible for oversight of the Group's system of internal controls and for reviewing its effectiveness. The Board of Directors recognises that any system of internal controls can only provide reasonable and not absolute assurance that material financial misstatement and/or fraud will be detected or that the risk of failure to achieve business objectives is eliminated.

The Group's systems of internal controls operate through a number of processes. The more significant include:

- Delegated authority level matrices with certain matters being reserved to the Board of Directors
- Annual review of the strategy, plans and budgets of individual business units to identify the key risks to the achievement of the Group's objectives
- Monthly financial and operational performance reviews against budget
- Individual tender and contract reviews at various levels throughout the Group
- Capital expenditure and investment reviews and authorisation
- Regular reviews and reporting on the effectiveness of the Group's health, safety, security, environmental and quality (HSSEQ) processes
- Group Treasury policies
- Group Taxation compliance and reporting policies and systems
- The Group's whistleblowing policy, which allows individuals to raise concerns in confidence about potential breaches of the Code of Conduct
- Quarterly reporting to the Executive Management Team from the Global Applications and Systems Steering Committee (GASSC) on the integrity and security of our business and IT systems including cyber risk
- Cyclical reviews of all non wholly-owned subsidiaries, joint ventures and associates by the Joint Venture Steering Committee

The Group's internal audit function, which reports directly to the Audit Committee, performs independent reviews of key business financial processes and controls and other areas considered to be of high business risk. The Audit Committee annually reviews and approves the internal audit plan and receives regular updates on internal audit's findings and the actions taken by management to address them.

Governance overview

"As a Board our goal is to promote the success of the Company for the benefit of all of our stakeholders."

Allen Stevens
Chairman of the Corporate Governance and Nominations Committee

Having been appointed Chairman of the Corporate Governance and Nominations Committee in 2018, this is my first report on corporate governance. I would like to begin by thanking Sir Peter Mason and Mr Robert Long on behalf of the Board for their years of dedicated and exemplary service as Senior Independent Director and Independent Director respectively. Sir Peter in his capacity as Chairman of the Corporate Governance and Nominations Committee was instrumental in establishing and maintaining Subsea 7's commitment to good corporate governance. I am honoured that the Board has entrusted me to succeed in the role of Senior Independent Director, whose function is to ensure a culture of good corporate governance and compliance. Good corporate governance underpins the delivery of our vision and our stakeholders should rest assured that Subsea 7 will continue to strive to achieve the highest standards.

2018 was a busy year for Subsea 7 from a corporate governance standpoint, including the appointments to the Board of two new independent directors, Mr David Mullen and Mr Niels Kirk. One of the key roles of the Corporate Governance and Nominations Committee is to regularly consider Board composition and succession planning in order to guide the Board towards the right balance of diversity, experience and talent needed to steer Subsea 7. Careful consideration was given to these criteria prior to the appointments of Mr Mullen and Mr Kirk (whose biographies are on page 27. Mr Kirk and Mr Mullen have contributed fresh perspectives to the Board and enhanced the Board's skills and experience.

2018 saw the acquisition of 60% of Xodus Group and 100% of Seaway Offshore Cables (previously called Siem Offshore Contractors). In recognition of the related party nature of the latter acquisition, robust corporate governance procedures were employed to ensure the Company was acting in the best interests of all of its stakeholders. These procedures involved full and transparent disclosure of interested parties, and correct management of those interests via the establishment of a sub-committee of the Board to review and challenge the industrial logic of the transaction and to negotiate the terms. Following the success of these acquisitions, management continues to work hard to integrate these businesses into the Subsea 7 Group and to maximise the benefits and opportunities associated with the acquisitions.

During 2018 the Board agreed it would be appropriate to have an external evaluation of the Board's performance in order to, amongst other things, evaluate the procedures being implemented by the Board. The review highlighted that we have an experienced Board with the right procedures in place in terms of regular, effective meetings at both committee and Board level with well-defined targets and a blend of talent and experience that enable us to achieve our common goal of high-quality governance.

In order to ensure our governance procedures are robust the Corporate Governance and Nominations Committee keeps abreast of all relevant legislation. 2018 has seen a focus for us on the Luxembourg legislation regarding non-financial and diversity information. To this end we have a dedicated section in our Annual Report which we believe provides a comprehensive insight into Subsea 7's approach to diversity, environmental matters, social and employee matters, human rights, and anti-corruption and bribery (pages 16 – 17).

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.

Board of Directors

	Kristian Siem Chairman	**Allen Stevens** Senior Independent Director[1]	**Jean Cahuzac** Director and Chief Executive Officer
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 USA, 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.	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 a 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.	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 35 years. He worked at Transocean in Houston, USA, from 2000 until April 2008 where he held the positions of Chief Operating Officer and then President. Prior to this, he worked at Schlumberger from 1979 to 2000 where he served in various positions. 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 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.	Appointed a Non-Executive Independent Director from January 2011 and Senior Independent Director from May 2018. Prior to the merger of Acergy S.A. and Subsea 7 Inc. in January 2011 Mr Stevens was Independent Director of Subsea 7 Inc. from December 2005.	Appointed a Director from May 2008 (then named Acergy S.A.) and has held the position of Chief Executive Officer since April 2008.
Committee membership	C G	C G	None
Key external appointments	Chairman of Siem Industries Inc. Director of Siem Offshore Inc., Siem Shipping Inc. (formerly Star Reefers Inc.) and Frupor S.A.	Vice President and director of Masterworks Development Co., LLC.	None
Nationality and date of birth	1949	1943	1954
Tenure	Re-elected by shareholders on 12 April 2017 and expiring at the 2019 AGM.	Re-elected by shareholders on 12 April 2017 and expiring at the 2019 AGM.	Re-elected by shareholders on 17 April 2018 and expiring at the 2020 AGM.

Committee key

- Chairman
- C Compensation Committee
- G Corporate Governance and Nominations Committee
- A Audit Committee

Eystein Eriksrud

Director

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. He was previously a partner of Norwegian law firm Wiersholm Mellbye & Bech, from 2005 to 2011. He joined Siem Industries in October 2011 and is currently Deputy Chief Executive Officer of the Siem Industries Group and holds a number of Directorships within the Siem Industries Group. He is a Candidate of Jurisprudence from the University of Oslo.

Appointed a Non-Executive Director from March 2012.

A

Deputy Chief Executive Officer of the Siem Industries Group.

Chairman of Siem Offshore Inc., Electromagnetic Geo-services ASA and Flensburger Schiffbau-Gesellschaft mbH. & Co. KG.

Director of various companies in the Siem Industries Group.

1970

Re-elected by shareholders on 17 April 2018 and expiring at the 2020 AGM.

Dod Fraser

Independent Director[1]

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.

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

A (Chairman)

Director of Rayonier Inc.

Director of Fleet Topco Limited.

1950

Re-elected by shareholders on 12 April 2017 and expiring at the 2019 AGM.

Niels Kirk

Independent Director[1, 2]

Mr Kirk brings to the role over 30 years of international corporate and structured finance experience combined with extensive knowledge of the energy, power and resource sector 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.

Appointed a Non-Executive Independent Director from April 2018.

C A

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

1962

Elected by shareholders on 17 April 2018 and expiring at the 2020 AGM.

David Mullen

Independent Director[1, 2]

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.

Appointed a Non-Executive Independent Director from April 2018.

G

CEO and Director of Shelf Drilling Limited.

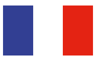
1958

Elected by shareholders on 17 April 2018 and expiring at the 2020 AGM.

[1] As used above, '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.

[2] Sir Peter Mason and Robert Long retired, and Niels Kirk and David Mullen were appointed, as Directors on 17 April 2018.

Executive Management Team

	Jean Cahuzac Chief Executive Officer	**John Evans** Chief Operating Officer	**Nathalie Louys** General Counsel
Skills and experience	Jean's full biography is included under Board of Directors on page 26.	John started his career in the oil and gas engineering and contracting sector in 1986, working with Kellogg Brown & Root (KBR). During 18 years with KBR he gained a successful record in general management, commercial and operational roles in the offshore oil and gas industry. Prior to joining Subsea 7, between 2002 and mid-2005 John was Chief Operating Officer for KBR's Defence and Infrastructure business in Europe and Africa. John has a Bachelor of Engineering degree in Mechanical Engineering from Cardiff University, is a Chartered Mechanical and Marine Engineer and a Chartered Director.	Nathalie began her legal career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across a number of industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore. In 2006 Nathalie joined Subsea 7 and subsequently worked in a number of 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	Jean has been Chief Executive Officer of Subsea 7 since April 2008 and became an Executive member of the Board of Subsea 7 S.A. in May 2008.	John has been Chief Operating Officer of Subsea 7 since July 2005.	Nathalie has been General Counsel of Subsea 7 since April 2012.
Nationality and date of birth	 1954	 1963	 1963

Stuart Fitzgerald

Executive Vice President
Strategy and Commercial

Stuart began his career with a specialist marine engineering consultancy, progressing to Worley Engineering in Australia and Brunei.

Stuart began his career with Subsea 7 in 1998. In 2007 Stuart was appointed as head of Sales and Marketing for Norway and Denmark, and in 2009 became Vice President for Norway. 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 for the Group which he held until his current appointment.

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.

Stuart was appointed Executive Vice President Strategy and Commercial in January 2018.

1969

Ricardo Rosa

Chief Financial Officer

Ricardo started his career in 1977 with Price Waterhouse in London and transferred in 1981 to Rio de Janeiro. In 1983 he joined Schlumberger where he held various financial positions within the Schlumberger Group, working in Paris, Jakarta, Rio de Janeiro, Caracas, Milan and London.

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

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

1956

Keith Tipson

Executive Vice President
Human Resources

Keith began his career in the engineering and construction project sectors in 1980, working with the Dowty Group. In 1988 he moved to Alstom where he held a number of roles based in Belgium, France, Switzerland and the UK, including the positions of Human Resources Director for the Industrial Equipment Division, the International Network and the Steam and Hydro segments of the ABB Alstom Power joint venture. Prior to joining Subsea 7 he held the position of Senior Vice President Human Resources, Power Sector, based in Paris. Keith has a business degree from the University of West London.

Keith has been Executive Vice President – Human Resources of Subsea 7 since November 2003.

1958

Note

Roles in Subsea 7 are referred to here as the amalgamation of respective roles in the legacy entities i.e. Acergy S.A. and Subsea 7 Inc. including roles prior to or after the Combination of the two businesses in January 2011.

2018 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 http://www.nues.no/en/.

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: www.subsea7.com.

Business

The Board of Directors has set strategies and targets for the Company's business.

The Group provides all the products and services required for subsea field development, including project management, design and engineering, procurement, fabrication, survey, installation and commissioning of production facilities on the seabed and the tie-back of these facilities to fixed or floating platforms or to the shore.

Through its Life of Field business unit, the Group offers inspection, repair and maintenance, integrity management, drill rig support, production enhancement and decommissioning support services, operating under the i-Tech 7 brand.

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

Note: Sir Peter Mason and Robert Long retired as Directors on 17 April 2018.

The Group also provides services for the delivery of offshore wind farm projects and specialist heavy lifting and cable-lay services, utilising the capability of Seaway Heavy Lifting and Seaway Offshore Cables, wholly owned subsidiaries of Subsea 7, operating under the Seaway 7 brand.

Further details of the Group's business are outlined in the 'Overview' and 'Strategy' sections on pages 2 to 24.

Board of Directors: composition and independence

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

The Board of Directors comprises seven Directors. The majority of the Directors were, during the financial year 2018, 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 26 to 27.

Mr Cahuzac, the Chief Executive Officer (CEO), was first appointed to the Board of Directors in May 2008. The Board of Directors operates controls to ensure that no conflicts of interest exist with respect to his position on the Board of Directors. The charters of the permanent committees do not permit executive management to be members. Accordingly, Mr Cahuzac does not sit on any of the committees. 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 109.

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

2018 MEETING ATTENDANCE

	Board	Audit Committee*	Corporate Governance and Nominations Committee*	Compensation Committee
Kristian Siem	11/12		4/4	3/3
Allen Stevens	11/12		4/4	3/3
Jean Cahuzac	12/12			
Dod Fraser	12/12	6/6		
Eystein Eriksrud	11/12	6/6		
Niels Kirk**	7/7	5/6		2/3
David Mullen**	7/7		2/4	
Sir Peter Mason KBE**	4/5		2/4	
Robert Long**	4/5	1/6		1/3

* Additionally, a joint session of the Audit Committee and the Corporate Governance and Nominations Committee was held on 27 February 2018 at which all members of both committees were present.

** Sir Peter Mason and Robert Long retired, and Niels Kirk and David Mullen were appointed, as Directors on 17 April 2018.

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 2019, 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 Group circumstances.

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 page 28 to 29. 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 2018 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, further details of which are on page 25; 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 18 to 24. 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, 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 focus on: 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 2019 it will be held on 17 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 EGMs 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 2018 was $5.68 billion (2017: $5.89 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 27 November 2014, the Board of Directors' authority to approve the purchase of the Company's shares up to a maximum of 33,216,706 common shares (representing 10% of the issued common shares following the cancellation of 19,626,664 common shares authorised at the 27 November 2014 extraordinary general meeting) was granted until 26 November 2019. 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 26 May 2020 to cancel shares repurchased under such authorisation and to reduce the issued share capital through such cancellations. An extraordinary general meeting will be held on 17 April of this year at which it will be proposed that the shareholders approve the renewal of these authorities.

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 33 '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 of Directors to assist in developing a fair compensation programme for executive officers and to ensure compliance with legal requirements as to executive officer compensation. The Compensation Committee's main responsibilities are:

1. Reviewing annually and approving the compensation paid to 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 of Directors 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 of 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 Company's Executive Director and CEO's remuneration is detailed in Note 33 '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 in his capacity as CEO and as Executive Director. The remuneration of the Board of Directors is approved at the AGM annually as part of the Annual Report and Consolidated Financial Statements and is disclosed in Note 33 '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 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. The Compensation Committee also seeks to ensure that the remuneration policy is applied consistently across the Group and that remuneration is fair and transparent, whilst encouraging high performance.

Remuneration comprises base salary, bonus, share-based payments, benefits and pension. In benchmarking elements of remuneration against Subsea 7's peers, the Compensation Committee may from time to time take advice from external consultants. 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 the total award in a given year and, in specific instances, the total award available to certain individuals.

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 33 'Related party transactions' to the Consolidated Financial Statements.

Executive Management Team remuneration

The remuneration package of the other five members of the Executive Management Team was determined by the Compensation Committee and is shown in aggregate in Note 33 'Related party transactions' to the Consolidated Financial Statements.

Share ownership of Executive Management Team

Details of share options held and other interests in the share capital of the Company by the Executive Management Team are shown in Note 33 'Related party transactions' to the Consolidated Financial Statements.

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. There are also former schemes which are now closed to new awards. Full details of the 2018 LTIP are set out in Note 34 'Share-based payments' 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. The Chairman of the Audit Committee meets the independence requirements under 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 statutory audit and the Company statutory audit.
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 27. 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's 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 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-audit assignments. Fees paid to the external auditor for audit and non-audit services are reported in the Consolidated Financial Statements of the Group, 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 Luxembourg law 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.	21.3%
Folketrygdfondet	8.7%

(a) Information is correct as at 31 December 2018.

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' RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the Consolidated Financial Statements for the year ended 31 December 2018 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 2018 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

Jean Cahuzac
CEO and Director