# SBM Offshore Remuneration Policy
# for the Management Board 2022

Approved on: April 7, 2021

Effective date: January 1, 2022

# SBM Offshore Remuneration Policy for the Management Board 2022

The SBM Offshore Remuneration Policy for the Management Board 2022 (RP 2022) was adopted at the Annual General Meeting of SBM Offshore N.V. (the Company or SBM Offshore) on April 7, 2021. RP 2022 is effective from January 1, 2022, with the exception of the underpin which became effective on January 1, 2021 and will remain effective until a new policy will be submitted to be approved by the General Meeting, in 2025 at the latest.

## 1. POLICY REVIEW

During the remuneration policy review, the Supervisory Board assessed different stakeholder perspectives and incorporated the feedback on the policy provided by shareholders during the previous shareholder meeting and during several consultation rounds with shareholders and institutional investors in the creation of RP 2022.

Taking into account stakeholder feedback, the following elements in RP 2022 are new in comparison to the previous Remuneration Policy 2018:

*Adjustment of the reference group to include more European competitors*
During previous shareholder meetings, shareholders voiced concerns regarding the reference group and specifically the U.S. based companies. In RP 2022, several European companies have been added to the reference group.

*Inclusion of a specific underpin*
As a second point of feedback, shareholders voiced concerns on the absence of an underpin for the Value Creation Stake. In RP 2022, the policy moves from solely discretionary vesting to vesting based on the absence of a clearly defined and observable underpin.

In light of stakeholder feedback, the Supervisory Board also assessed the level of LTI and total remuneration level. To ensure a balanced analysis, the Supervisory Board extended their assessment by including different cross-sections of reference group peer companies, rather than to apply a single reference point. With this analysis, the Supervisory Board concluded that the current remuneration levels adequately reflect the position of SBM Offshore against these different cross-sections.

## 2. REMUNERATION POLICY DESIGN PRINCIPLES

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. Our mission is to share our experience to make it happen. Our strategy is aimed to Optimize, Transform and Innovate our business processes to grow in size and create value for our stakeholders. In executing our strategy we are guided by our Core Values: Integrity, Care, Entrepreneurship and Ownership.

The underlying principles of RP 2022 support the vision and ambition and aim for long-term value creation of the Company.

*Simple*
The RP 2022 is simple, clear and transparent which in its simplicity directly encourages ownership and entrepreneurship.

*Flexible*
The RP 2022 provides flexibility for the Supervisory Board to reward the Management Board in a fair and equitable manner, allowing for (downward) discretion and judgement.

*Predictable*
Pay-out of remuneration is predictably aligned with the performance of SBM Offshore, reflected in the achievement against strategic objectives and Company share price.

*Competitive*
Remuneration is in line with global peer companies that may compete with SBM Offshore for business opportunities and/or talent.

*Drive right results*
Remuneration encourages a culture of long-term value creation balanced with pay for performance. We are fully committed to playing our part in the changing energy world. For that reason, the level of support in society for SBM Offshore's choices matters to us and is also taken into account when formulating the RP 2022 and determining individual remuneration of Management Board members.

*Aligned*
The remuneration principles applicable to the Management Board are used as a guideline for remuneration at SBM Offshore as a whole. Specific elements that are aligned include the STI performance areas and payment dates. However, some elements for Management Board members may differ from those applicable to employees; also because Management Board members have a service contract rather than an employment relationship.

## 3. REMUNERATION LEVEL

The remuneration level is determined by the Supervisory Board and is based on an analysis of external benchmarks and internal relativities. The final determination of remuneration levels for the Management Board include scenario analyses to assess the impact of different performance levels and share price developments on the total remuneration paid.

*External reference*
As an external comparison, the Supervisory Board benchmarks Management Board remuneration levels against a reference group.

In order to be able to attract, award and retain qualified leaders, in selecting reference group companies, the Supervisory Board takes into consideration factors such as size (market capitalization, revenue, enterprise value and number of employees), global presence and the industry in which the reference company is present. The group includes a number of Dutch, European and U.S. based competitors. In addition, the reference group includes companies selected by the Institutional Shareholder Services group of companies (ISS).

The Supervisory Board recognises that many of the direct labour market peers come from geographic areas where remuneration levels may be significantly different. This is why a more balanced approach is used, analysing remuneration levels at different cross-sections of the reference group. Cross-sections are based on shareholder preference, geographic location and industry relevance. In the following graph, the companies that form SBM Offshore's reference group are outlined.

| Company | RP18 SBMO reference group | 2019 ISS reference group | Industry specific peers | European peers | Dutch peers | US & UK peers | RP22 SBMO reference group |
|---|---|---|---|---|---|---|---|
| Aker BP ASA | ○ | ● | ● | ● | ○ | ○ | ● |
| Aker Solutions ASA | ○ | ● | ● | ● | ○ | ○ | ● |
| Arcadis NV | ● | ● | ○ | ● | ● | ○ | ● |
| CGG SA | ○ | ● | ○ | ● | ○ | ○ | ● |
| Fugro NV | ● | ● | ○ | ● | ● | ○ | ● |
| Helmerich and Payne Inc | ● | ○ | ● | ○ | ○ | ● | ● |
| Hunting PLC | ○ | ● | ● | ○ | ○ | ● | ● |
| IMI PLC | ● | ○ | ○ | ○ | ○ | ● | ● |
| John Wood Group PLC | ● | ○ | ● | ○ | ○ | ● | ● |
| Koninklijke Boskalis Westminster NV | ● | ● | ○ | ● | ● | ○ | ● |
| Koninklijke Vopak NV | ● | ● | ● | ● | ● | ○ | ● |
| Lundin Energy AB | ○ | ● | ● | ● | ○ | ○ | ● |
| Noble Corporation PLC | ● | ○ | ● | ○ | ○ | ● | ● |
| Oceaneering International Inc | ● | ○ | ● | ○ | ○ | ● | ● |
| Petrofac Ltd | ● | ● | ● | ○ | ○ | ● | ● |
| RPC Inc | ● | ○ | ● | ○ | ○ | ● | ● |
| RPS Group PLC | ● | ○ | ○ | ○ | ○ | ● | ● |
| Superior Energy Services Inc | ● | ○ | ● | ○ | ○ | ● | ● |
| Tecnicas Reunidas SA | ○ | ● | ● | ● | ○ | ○ | ● |
| Transocean Ltd | ● | ○ | ● | ○ | ○ | ● | ● |
| Tullow Oil PLC | ○ | ● | ● | ○ | ○ | ● | ● |
| Vallourec SA | ○ | ● | ○ | ● | ○ | ○ | ● |

*Internal reference*

To ensure internal alignment, an analysis is done on internal pay-ratios. These ratios are calculated as the total accounting costs of remuneration for each of the Management Board members expressed as a multiple of the average overall employee benefit expenses for a given year.

## 4. COMPOSITION OF THE REMUNERATION PACKAGE

The remuneration package consists of the following elements:

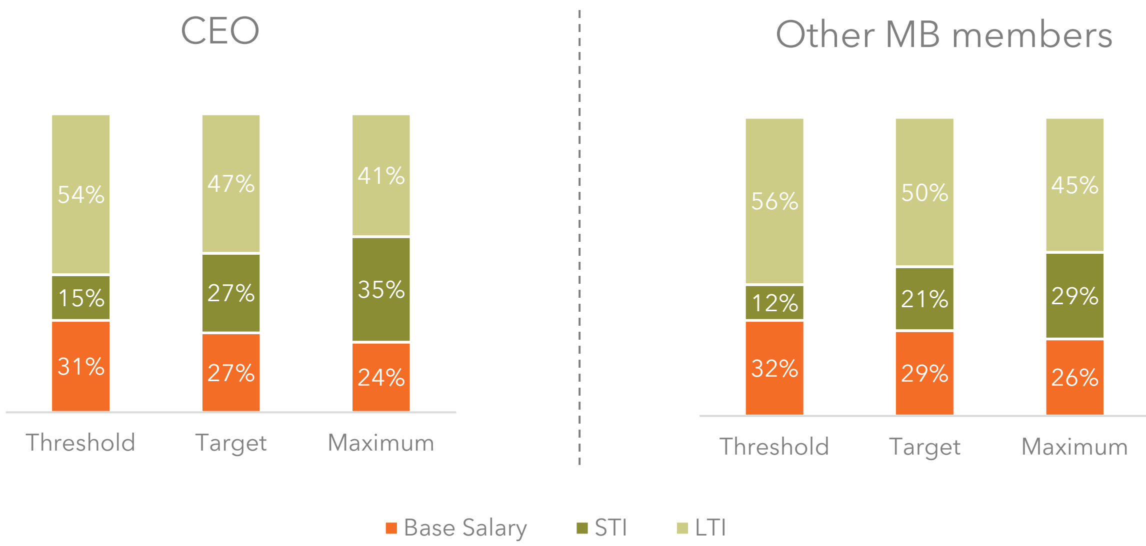
- Base Salary: fixed component paid in cash as a representation of complexity of position and strategic importance to the Company;
- Short-Term Incentive (STI): variable component paid in cash to create rigorous pay-for-performance relation through annual financial and non-financial targets for the respective performance year;
- Long-Term Incentive (LTI): variable component granted in shares to create direct alignment with long-term shareholder value through a grant of the Value Creation Stake including underpins;
- Other benefits and pensions: fixed component in line with Company policy.

### BASE SALARY

The Base Salary is set by the Supervisory Board and is a fixed component paid in cash. Depending on internal and external developments such as market movements, the Supervisory Board may adjust Base Salary levels.

## VARIABLE REMUNERATION

The proportion between the different remuneration elements strive for a remuneration package of which the majority is at stake, with an emphasis on long-term performance. The balance between the Base Salary and variable components is presented in the figure below. Threshold, target and maximum levels are included. For STI performance below threshold, no variable remuneration is paid out.




## SHORT-TERM INCENTIVE

*Objective and link to strategy*

The objective of the Short-Term Incentive (STI) is to provide a direct alignment of pay with short-term operational performance.

The Company's strategy revolves around the pillars of Optimize, Transform and Innovate. These pillars are reflected in the STI performance areas of (i) Profitability, (ii) Growth and (iii) Sustainability Performance. Through the STI performance areas, Management Board remuneration is directly linked to the success of the Company and the value delivered to shareholders. Sustainability is an integral part of our strategy, but explicitly expressed through the Sustainability performance area.

*Plan details*

The STI is an annual conditional cash award with performance measures to the respective financial year.

Underlying Directional EBITDA is used as an indicator of overall short-term Profitability. This indicator is used and understood across SBM Offshore and the primary operational driver of performance. Number of contracts position the Company to grow or Order Intake is used as an operational indicator of top line growth. Its relative weight for the STI pay-out is lower, as growth should never be at the detriment of value creation. Sustainability Performance combines safety, environmental and social performance to underline the responsibility in how SBM Offshore operates. These areas are composed by a combination of leading and lagging indicators and are to be selected each year by the Supervisory Board depending on measurability and priorities. Sustainability Performance includes safety performance and is expressed in specific targets for a number of United Nations' Sustainable Development Goals.

If the Supervisory Board determines that another measure would be more qualified as an indicator for Profitability, Growth or Sustainability Performance, it will account for this change in the Remuneration Report. Performance measures will never be adjusted retrospectively. The Supervisory Board may adjust the outcome of the STI downwards by 10% if the outcome is considered inappropriate. The Supervisory Board will account for any such downward adjustment at the next General Meeting of Shareholders and in the Remuneration Report.

| **Performance Measure** | **Weight** |
|---|---|
| Profitability | 40% - 60% |
| Growth | 20% - 40% |
| Sustainability performance | 15% - 25% |
| **Total** | **100%** |
| *Discretionary judgement SB* | *-10%* |

The Supervisory Board determines the specific performance targets for each of the performance measures in the beginning of the performance year. Targets are set to be challenging but achievable. At the end of the performance year, the performance is reviewed by the Supervisory Board and the pay-out level is determined. Both the details and the performance delivered on the pre-set targets are published in the Remuneration Report following the performance period.

The STI is payable after the approval by the Supervisory Board and the publication of the financial statements by the Company.

*Opportunity level*
The STI is set at a target level of 100% of the Base Salary for the CEO and 75% of the Base Salary for each of the other Management Board members. The threshold pay-out is at 0.5 times target and maximum pay-out will not exceed 1.5 times target. A linear pay-out line applies between threshold and maximum. Below threshold, the pay-out is zero.

## LONG-TERM INCENTIVE

*Objective and link to strategy*
The LTI aims to align the interests of the Management Board with the interests of stakeholders, which puts a strong focus on sustainable performance and long-term value creation. The choice of the LTI instrument is directly derived from the Company's core values *Ownership and Entrepreneurship*. The choice of instrument also incorporates the difficulty to establish meaningful absolute or relative long-term measures on which a more traditional LTI plan would be built.

The nature of our primary business is such that the period leading to a contract / construction is approximately two to four years, with Lease and Operate contracts typically lasting twenty years. Such long-term contracting processes and contracts often distinguishes the Company's performance from other offshore services companies whose performance is more short-term. Additionally, the Company's two primary business lines – Lease and Operate and Turnkey – tend to be offset in terms of revenue generation, making comparison with our performance to others in the industry less meaningful.

*Plan details*
Absent an underpin event, the Value Creation Stake is granted annually to each member of the Management Board and vests immediately. Granting and thus vesting of the Value Creation Stake is subject to the evaluation on a clearly defined and observable underpin. The underpin serves as a mechanism to ensure an acceptable threshold level of performance and avoid vesting in case of

circumstances as defined as underpin event. The underpin is evaluated each year at moment of vesting and in case the criteria are not met, the entitlement to the Value Creation Stake grant at that time will forfeit.

Two pillars have been defined when Supervisory Board is considering withholding the Value Creation Stake – in full or in part:

- Event(s) that threaten long-term continuity of the Company; and
- Where circumstances of the event(s) are/were within control of the incumbent Management Board.

These two pillars are the umbrella criteria: in case an event does not qualify under these pillars, the underpin test does not come into play. Underpins shall be assessed in determining the amount of LTI vesting in a year:

- Safety event resulting in the loss of multiple lives and/or significant oil damage to the environment and/or loss of an FPSO; and/or
- Compliance issue resulting in Company being unable to operate in one or more of its primary markets; and/or
- Significant project impairment due to insufficient oversight or gross negligence or deliberate omissions. This relates to large projects with a value exceeding US$1 bln.

In line with the long-term scope of the instrument, vested shares (net after tax and other deductions) are subject to a holding period five years after the grant date. After retirement or termination, the holding period will not be longer than two (2) years as from that date.

*Opportunity level*

The annual grant value for each of the Management Board members is 175% of Base Salary. The number of shares granted each year is determined using a volume weighted four-year average share price (VWAP).

## SHARE OWNERSHIP REQUIREMENTS

All members of the Management Board are required to build up a shareholding in the Company of at least 3.5 times their gross Base Salary. The value of the share ownership is determined annually at each date of grant.

## CLAW-BACK

A claw-back provision is included in the services contracts of the Management Board member enabling the Company to recover the STI and/or LTI on account of incorrect financial data.

## OTHER BENEFITS AND PENSIONS

Management Board members may be granted other specific benefits such as housing or travel allowance. The award of such benefits will be disclosed in the Remuneration Report.

The employer pension contribution is 25% of the Management Board member's gross Base Salary and regularly reviewed to be in line with market practice.

## 5. SERVICE AGREEMENTS

Each of the Management Board members has entered into a service contract with the Company, the terms of which have been disclosed in the explanatory notice for the General Meeting of Shareholders at which the Management Board member was appointed. Service contracts may be terminated by the Company with a notice period of six months and by the Management Board member with a notice period of three months. The service contract with a respective Management Board member will terminate in any event when the applicable statutory pension age is reached or when the Management Board member becomes entitled to payment of pension benefits, if applicable.

When recruiting a Management Board member from outside the Company, the Supervisory Board may grant a one-off payment to compensate for remuneration forfeited due to the transfer. This one-off payment is not higher than necessary and is submitted with the other conditions of the agreement to the General Meeting of Shareholders, as part of the nomination for appointment.

### SEVERANCE ARRANGEMENTS

The Supervisory Board will determine the appropriate severance payment for Management Board members in accordance with the relevant service contracts and the Dutch Corporate Governance Code. The current Dutch Corporate Governance Code provides that the severance payment will not exceed a sum equivalent to one times annual base salary. This also applies in a situation of a change in control.

### LOANS

SBM Offshore does not grant loans, advance payments or guarantees to its Management Board members.

## 6. DECISION MAKING PROCESS

This remuneration policy may only be amended by the General Meeting of Shareholders pursuant to a proposal of the Supervisory Board, with a majority of 75% of the votes present at the meeting. The role and responsibilities of the Appointment & Remuneration Committee (A&RC) regarding the remuneration policy and the execution thereof are described in the A&RC Rules, which are published on the Company website: https://www.sbmoffshore.com.

If the General Meeting of Shareholders does not approve the proposed amendments to the remuneration policy, the Company shall continue to remunerate in accordance with the existing approved remuneration policy and shall submit a revised policy for approval at the next General Meeting of Shareholders.

In exceptional circumstances only, the Supervisory Board may decide to derogate temporarily from the following elements of this remuneration policy: Short-Term Incentive, Long-Term Incentive, Other benefits, pensions and Severance Arrangements. A derogation for exceptional circumstances only covers situations in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. Such exceptional circumstances include, but are not limited to, situations such as the urgently required appointment of a Management Board member or the buy-out of remuneration forfeited on joining the Company to facilitate recruitment of new Management Board members, comprising cash or longer-term incentives. In such case, the Supervisory Board will account for this at the next General Meeting of Shareholders.