



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

3.4 REMUNERATION REPORT

In this report, the remuneration for the Management Board and Supervisory Board is described. The first part contains a description of the remuneration policy for the Management Board, how it was implemented for the Management Board members over 2021 and various other Management Board remuneration information. The second part describes the remuneration policy for the Supervisory Board and how it was implemented over 2021.

3.4.1 MANAGEMENT BOARD REMUNERATION POLICY

At the 2021 AGM, the Remuneration Policy 2022 (RP 2022) was adopted (90.98% in favor). This policy became effective January 1, 2022. Over 2021, the former policy, RP 2018, still applied. RP 2018 was adopted at the 2018 AGM and became effective January 1, 2018. Full details and the principles and rationale for the RP 2018 are available on SBM Offshore's website in the remuneration policy section under Corporate Governance Documents.

The Company remunerates members of the Management Board for long-term value creation. RP 2018 and RP 2022 are both based on competitive remuneration aligned with the long-term performance of SBM Offshore. It is built on six reward principles: simplicity, flexibility, predictability, competitiveness, alignment and, most importantly, driving the right results.

This remuneration report has been drafted in accordance with the EU Shareholder Rights' Directive (SRD II) as implemented in the Netherlands.

Explanation of RP 2018 and RP 2022

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. In executing our strategy we

are guided by our Core Values: Integrity, Care, Entrepreneurship and Ownership.

The underlying principles of the remuneration policy of the Management Board of SBM Offshore N.V. support the vision and ambition and aim for long-term value creation of the Company through the Value Creation Stake balanced with pay for performance through the Short-Term Incentive (STI). Sustainability¹¹ is an integral part of the STI performance areas (through Health, Safety, Security and Environment).

The Company's strategy is aimed at optimizing, transformation and innovation of SBM Offshore's business processes in order to grow in size and create value. This is reflected in the STI performance areas of Profitability, Growth and 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.

Employment conditions and pay of the Company's employees within SBM Offshore are being taken into account when formulating the remuneration policy, for instance through the internal pay-ratio analysis. Employment conditions 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. The principles of the remuneration policy are used as a guideline for employment conditions at SBM Offshore as a whole.

The four components of the remuneration package of Management Board members under RP 2018 and RP 2022 are: (1) Base Salary, (2) STI, (3) Value Creation Stake and (4) Pension and Benefits.

¹¹ In this report, the STI performance area 'HSSE' in RP 2018 is also referred to as 'Sustainability Performance'.

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REMUNERATION POLICY STRUCTURE MANAGEMENT BOARD

REMUNERATION POLICY		DETAILS
Base Salary	Fixed component	Level set based on both internal and external relativities
STI	Percentage of Base Salary as short term cash incentive (100% at target for CEO and 75% for other Management Board members)	Identical targets for all Management Board members (based on profitability, growth and sustainability performance)
Value Creation Stake	Award of locked-in shares: 175% of Base Salary	This award is conditional upon Supervisory Board approval – Immediate vesting plus 5-year holding requirement
Pension	Pension allowance equal to 25% of Base Salary	Management Board members are responsible for their own pension arrangements
Benefits	Benefits include car allowance and health/ life insurance	Other benefits depend on individual circumstances and may include a housing allowance

1. 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.

2. SHORT-TERM INCENTIVE

The STI is designed to create a rigorous pay for performance relationship and is a conditional variable component. The STI key performance indicators focus on three performance areas: (i) Profitability, (ii) Growth and (iii) Sustainability Performance. The Supervisory Board, upon the recommendation of the A&RC determines for each of the performance measures the specific performance targets and their relative weighting in the beginning of the financial year. The STI remains unchanged with the implementation of RP 2022.

STI	
PERFORMANCE MEASURES	WEIGHTING
PROFITABILITY	40 - 60%
GROWTH	20 - 40%
SUSTAINABILITY PERFORMANCE	15 - 25%
TOTAL	100%
DISCRETIONARY JUDGEMENT SUPERVISORY BOARD	- 10%

The three performance areas are specified as follows for RP 2018:

- Underlying and directional EBITDA is used as an indicator of overall short-term profitability.
- Order Intake and/or the number of FEEDs is used as an operational indicator of top line growth.
- Sustainability Performance include targets related to the UN Sustainable Development Goals.

If the Supervisory Board is of the opinion that another measure would be more qualified as an indicator for Profitability, Growth or Sustainability Performance, it will inform the shareholders in the remuneration report. Performance measures will never be adjusted retrospectively.

Performance ranges – threshold, targeted and maximum – are set for each of the key performance indicators. The STI is set at a target level of 100% of the Base Salary for the CEO and 75% of the Base Salary for any other member of the Management Board. 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. The Supervisory Board may adjust the outcome of the STI down by up to 10%, which adjustment will be reported on in the remuneration report.

At the end of the performance year, the performance is reviewed by the Supervisory Board and the pay-out level is determined. The performance measures, target setting, and realization are published in this remuneration report. For reasons of commercial and/or market sensitivity, these details are not published at the start of the performance period. In general, details regarding order intake will not be shared. The STI is payable in cash after the publication of the Annual Report for the performance year.

3. VALUE CREATION STAKE

The Value Creation Stake is an award of restricted shares to create direct alignment with long-term shareholder value. The awarded shares must be held for at least five years. After retirement or termination, the holding period will not be longer than two years. The gross annual grant value for each of the Management Board members is 175% of Base Salary. The number of shares is determined by a four-year average share price (volume-weighted). The Value Creation Stake has a variable element to the extent that the share price develops during the holding period. The Supervisory Board retains the discretion not to award the Value Creation Stake in case of an underpin event. RP 2022 introduces 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 Value Creation Stake 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 billion.

Prior to RP 2022 being adopted at the 2021 AGM, this underpin already became effective on January 1, 2021 and was applied to the award of 2021 Value Creation Stake.

All members of the Management Board are required to build up Company stock of at least 350% of Base Salary. The value of the share ownership is determined at the date of grant.

4. PENSION AND BENEFITS

In principle, the Management Board members are responsible for their own pension arrangements and receive a pension allowance equal to 25% of their Base Salary for this purpose.

The Management Board members are entitled to additional benefits, such as a company car allowance, medical and life insurance and (dependent on the personal situation of the Management Board member) a housing allowance.

KEY ELEMENTS EMPLOYMENT AGREEMENTS

Each of the Management Board members has entered into a four-year service contract with the Company, the terms of which have been disclosed in the explanatory notice of the General Meeting at which the Management Board member was (re-)appointed. Next to his service contract, Bruno Chabas has an employment contract with Offshore

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Energy Development Corporation S.A.M., in relation to a split pay-out of his remuneration.

Adjustment of remuneration and claw-back

The service contracts with the Management Board members contain an adjustment clause giving discretionary authority to the Supervisory Board to adjust the payment of the STI , if a lack of adjustment would produce an unfair or unintended result as a consequence of extraordinary circumstances during the period in which the performance criteria have been, or should have been achieved. However, the Supervisory Board has determined that upward adjustments will not be considered as part of RP 2018 based on shareholder feedback.

A claw-back provision is included in the services contracts enabling the Company to recover the Value Creation Stake, STI and/or LTI (as granted under RP 2015) on account of incorrect financial data.

Severance Arrangements

The Supervisory Board will determine the appropriate severance payment for Management Board members in accordance with the relevant service contracts and Corporate Governance Code. The current 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.

3.4.2 EXECUTION OF THE MANAGEMENT BOARD REMUNERATION POLICY IN 2021

The Supervisory Board is responsible for ensuring that the remuneration policy is appropriately applied and aligned with the Company's objectives. The remuneration level is determined by the Supervisory Board using a comparison with Dutch and international peer companies, as well as internal pay ratios across the Company.

REFERENCE GROUP

In order to determine a competitive Base Salary level and to monitor total remuneration levels of the Management Board, a reference group of relevant companies in the industry (the 'Reference Group') has been defined. Pay levels of the Management Board members are benchmarked annually to the Reference Group. In the event a position cannot be benchmarked within the Reference Group, the Supervisory Board may benchmark a position to similar companies. In 2021, the Reference Group consisted of:¹²

¹² Due to changes such as bankruptcy and delisting Noble Corporation and Superior Energy Services are no longer part of the reference group. In 2021 the reference group consisted of 12 companies. Under RP 2022, the reference group has changed. Please be referred to the policy text of RP 2022 for details.

Arcadis	IMI	RPS Group
Boskalis	Oceaneering International	Transocean
Fugro	Petrofac	Vopak
Helmerich & Payne	RPC Inc	Wood Group

Also in 2021, the Supervisory Board assessed the Management Board's remuneration in relation to the Reference Group's pay levels, revenue and market capitalization, mostly as part of the preparation of implementing RP 2022.

The final determination of pay levels for the Management Board also took into account various scenario analyses to assess the impact of different performance levels and share price developments on the total remuneration paid.

PAY RATIO

The Supervisory Board also includes internal pay ratios when assessing Management Board pay levels.¹³ Per 2021 , the Monitoring Committee of the Dutch Corporate Governance Code has set guidelines regarding the calculation of the internal pay ratio. In line with the guidelines, SBM Offshore has changed the calculation on two items: (i) contractors with an employment for at least 3 months are now included in the calculation and (ii) the average employee costs are calculated based on FTE

¹³ The pay-ratio is 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 and contractor expenses for a given year (excluding employees working for non consolidated JVs and associates).