

Remuneration policy 2018

- *Highlights*

AGM, 11 April 2018

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- In general the current remuneration policy (RP2015) served SBM Offshore well but with SBM Offshore in its current state and a more positive market outlook a new, more sustainable, remuneration policy is called for

- The aim is to:
 - Remain competitive
 - Increase simplicity, clarity and transparency
 - Increase alignment with long-term value creation, through
 - Further focus on applying meaningful performance measures
 - Adjusting the remuneration structure and rebalancing its value



Peer group

Rationale

Peer group

Rem. elements

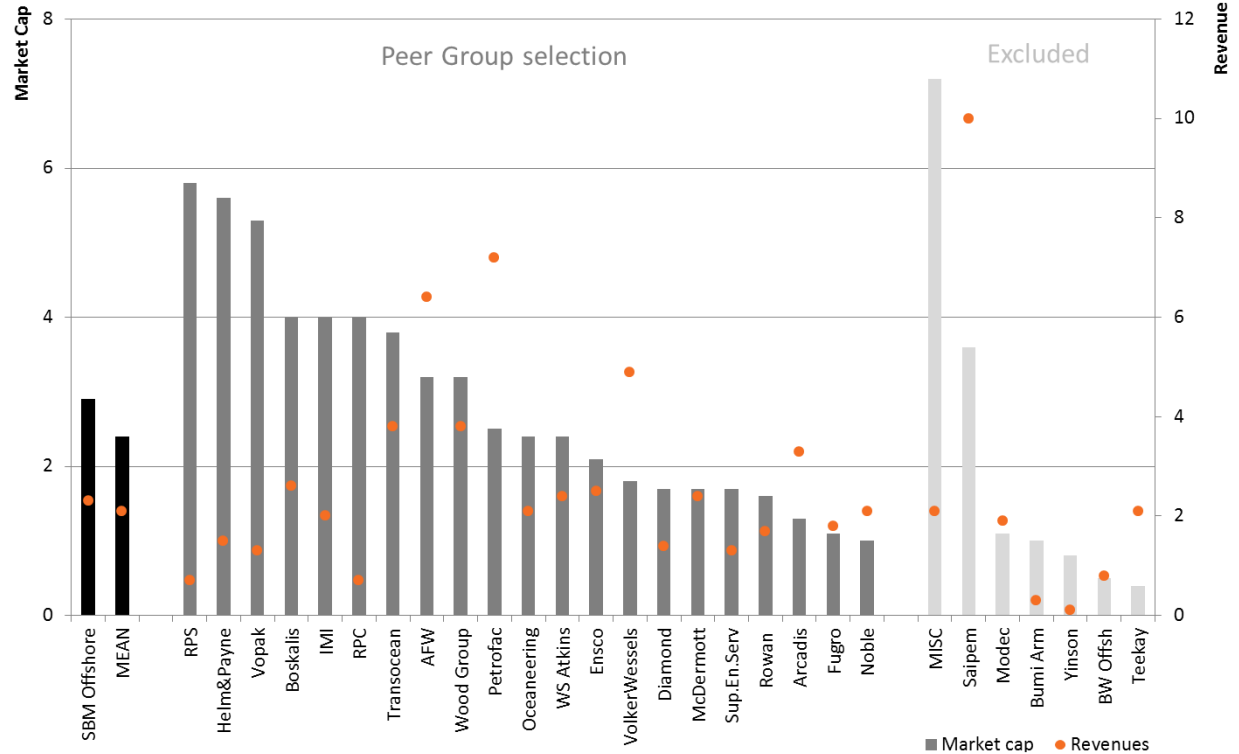
Perf. measures

Considerations

Summary

Industry comparison broadened from 14 to 21 companies

Higher accuracy performance benchmark





Remuneration elements



RP15

Comments

RP18

Base Salary

<ul style="list-style-type: none"> Competitive, not exceeding 3rd quartile 	<ul style="list-style-type: none"> Focus on both internal and external relativities Consideration for joint board decision-making responsibility and accountability Simultaneously, flexibility added to reflect competitive market rates per role 	<ul style="list-style-type: none"> Flat rate MB members
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Benefits

No material changes

LTI / VCS*

<ul style="list-style-type: none"> Grant expressed as percentage of share pool Vesting linked to performance criteria 3 year vesting period & 2 year holding after vesting Minimum shareholding of 300% CEO / 200% others 	<ul style="list-style-type: none"> Desire for a more simple and predictable instrument that creates (long term) undiversified share ownership 	<ul style="list-style-type: none"> Grant (of lock-in shares) expressed as % of base salary (leads to reduction in value) Immediate vesting plus 5 year holding requirement Minimum shareholding of 350% of base salary Award is conditional upon SB approval
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STI*

<ul style="list-style-type: none"> Collective and Individual targets CEO vs other MB members different ranges 10% CSR quality modifier 	<ul style="list-style-type: none"> (Only) Focus on key collective targets that predict long term success Consistent incentive ranges to further stimulate alignment 	<ul style="list-style-type: none"> Target types: Financial, Growth and Safety KPIs 10% discretionary power SB Maximum pay-out levels are reduced
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* Governance related claw-back and adjustment clauses will remain



Performance measures

Rationale

Peer group

Rem. elements

Perf. measures

Considerations

Summary

- Performance measures aim at simplicity & relevance in: Profitability, Growth, HSSE
- Weighting can be adjusted within a range to reflect priorities
 - Each weighting has a minimum to ensure meaningfulness

Performance measures	Weighting
Profitability	40% - 60%
Growth	20% - 40%
HSSE	15% - 25%
Total:	100%
<i>Discretionary judgement Supervisory Board</i>	<i>+/- 10%</i>

EBITDA indicates profitability and quality of execution (Turnkey as well as L&O)

FEEDs as indicator of future top-line growth (new FPSOs and the larger FLNG eg.)

HSSE performance (both leading and lagging indicators) as an indicator of quality of execution and operational discipline (our license to operate)

Due to the volatile nature of the industry, a judgmental modifier is applicable



- Top 3 considerations brought forward by investors and proxy agencies:
 1. Value of certainty in relation to the VCS
 - Consider that the VCS is 27% less than the three year historical pay-out of the LTI for the CEO
 - Consider that a rebalance of value took place from STI to VCS
 - maximum STI decreases from 200% to 150% for CEO
 2. Level of discretionary power of the Supervisory Board and the ability to avoid rewarding failure
 - Consider that adjustment of STI% and VCS% will still require AGM approval. Only base salaries can be adjusted within reason without prior AGM consultation
 - Consider that the Supervisory Board retains the discretion not to award the VCS
 3. Overall remuneration level
 - Consider that this is in essence a discussion on the peer group and that SBM Offshore and some proxy agencies differ on the relevance of partially taking US based companies into account



- The Supervisory Board is of the opinion that long term success of SBM Offshore is ultimately expressed as shareholder value

- With the considered changes to the current remuneration policy:
 - MB members are
 - more directly aligned with (other) shareholders, as holders
 - required to build and retain a larger pool of shares, for longer

 - The remuneration is
 - More predictable, less volatile while remaining significantly tied to performance metrics
 - Based on both internal and (more broadened) external relativities
 - More reflective of complexity of SBM Offshore's two different business lines

 - The policy itself is
 - More simple and transparent
 - In-line with existing Governance Codes
 - Inclusive of SB discretion and claw-back optionality