

**Euronav NV**  
**De Gerlachekaai 20, 2000 Antwerp (Belgium)**  
**Enterprise number: 0860.402.767**  
**RPR Antwerp**  
**("Euronav" or the "Company")**

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**ADVICE OF THE COMMITTEE OF INDEPENDENT MEMBERS OF THE SUPERVISORY  
BOARD IN APPLICATION OF ARTICLE 7:116 OF THE COMPANIES AND ASSOCIATIONS  
CODE**

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## **1 Introduction**

### **1.1 Background**

The Company is the world's largest independent listed tanker company engaged in the ocean transportation and storage of crude oil.

The Company currently has two reference shareholders, being Famatown Finance Limited / Frontline plc ("**Frontline**") and CMB NV / Saverco NV ("**CMB**", and CMB and Frontline together, the "**Reference Shareholders**"). The fundamental difference in view on the medium- to long-term strategy of the Company between the two Reference Shareholders has led to a strategic deadlock within the Company. This is reinforced by a structural deadlock resulting from the fact that each Reference Shareholder has a blocking minority on structural decisions and the existence of various factions within the supervisory board.

On 15 September 2023, the Reference Shareholders notified the Company of advanced negotiations between them on an integral solution for the deadlock through various inter-linked transactions:

- the contemplated sale by the Company to Frontline of a number of vessels (finally determined to be 24 VLCC vessels) (the "**Fleet Sale**");
- the contemplated settlement without compensation of the arbitration proceedings (the "**Settlement**") initiated by the Company in connection with the termination by Frontline of the combination agreement dated 10 July 2022 (the "**Combination Agreement**"); and
- the contemplated sale by Frontline of all its shares in the Company to CMB (the "**Share Sale**"), followed by a mandatory public takeover offer by CMB on all outstanding shares of the Company (the "**Mandatory Public Takeover Offer**").

The Fleet Sale and the Settlement would be conditional on the completion of the Share Sale, thus linking the transactions into a framework to resolve the governance deadlock within the Company.

On 15 September 2023, the supervisory board of the Company requested the committee of independent members of the supervisory board to issue a written reasoned advice as referred to in Article 7:116 of the Companies and Associations Code ("**BCAC**") in connection with the aforementioned Fleet Sale and the Settlement.

## **1.2 Legal framework**

The procedure provided for in Article 7:116 BCAC applies to any decision or transaction made in execution of a decision of the supervisory board of a listed company relating to a related party.

Article 7:116 BCAC provides that the supervisory board of a listed company must subject decisions and transactions concerning relations with a related party within the meaning of the International Accounting Standards to the prior review by a committee of three independent members of the supervisory board.

Frontline, the counterparty to the Fleet Sale and the Settlement, is a related party of the Company within the meaning of IAS 24. The Fleet Sale and the Settlement are therefore subject to this procedure.

As part of this procedure, a committee composed of three independent members of the supervisory board must issue a prior written reasoned advice to the supervisory board, covering at least the following elements:

- (i) the nature of the decision or operation;
- (ii) a description and estimation of the financial consequences;
- (iii) a description of any other consequences; and
- (iv) the advantages and disadvantages for the Company, as the case may be over time.

In this regard, the committee must frame the proposed decision or transaction within the Company's policy, and indicate whether, if it causes disadvantages to the Company, it is offset by other elements in that policy, or is manifestly unlawful.

## **1.3 Composition of the committee of independent members of the supervisory board**

The committee of independent members of the supervisory board (the "**Committee**") is composed of Grace Reksten Skaugen, Julie De Nul and Ole Henrik Bjørge. They confirm to the extent necessary that they are independent within the meaning of Article 7:106 juncto Article 7:87 of the BCAC.

## **1.4 Experts**

The Committee can, at its choice but at the expense of the Company, be assisted by one or more experts.

The Committee has appointed Lazard as financial expert in connection with the Fleet Sale. Given the interrelatedness of the various transactions meant to resolve the deadlock and their combined impact on the Company and its shareholders, the Committee has instructed the financial expert to also consider the Share Sale, the Settlement and the Mandatory Public Takeover Offer. The discussion materials prepared by Lazard are attached as annex 1.

The Committee has requested Linklaters LLP to assist as legal expert with legal advice to the Committee and with the review of the contractual terms of the various agreements contemplated to be entered into by the Company. The overview of attention points in respect of the contractual documentation is attached as annex 2.

## **1.5 Basis for this advice**

This advice has been issued on the basis of the following documents:

- a draft framework agreement (latest draft received on 2 October 2023) between Euronav (as seller) and Frontline (as buyer) establishing a framework for the Fleet Sale and setting the conditionality and co-ordinated entering into effect of the Fleet Sale and the Share Sale (the “**Framework Agreement**”);
- a draft memorandum of agreement (latest draft received on 2 October 2023) between Euronav (as seller) and Frontfleet Ltd, a wholly-owned subsidiary of Frontline, (as buyer) for each of the 24 vessels to be sold (the “**MOAs**”);
- draft Heads of Agreement (latest draft received on 2 October 2023) between Euronav (as seller) and Frontfleet Ltd (as buyer) with certain overarching and coordinating provisions relating to the MOAs (the “**HOA**”);
- a draft ship management agreement (latest draft received on 2 October 2023) between the Company’s affiliate Euronav Shipmanagement (Hellas) LTD and Frontfleet Ltd, a wholly-owned subsidiary of Frontline, in respect of each of the vessels to be sold; and
- a draft settlement agreement regarding the Settlement (latest draft dated 2 October 2023) between Euronav, Frontline and certain affiliates of Frontline.

In the context of this advice, the Committee further took note of the draft share purchase agreement (latest draft dated 2 October 2023) between Frontline and CMB regarding the Share Sale, to which the Company is not a party.

## **1.6 Meetings of the Committee**

The Committee met several times by videoconference on the following dates:

- 19 September 2023 during which it discussed (i) the scope of the Committee’s review, (ii) the engagement and mandate of the experts, (iii) the functioning of the Committee, and (iv) the additional information required;
- 21 September 2023 during which it discussed (i) the combined effect of the various parts of the integrated deadlock solution, (ii) the process for assessing the probability of success of the arbitration proceedings against Frontline, (iii) the impact of the Fleet Sale on the outstanding bonds, and (iv) the further timing of the Committee’s operations;
- 28 September 2023 during which it discussed (i) the draft presentation from Lazard, (ii) the impact of the deadlock, (iii) the impossibility for the Committee to identify alternatives to the integral solution, (iv) the exit possibility pursuant to the Mandatory Public Takeover Offer, (v) the draft findings from Linklaters LLP, and (vi) the interconnectivity between the various transaction documents;
- 2 October 2023 during which it discussed (i) the independent assessment of the arbitration proceedings by Omega Law, (ii) the purchase price adjustment mechanism for the Fleet Sale, (iii) the balancing of the Settlement against the deadlock, (iv) the proof of funding for the various transactions, and (v) the further process;
- 3 October 2023 during which it discussed (i) the hurdles towards obtaining a concrete valuation for the pending arbitration case and the deadlock solution, (ii) the impact of the deadlock on the ongoing management of Euronav, (iii) the perspective of the minority shareholders in relation to the Fleet Sale and the Settlement and the related

risks, (iv) the exit opportunity for the shareholders at a premium to the current stock price and (v) the resolution of the deadlock;

- 4 October 2023 during which it discussed (i) certain follow-up points to the external advisers to guide and finalise the Committee's conclusions, (ii) the impact of the deadlock on relationships with customers, (iii) the status of the certainty of funds comfort under the agreements and (iv) next steps and timing for the finalisation of the Committee's advice; and
- 8 October 2023, during which it discussed (i) the status of the execution versions of the transaction documents, (ii) the approval of the relevant transaction documents by Frontline, (iii) the findings regarding the proof of funds of CMB and Frontline and (iv) the finalisation of the Committee's advice.

The Committee members additionally consulted each other and Linklaters LLP and/or Lazard by phone and e-mail and exchanged information and views.

This written and reasoned advice of the Committee is addressed to the Company's supervisory board, which will resolve on the Fleet Sale and the Settlement.

## 2 Current deadlock

### 2.1 Structural deadlock

#### 2.1.1 Shareholders' level

The Company's shareholding on 5 June 2023, based on the information available to the Company, is as follows:

<b>Famatown Finance Limited / Frontline plc</b>	<b>26.124%</b>
Famatown Finance Ltd	19.914%
Frontline plc	6.21%
<b>CMB NV / Saverco NV</b>	<b>22.929%</b>
Saverco NV	0.011%
CMB NV	22.918%
<b>Euronav (treasury shares)</b>	<b>8.232%</b>
<b>Other</b>	<b>42.715%</b>

The voting rights attached to the treasury shares held by the Company are suspended. Each of the Reference Shareholders therefore controls voting rights close to, or in excess of, 25%. Under Belgian company law this provides shareholders with a blocking minority on certain structural decisions (such as changing the articles of association, resolving on capital increases and the liquidation of the Company).

#### 2.1.2 Supervisory board

Pursuant to Article 14 of the Company's articles of association, the supervisory board is composed of at least five and maximum ten members.

Currently, the supervisory board is composed of 7 members, as follows:

- 3 independent directors;
- 2 directors appointed upon proposal of Frontline; and
- 2 directors appointed upon proposal of CMB.

In the absence of a consensus within the supervisory board, decisions can only be made by majority of the supervisory board members. Assuming that directors would vote along the other directors proposed by the same shareholder, this would imply that decisions require support from two of the three groups of directors to be adopted.

The structural deadlock with varying majorities within the supervisory board depending on the topic makes the outcome of decision-making at the supervisory board less certain and predictable. This manifests itself in resolutions of the supervisory board proposed by the management board increasingly being adopted (or rejected) by majority vote rather than by consensus among the supervisory board members.

### **2.1.3 Executive management**

The structural deadlock has also prevented the supervisory board from setting up a process to appoint a permanent CEO. This role is therefore currently fulfilled on an ad interim basis by the CFO. The combination of the roles of CEO and CFO is likely not tenable in the longer term, considering the time demands for each of those positions, and the need for an appropriate separation of these distinct functions.

## **2.2 Strategic deadlock**

Each of the Reference Shareholders has more than 25 years of experience in the shipping business. The Committee understands from each of the Reference Shareholders that they see remaining upside value in the tanker sector, with the market showing signs of an expected supercycle. However, the Reference Shareholders have diverging views on the capital allocation for the reinvestment of the returns of this cycle:

- (a) The current strategy of the Company centres around its identity as a tanker company engaged in the ocean transportation and storage of crude oil, relying on a modern fleet to operate at the top end of the crude oil transportation and storage market. In line with this strategy, the current ambition is to further consolidate in that market, allowing to further show leadership to drive sustainability and innovation based on an integrated platform. A clear pathway to decarbonisation has been established, broadly shared with all stakeholders and discussed in more detail in the ESG committee of the supervisory board.
- (b) Since the end of 2021, CMB has expressed an alternative strategic view for the Company, aimed at a diversification into different shipping segments to decrease the dependency on the transportation of crude oil. This strategy would be accompanied by a decarbonisation of the fleet and by deploying capital towards the development of low carbon engines and fuel supply systems and to the production of low-carbon fuels.
- (c) Frontline's strategy for the Company is one of a large, diverse fleet of modern tankers with young and energy efficient vessels. Compared with Euronav's current integrated full-service platform with a focus on innovation, Frontline stands for a different, lean-

and-mean approach whereby services are outsourced to external providers (such as for fuel and fleet optimisation services).

Although the Company's current operations remain functional, those conflicting views on strategy make aligned decision-making within the supervisory board uncertain and challenging – particularly as regards long-term planning and capital allocation and therefore negatively impacts Euronav's competitive position.

### **2.3 Expected impact of a lasting deadlock on the future of the Company**

The deadlock, as described above, may adversely impact the Company's ability to adapt to customer expectations and market evolutions, which is expected to be value destructive in the longer term as a continuing deadlock could hinder reaching a consensus on crucial strategic decisions, such as purchasing and disposing of vessels, distributions, etc. Furthermore, it is difficult to manage the Company on the basis of varying majorities in the supervisory board without clear guidelines for the management board.

While in the short term the deadlock might not necessarily immediately impact the performance of the Company and the return for the shareholders, a lasting dysfunctional governance is, although impossible to value concretely, very likely to be value destructive when there is no agility to take advantage of particular business or consolidation opportunities or to take advantage of consecutive business opportunities aligning with a consistent strategic view for the Company. Furthermore, the Committee notes that the deadlock is starting to cause uncertainty among customers, who are unsure whether the Company's VLCC fleet can be relied upon as a transporter of choice going forward.

## **3 Description of the proposed Fleet Sale**

### **3.1 General background and description of the proposed Fleet Sale**

The Fleet Sale consists of the sale of 24 vessels by Euronav to a subsidiary of Frontline. The aggregate purchase price, subject to a downward adjustment depending on the final delivery date, amounts to USD 2,350,013,335.

These vessels have been selected among Euronav's fleet on the basis of age, whereby Frontline will acquire the youngest vessels.

The Fleet Sale is subject to the completion of the Share Sale. This ensures that the Fleet Sale would not complete if the Share Sale would not complete. No material adverse change-clause is foreseen in the documentation.

In case a particular vessel is not able to be delivered by Euronav within sixty days after the transaction having become unconditional, Frontline will have the option to cancel the purchase of that relevant vessel.

### **3.2 Description of the main terms of the Fleet Sale**

#### **3.2.1 Fleet Sale**

(i) Parties:

- Framework Agreement: Euronav and Frontline;
- HOA: Euronav and Frontfleet; and
- MOA: Euronav and Frontfleet (or its guaranteed nominee).

- (ii) **Financing:** Frontline represents and warrants in the Framework Agreement that it has obtained sufficient funding to comply with its obligations in respect of the Fleet Sale, with a dollar-for-dollar indemnification if such representation would not be correct. As the contractual documentation does not contain more concrete evidence, the Committee requested Frontline to provide evidence that it has sufficient funding commitments in place to make any payments when due under the Fleet Sale. The Committee has received from Frontline commitment letters from a syndicate of banks and a commitment letter for a subordinated shareholder loan to Frontfleet. These commitment letters and attached term sheets are to be further reflected in long form documentation satisfactory to the lenders. These commitment letters do not cover the full purchase price for the Fleet Sale. Legal counsel has confirmed to the Committee that these commitment letters constitute an indication that Frontfleet, together with other resources (being cash on balance sheet and the utilisation of a RCF available to a Frontline affiliate), may have the required financing available to it to fund its payment obligations under the documentation for the Fleet Sale when required. Legal counsel noted that the commitment letters contained certain conditionality, so that a certain execution risk remains.
- (iii) **Purchase price:** the aggregate purchase price for the vessels amounts to USD 2,350,013,335. The purchase price for the individual vessels will be inserted into each respective individual MOA and is subject to a downward adjustment of a certain dollar amount, specified in each respective MOA, for each day that passes from 30 days after the Fleet Sale having become unconditional until and including the Delivery Date.
- (iv) **Payment:** Minimum two banking days prior to the scheduled delivery date, Frontfleet shall remit 90% of the purchase price plus the estimated amount for the payment of the bunkers, lubes and greases as well as any other amount due to Euronav to, at the selection of Frontfleet:
- to Euronav's account with irrevocable SWIFT instructions that the amount shall be released to Euronav only subject to receipt by Euronav's bank of a copy of the Protocol of Delivery and Acceptance; or
  - to an account held by the Deposit Holder in favour of and to Frontfleet's sole order, which shall be release to Euronav only upon the Deposit Holder's receipt of a signed release letter.
- (v) **Delivery:** The delivery time is sixty days after the Fleet Sale having become unconditional. Each vessel should be delivered at sea, or at the first available a safe and accessible berth or anchorage after discharge, to be mutually agreed between the parties.
- (vi) **Long stop date and termination:** The long stop date has been set at 31 December 2023 (or such other date as the parties may agree in writing). If the conditions precedent have not been fulfilled by that date, the Fleet Sale will not complete and Euronav and Frontline will each have the right to terminate the Framework Agreement (which will in turn automatically

terminate the HOA and MOAs). Euronav and Frontline further waive any other termination right.

(vii) **Conditionality:** the completion of the Fleet Sale is subject to the following Conditions Precedent being satisfied on or before 31 December 2023:

- regulatory approvals from the relevant governmental entities of Saudi Arabia;
- the resolutions by Euronav's shareholders' meeting approving the conditionality of the Fleet Sale and the Settlement on the Share Sale having been filed with the clerk's office of the enterprise court in Antwerp; and
- completion of the Share Sale.

Given this conditionality, Euronav will need to call a special shareholders' meeting pursuant to art. 7:151 BCAC to have this feature approved.

(viii) **Hell or high water:** Frontline must take any and all actions and agree to any and all remedies that are necessary or advisable to obtain the regulatory approvals.

(ix) **Interim covenants:** Euronav shall between the date of the HOA and the Delivery Date comply with certain interim covenants in relation to vessels.

(x) **Governing law and jurisdiction:**

- Framework Agreement: Belgian law and arbitration in accordance with the CEPANI Rules.
- HOA and MOA: English law and Arbitration in London in accordance with the Arbitration Act 1966.

### 3.2.2 Management of vessels sold

Euronav Shipmanagement (Hellas) LTD, a subsidiary of the Company, is to provide services, against an annual management fee of USD 190,000 per ship, to the purchaser under individual ship management agreements. Those will be concluded by using the Bimco Shipman form. Each of the agreements has a minimum duration of two years, after which it can be terminated by either party with two months' notice.

### 3.2.3 Share sale and Mandatory Public Takeover Offer

One of the conditions precedent to the Fleet Sale is the completion of the Share Sale. This will result in a legal obligation for CMB to launch the Mandatory Public Takeover Offer at the same price for which it has acquired the shares in the Share Sale, being USD 18.43. Accordingly, all other shareholders of Euronav will have the opportunity to sell their shares at that time. The price offered to those other shareholders will be the same price as the price for which Frontline will have sold its shares to CMB, adjusted for any dividends that would have been declared after the Share Sale (but before the settlement of the Mandatory Public Takeover Offer), when disregarding any potential impact from the relevant tax residence of the shareholders. This ensures an opportunity for shareholders who do not wish to remain a shareholder of the Company after the Fleet Sale to exit the Company and to receive the same exit value per share as Frontline.

The share purchase agreement relating to the Share Sale also provides that (i) the nominees of Frontline will resign from the supervisory board upon closing of the Share Sale and (ii) the Company shall not declare, make or pay any dividend or any other distribution until the time of closing of the Share Sale.

The share purchase agreement does not require CMB to deliver any evidence of its ability to fund the payment of the purchase price under the Share Sale. For the Mandatory Public Takeover Offer however it is a legal requirement that CMB delivers a certain funds certificate issued by a bank to the FSMA at the time of the announcement of the Mandatory Public Takeover Offer (which is later in time).

The Committee has requested CMB to provide evidence that it has sufficient funding commitments in place to make any payments when due under the Share Sale or the Mandatory Public Takeover Offer. The Committee has received from CMB a commitment letter in relation to its funding commitments under the Share Sale and the Mandatory Public Takeover Offer, including a term sheet with the main terms and conditions of the proposed financing, to be further developed in long form documentation.

Legal counsel has confirmed to the Committee that this commitment letter constitutes an indication that CMB should have the required financing available to it, subject to the terms and conditions contained in the term sheet, for the payment of the purchase price under the Share Sale and the Mandatory Public Takeover Offer when required. Legal counsel noted that the commitment letter contained a certain level of conditionality, so that some execution risk would remain. Legal counsel noted that at the time of the first elements of the transaction, being the Share Sale and the Fleet Sale, the initial conditions to drawdown under the CMB financing would need to be satisfied. In a separate email response to the Chair of the Committee and the CEO of the Company, a CMB representative confirmed that, as a condition subsequent to the entry into the agreements, CMB would provide evidence to the Company of final proof of funds prior to the effective date. The Committee recommends the Supervisory Board to follow up on this matter. Under those considerations, and also having regard to the legal requirements for financing in the context of a mandatory public takeover offer, the Committee considers the level of comfort in relation to the acquisition financing to be appropriate on the date of this advice.

### **3.3 Financial aspects of the Fleet Sale**

The 24 vessels to be sold to Frontline have been valued on the basis of an average of 3 broker valuations, i.e. Arrow, VesselsValue and Fearnleys. That amounts to an aggregate price of USD 2,350,013,335 for the 24 vessels, which would be paid in cash.

By way of benchmark, the Committee has itself obtained asset valuations from shipbroker Braemar. The valuations of Braemar (USD 2.417 billion) are in line with the average of the 3 brokers (USD 2.350 billion), indicating that the price is reasonable on the basis of the asset value.

The Committee took note of an explanation and analysis by the Committee's financial adviser regarding the financial terms of the Fleet Sale. On the basis of a comparison of broker valuations, this analysis concluded on a valuation range of USD 2.286 billion to 2.449 billion. The aggregate purchase price for the Fleet Sale of USD 2.350 billion falls within this range. The analysis furthermore considered the Price/NAV ratios of selected precedent

transactions, concluding on an average Price/NAV ratio of 0.9x and a median of 1.0x, which is in line with the ratio applied for the Fleet Sale.

## **4 Description of the proposed Settlement**

### **4.1 General background and description of the proposed Settlement**

The Settlement relates to the arbitration proceedings initiated by the Company in connection with the termination by Frontline of the Combination Agreement. In these arbitration proceedings, the Company claims from Frontline specific performance of the Combination Agreement for the unlawful termination. The Committee understands that Frontline has formulated as a non-negotiable demand and prerequisite in the negotiations of the Fleet Sale and the Share Sale with CMB that the claims of the Company in the arbitration proceedings be settled (without separate compensation). On this basis, the Committee assesses the Settlement as an integrated part of a proposed package deal to resolve the deadlock, together with the Fleet Sale (and, between the Reference Shareholders, the Share Sale).

The consistent advice from legal counsel that the Company has obtained (including from its regular counsel advising on the arbitration as well as Omega Law, an independent legal counsel consulted by the Committee) confirms the high chances of success for the Company's claim that the Combination Agreement was unlawfully terminated by Frontline.

In the framework of the Settlement, Frontline and the Company would settle this dispute, as part of an integrated solution with the Fleet Sale and the Share Sale. No separate financial compensation will be payable to the Company as part of the Settlement.

### **4.2 Description of the main terms of the Settlement**

The draft settlement agreement to be entered into by the Company and the relevant Frontline entities contains the terms and conditions relating to the Settlement (the "**Settlement Agreement**").

Through the Settlement Agreement, the parties intend to:

- (i) irrevocably settle and terminate their dispute arising out of or in connection with the termination of the Combination Agreement;
- (ii) acknowledge that the Combination Agreement is definitely terminated and has no other effect between the parties;
- (iii) waive all rights and claims that they have or may have against each other concerning the entering into, performance and termination of the Combination Agreement; and
- (iv) agree to be responsible for their own costs and fees directly or indirectly relating to the aforementioned dispute, the Combination Agreement, the ongoing arbitration proceedings between the parties and the Settlement Agreement.

The Settlement Agreement, including the terms mentioned under items (i) to (iv) above, shall only be subject to the completion of the Share Sale, as condition precedent, on or before 31 December 2023, or such other date as the parties may agree. Given this conditionality, Euronav will need to call a special shareholders' meeting pursuant to art. 7:151 BCAC to have this feature approved.

On the date of satisfaction of the condition precedent, the parties shall notify in writing the arbitral tribunal and the CEPANI Secretariat of the parties' irrevocable and unconditional joint

decision to withdraw the ongoing arbitral proceedings initiated on 28 January 2023 and of the agreement of the parties to support their own costs and fees relating to the arbitration. The parties shall further seek *pro rata* refund of the provisions paid to the CEPANI.

#### **4.3 Financial aspects of the Settlement**

In the arbitration, the Company has claimed specific performance of the Combination Agreement by Frontline. In July 2023, the supervisory board has suspended the arbitration to provide an opportunity to solve the deadlock, which was done ahead of the first submission of the statement of claim. Given the time period that has lapsed since the start of the arbitration proceedings, it is likely that Euronav would have changed its claim into a claim for compensatory damages from Frontline.

The amount of potential compensatory damages to which the Company may be entitled, has been quantified by the Company with the assistance of an expert in economic matters and the legal counsels. The expert and legal counsels have confirmed that this claim would be very substantial. Although the Committee is convinced of the chances of success of the arbitration, it remains inherently uncertain how an arbitral tribunal would calculate the amount of damages in this complex case of a business combination and which damages the arbitral tribunal would award to the Company at the end of the legal procedure. Also, the Company would continue to incur legal costs and management costs throughout the arbitration proceedings, which can likely take some time to conclude. In any case, a re-opening of the arbitration case (which has currently been suspended for an indefinite duration), would require a decision of (a majority within) the supervisory board (which cannot be certain, for the reasons of deadlock set out above).

By agreeing to the proposed package deal, which includes the Settlement, the Company would terminate the arbitration in light of the deadlock resolution and thereby waive its claims without any specific financial compensation. The Committee further took note of an assessment by Lazard regarding the Settlement in light of the deadlock resolution.

Even if the arbitral tribunal would award the maximum amount of compensatory damages estimated by the Company, the Committee is of the opinion that the potential receipt of such one-time compensatory damages would not outweigh the benefit of resolving the deadlock and avoiding potential value destruction to the Company caused by the continuation of the governance deadlock over a longer period of time.

### **5 Advice of the Committee**

#### **5.1 General**

Under Article 7:116 of the BCAC, the Committee is required to frame the Fleet Sale and the Settlement within the strategy pursued by the Company, and indicate whether, if the transaction is detrimental to the Company, it is offset by other elements in that strategy, or is manifestly unlawful.

#### **5.2 Assessment of the Fleet Sale and the Settlement in the light of the Company's policy**

##### **5.2.1 The Company's strategy prior to deadlock**

The strategy of the Company as currently communicated centres around its identity as a tanker company engaged in the ocean transportation and storage of crude oil, relying on a modern fleet to operate at the top end of the crude oil transportation and storage market. In line with this strategy, the current ambition is to further modernize

the fleet and consolidate in that market, while continuing to show leadership in innovation and sustainability. This entails having clear goals and steps to invest in new decarbonization technology and ESG.

**5.2.2** The Company's strategy being impacted by the deadlock

Reference is made to Section 2.3 for an explanation of the impact of the deadlock on the Company. Apart from occasional alignment on specific topics, there is a divergence in views within the supervisory board as regards the implementation of the strategy mainly on how capital allocation will be done in the future. The strategic deadlock also impacts the Company's stock price due to the perceived uncertainty and is hence value-destructive.

As a result, it is difficult to state whether the strategy as was previously communicated (and articulated under Section 5.2.1 above) still provides the current roadmap for the Company's decision-making.

**5.2.3** The strategy envisaged by CMB for the Company

Although the future strategy is not yet discussed nor endorsed by the supervisory board, the Committee takes note of the perceived plans of CMB, who would be the future sole reference and majority shareholder of the Company if the Share Sale materialises. In that case, CMB will solely control the Company and be able to determine the Company's strategy. This strategy is centred around the following main axes:

(i) Diversification of the fleet

CMB wants to diversify the fleet of Euronav into different shipping segments to decrease the dependence on the transportation of crude oil. This does not mean exiting the tanker business altogether, but gradually decreasing the share of revenues coming from pure crude oil transportation by adding different shipping asset types to the Euronav portfolio. This includes the acquisition of part or all of the CMB/CMB.TECH fleet.

(ii) Decarbonization of the fleet

CMB wants to dedicate significant amounts of capital to the development of low-carbon engines, fuel supply systems and the production of low-carbon fuels.

(iii) Optimization of the fleet

CMB wants to optimize the fleet by divesting less efficient/older tankers (e.g. the remaining part of the Company's fleet after the Fleet Sale, which entailed the sale of the youngest vessels) and re-investing the proceeds in diversification and the acquisition of part or all of the CMB/CMB.TECH fleet.

**5.2.4** The Committee's assessment

(i) Fleet Sale

The Fleet Sale does not fit within the strategy most recently communicated by the Company. To the contrary, the Fleet Sale impedes a strategy of consolidation in the crude oil transportation market as the Fleet Sale will result in a disposal (deconsolidation) of the Company's crude oil tankers. The

24 vessels to be sold consist of the Company's youngest vessels, with an average age of 5.3 years. Euronav will be left with a significantly older fleet with an average age of 10 years, which is less aligned with its sustainability ambitions and which will substantially affect the annual efficiency ratio of the Euronav fleet (gCO<sub>2</sub> per DWT mile).

However, it is unclear whether the strategy as communicated still provides the current roadmap for the Company in light of the existing deadlock. A significant constituency of the supervisory board and the Company's shareholders support a strategy focussed on diversification away from crude oil tankers. The Fleet Sale would enable such strategic change as it would provide capital to Euronav to be able to acquire a more diversified fleet from CMB in the future.

The re-articulation of the Company's strategy in the future would be based on the one proposed by CMB. In connection with this anticipated change in strategy, the Committee notes that the Mandatory Public Takeover Offer gives the shareholders the opportunity to either exit the Company at the same value as Frontline or become part of a Euronav developing into a new strategic direction with a new controlling shareholder.

The Committee notes in this regard that the price of the Mandatory Public Takeover Offer is in line with Euronav's Net Asset Value (NAV), representing the Company's intrinsic value. Based on the last available normal trading reference of the Euronav shares (28 September 2023), the share was trading close to NAV. The offer price in the Mandatory Public Takeover Offer represents a substantial premium compared to the stock price of Euronav on 5 October 2023 (immediately prior to the Company's press release in response to media reports and share suspension), whilst the premium to the 30 and 90 days VWAP is modest. The offer will be made by a shareholder which at the time of the launch of the offer already holds a controlling stake - a control premium is as such not applicable. Compared to similar crude tanker transactions, the Committee's financial advisor typically observes a discount to NAV with transactions at NAV at the higher end of the range. Listed peers also trade at a discount to NAV, with the exception of Frontline which almost consistently trades above NAV. The price therefore appears to reflect the Company's intrinsic value and therefore provides the shareholders the opportunity to sell at a reasonable price.

The Committee finally notes that Frontline (i) has terminated the Combination Agreement earlier this year (a.o. based on the existence of a blocking minority of CMB), (ii) has not indicated any recent appetite to take over the Company and (iii) is under the Combination Agreement contractually restricted from making an offer on Euronav before January 2024.

A Fleet Sale to Frontline is thus only considered in light of the Company's strategic options in light of the prevailing deadlock.

(ii) Settlement

The Settlement is not specifically related to the current or future strategy of Euronav but rather relates to an extraordinary arbitration proceeding, outside Euronav's ordinary course of business. Being an operational company,

Euronav would like to focus its efforts and attention on the running of its tanker business. Entering into the Settlement would allow management to fully re-focus on the operations of Euronav. In that respect, freeing Euronav from the arbitration proceedings could be considered to be in line with the Euronav's operational strategy.

While the parameters to settle an arbitration claim are always uncertain, the Committee has been requested by the Reference Shareholders to consider the deadlock solution as one package. Frontline has also indicated that it will not enter into the Fleet Sale and the Share Sale without the Settlement, meaning that a solution to the deadlock without a Settlement, or with a Settlement against a one-time compensation for Euronav, is not a realistic alternative.

The Settlement of the claim towards Frontline is thus only considered in light of the Company's strategic options in light of the prevailing deadlock.

### **5.3 Patrimonial consequences of the Fleet Sale and the Settlement**

#### **5.3.1 The net-proceeds of the Fleet Sale**

The Company will obtain gross cash proceeds from Frontline for an amount of USD 2,350,013,335. The current VLCC prices are a high point in the cycle, with very limited buyers at current prices, let alone for a fleet of 24 VLCCs in cash. The sale price being in line with NAV can be considered reasonable. The value of the Fleet Sale therefore appears to be at arm's length with a price that a third party would be willing to pay for it.

The purchase price for the individual vessels will subject to a downward adjustment mechanism for each day that passes from 30 days after the Fleet Sale having become unconditional until and including the Delivery Date. The adjustment amount is calculated as the depreciation amount of the relevant ships and are therefore effectively a means to ensure that also economically the ships are delivered to the buyer within a month after closing. The relevant vessels have been financed through loans with financial institutions for a total amount of USD 806,231,084.

The net-proceeds of the Fleet Sale are expected to amount to USD 1,543,782,249. It could be that the ultimate net-proceeds would be lower as the Company will give certain indemnities (such as regarding the absence of any obligations towards the International Tankers Pool and the absence of consent by charterers to the change of control). In addition, the Company may incur costs to prepare the vessels for sale outside of a fully typical Saleform 2012 (including drydocking).

#### **5.3.2 The absence of compensation in respect of the Settlement**

While the Committee is convinced that the Company will prevail in the arbitration proceedings, it would remain inherently uncertain and require continued management attention and legal expenses to obtain such result. As the arbitration proceedings have been paused, it would also require a decision by (a majority within) the supervisory board to resume these proceedings (which decision is uncertain having regard to the current composition of the board of directors).

The Committee further notes that Frontline has clearly expressed its general unwillingness to proceed with the deadlock resolution if the Company would not

waive the claim resulting from the Combination Agreement without compensation, thereby making the Settlement effectively a prerequisite for the deadlock resolution. Both Reference Shareholders have given signals that they will not give up their positions in the absence of the deadlock resolution. The deadlock would continue to exist – and could become even more impactful – in the absence of an integrated solution. In this regard, the Committee takes into account the current momentum. With the proposed deal parameters, minority investors will have the opportunity to either exit the Company at a premium to Euronav's stock price (in the Mandatory Public Takeover Offer) or remain a shareholder. The Committee therefore balances the absence of compensation in the Settlement against the benefit of resolving the deadlock.

As the tanker market is currently at a high level, the impact might not be as visible, but the expectation would be that, as the Company goes through the cycle with material sector challenges, agility and decisiveness are of the essence to generate shareholder value. Solving the deadlock situation could therefore outweigh the potential value of arbitration.

The Committee also appreciates that the Company will continue a commercial relationship with Frontline after the Settlement, in particular to manage the vessels sold under the Fleet Sale. This requires a form of trust between the parties, which would be jeopardized by pending arbitration proceedings.

### **5.3.3 Bonds**

The Company has in 2021 issued, through its subsidiary Euronav Luxembourg SA, USD 200 million 6.25% senior unsecured bonds due 2026 (ISIN NO0011091290) (the "**Bonds**").

The Share Sale, which will be facilitated by the Fleet Sale, will result in CMB obtaining control over the Company. For the purposes of the Bonds, that will not constitute a "change of control event" nor trigger a mandatory repurchase at 101 per cent. as Saverco - through CMB - will own the majority of the Company's voting rights.

The integral deadlock solution itself should not trigger an event of default under the Bonds (which would lead to an acceleration of the bonds such that the outstanding amounts would become immediately due and payable), provided that (i) the Fleet Sale and the Settlement are entered into on 'commercial or otherwise customary' terms and (ii) the transaction unlocking the deadlock does not directly or indirectly result in a "Material Adverse Effect".

### **5.3.4 Distributions**

The Reference Shareholders propose in the share purchase agreement relating to the Share Sale that the Company should not declare, make or pay any dividend or any other distribution until the time of closing of the Share Sale. This means that no distributions can be declared by the Company in this period, such as any contemplated payment of proceeds of the third quarter of 2023.

### **5.3.5 Impact on the Euronav organisation**

As the Company's fleet will shrink following the Fleet Sale, Euronav might need to adjust its organisation accordingly. The ship management organisation in Greece will

provide the ship management service for 2 years for the 24 vessels sold in the Fleet Sale. This service organisation can be integrated with a third-party ship manager, thereby avoiding social liabilities. In case the rest of the organisation becomes redundant, the social liabilities could potentially amount to USD 17 million (excluding TI Pool).

Furthermore, the Company will need to indemnify Frontline for any employment liabilities as a result of the Fleet Sale and/or as a result of the termination of the shipman agreement in the future.

#### **5.3.6 Impact on commercial relations**

Euronav will be required to deliver the vessels to be sold in the Fleet Sale free of charter. The transfer or termination of existing charters will require close communication with the counterparties to the charter. It cannot be excluded that certain commercial relationships would be adversely affected by an early termination of a charter. Similarly, entering into transactions for charters on vessels earmarked for sale might require further alignment with the purchaser and could therefore impact the financial performance of those ships until delivery.

More broadly, the deadlock solution creates a loss of other opportunities. For instance, the International Tankers Pool will be broken up as a result of the deal.

## **6 Conclusion**

Having regard to the foregoing considerations, the Committee is of the view that in light of the integrated long-term solution to the deadlock within the Company, the Fleet Sale and the Settlement are not manifestly unlawful in nature and that it is unlikely that the Fleet Sale and the Settlement would result in disadvantages to the Company that are not outweighed by benefits to the Company. The Committee therefore advises favourably on the proposed Fleet Sale and Settlement.

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- Annexes:
1. Lazard discussion materials; and
  2. Linklaters attention points in respect of the contractual documentation.