



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

## 3 GOVERNANCE

### 3.4 REMUNERATION REPORT

In this report, the Remuneration for the Management Board and Supervisory Board are described. The first part contains a letter from the Chairman of the Appointment and Remuneration Committee ('A&RC') dealing with

remuneration matters, a description of the remuneration policy for the Management Board, how it was implemented for the Management Board members over 2019 and various other Management Board remuneration information. The second part describes the remuneration policy for the Supervisory Board and how it was implemented over 2019.

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#### Letter from the Chairman of the Appointment and Remuneration Committee dealing with Remuneration Matters

Dear reader,

2019 was a successful year for SBM Offshore. The Company is pursuing growth opportunities through the Fast4ward® program. Also, the Company continues to offer conversion hulls.

The Company continues to invest in technology to support society's growing demand for renewable energy sources and a less carbon dependent world. SBM Offshore is developing concepts in floating wind and wave energy conversion as well as pursuing internal initiatives for sustainability. SBM Offshore aims to play an important role in transitioning energy towards cleaner sources such as gas and more renewable forms of energy.

The Company remains committed to protecting the environment and the safety of our people. Examples of 2019 environmental achievements include the purchasing of 91% of our energy in offices from green providers, having 99% of qualified vendors sign our Supply Chain Charter, reducing offshore waste by 22% and implementing a re-cycling program in all our offices. We protect our people through process safety as well as rigorous occupational safety programs. Sadly, in 2019 a contracted diver was fatally injured. We are pursuing lessons learned to prevent such an incident from occurring in the future. As a consequence of this fatal injury, we failed to meet an objective for personal safety.

The Company's financial results underline SBM Offshore's successful year. Underlying EBITDA increased by 6% to US\$832 million compared to 2018. The Company awarded contracts for three Fast4ward hulls and committed to another two hulls. The Company won a 22.5 year Lease and Operate contract for the FPSO *Seppetiba* (formerly known as Mero 2), and the FEED for the Payara development. Additionally, the Company completed a EUR175 million share repurchase program followed by a cancellation of 7,000,000 shares.

The Company reached out to key stakeholders as part of its regular communication plan. Key stakeholders include employees, customers, suppliers, banks and shareholders. We recently visited our shareholders representing approximately 50% of our share base, in addition to other groups noted above to engage about the social acceptance of our programs. Generally, there appears to be broad understanding and acceptance. Some common themes or questions include the following topics.

- At the 2018 AGM, shareholders expressed dissatisfaction with the Supervisory Board granting a 10% uplift for Management Board members for Short Term Incentive achievements in 2018. Taking this feedback into consideration, the Supervisory Board decided not to increase future Short Term Incentive awards but may decrease awards.
- Shareholders also desire to understand the underpins, being the conditions under which the Value Creation Stake (VCS) may be reduced or not granted. The Supervisory Board clarifies that any event significantly impacting the financial or operational performance of the Company may serve as an underpin.
- Shareholders want to understand the relationship between the Value Creation Stake and Company performance. There is a strong correlation between share price and the Value Creation Stake. Thus, the Value Creation Stake serves to strongly align the Management Board with shareholders. Additional details and information can be found in section 3.4.1 of this report.
- Some stakeholders raised questions about the quantum of the Management Board's remuneration. The Supervisory Board regularly monitors the international competitive landscape within which we compete for talent. Our remuneration programs must be competitive with international oil service companies. The Supervisory Board intends to maintain SBM Offshore's competitive practices.

The overall quantum under RP 2018's STI and Value Creation Stake as a percentage of base pay is lower compared to the levels as paid out under RP 2015's STI and LTI.

The Company's remuneration policy aligns the interests of Management Board members with shareholders with Short Term Incentive performance measures and the significant alignment between share price movement and the Value Creation Stake. The Short Term Incentive performance measures – EBITDA, Growth, and HSSE are based on key success factors for the Company. The longer-term variable remuneration component Value Creation Stake must be held for five years or two years after separation from the Company and tightly aligns the Management Board with shareholders.

The Supervisory Board remains committed to relevant and clear remuneration in line with best international practices. We are providing additional information in this report to improve transparency. I look forward to discussing the remuneration policy, actual remuneration as well as any other questions arising from this report at the 2020 AGM.

Cheryl Richard

Chairman of the Appointment and Remuneration Committee dealing with Remuneration Matters

### 3.4.1 MANAGEMENT BOARD REMUNERATION POLICY

The current version of the remuneration policy ('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.

The Company remunerates members of the Management Board for long-term value creation. RP 2018 is 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.

#### Shareholders' Rights Directive and proposal for amendment to RP 2018

In December 2019, new legislation entered into force, implementing the EU Shareholders' Rights Directive (SRD II) in the Netherlands. During the AGM 2020, we will present to shareholders changes to RP 2018 to bring the policy into accordance with the new legislation. The details of these changes will be included in the agenda of the AGM 2020.

Also in accordance with the implementation of SRD II, this Remuneration Report contains additional disclosures with regard to Management Board remuneration at SBM Offshore.

#### Explanation of RP 2018

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. We share our experience to make it happen. The remuneration policy encourages a culture of

long-term value creation and a focus on the long-term sustainability of the Company through the Value Creation Stake balanced with pay for performance through the Short-Term Incentive (STI). Sustainability is an integral part of the STI performance areas (through Health, Safety, Security and Environment). SBM Offshore's values of Ownership and Entrepreneurship are embedded in the remuneration policy through alignment of interests of the Management Board with shareholders by means of the Value Creation Stake.

The Company's strategy revolves around the pillars of Optimize, Transform and Innovate. These pillars are reflected in the STI performance areas of Profitability, Growth and HSSE (which includes Sustainability). 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 regarding the STI performance areas and payment dates. Employment conditions for Management Board members may differ from those applicable to employee, 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 are: (1) Base Salary, (2) STI, (3) Value Creation Stake and (4) Pension and Benefits.

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#### REMUNERATION POLICY STRUCTURE MANAGEMENT BOARD

##### REMUNERATION POLICY 2018

##### 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 HSSE including sustainability)

##### 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) HSSE<sup>28</sup>. 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.

#### STI

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

<sup>28</sup> Health, Safety, Security, Environment

The three performance areas are specified as follows:

- Underlying and 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.
- Order Intake and/or the number of FEEDs is used as an operational indicator of top line growth. Its relative weight for the STI payout is lower, as growth should never be at the detriment of profitability.
- HSSE performance combines key performance areas to ensure discipline in how SBM Offshore operates. These areas are composed by a combination of leading and lagging indicators, to be selected by the Supervisory Board each year depending on measurability and priorities.

If the Supervisory Board is of the opinion that another measure would be more qualified as an indicator for profitability, growth or HSSE, 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 appreciates that transparency and accountability require a precise STI measurement. Therefore, the Supervisory Board will no longer apply discretion to increase the outcome of the STI. The Supervisory Board may still 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

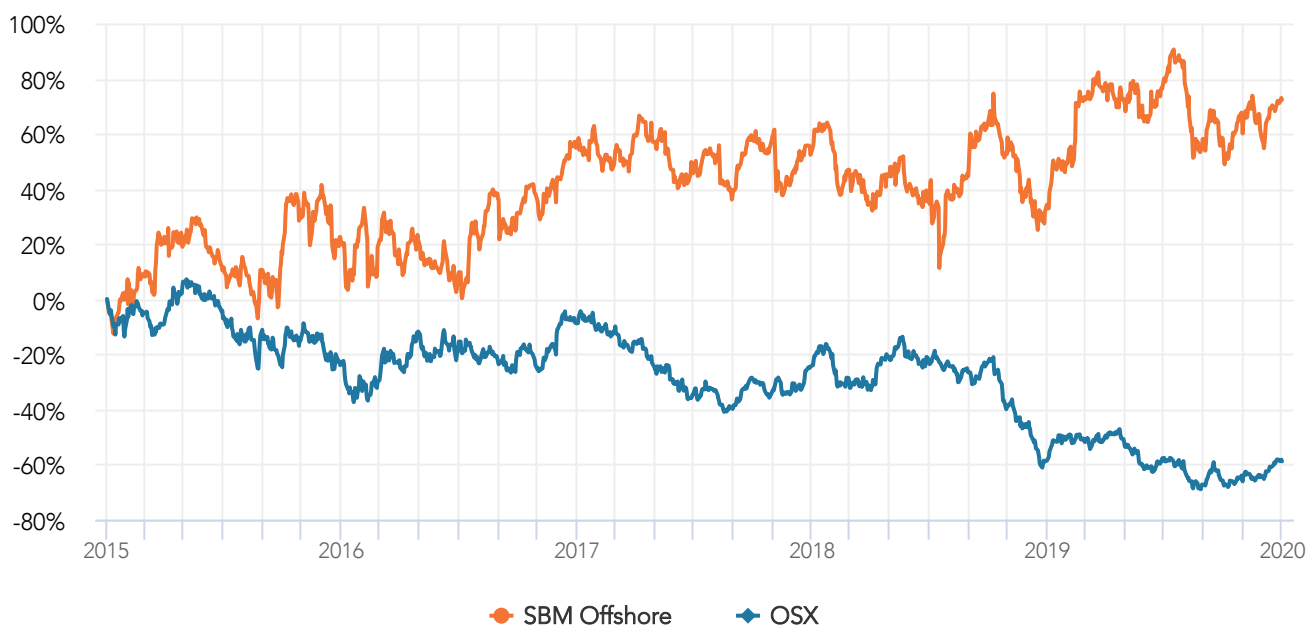
The Value Creation Stake is an award of restricted shares to create direct alignment with long-term shareholder value. The awarded shares must be held for at least five years. After retirement or termination, the shares cannot be sold for the duration of two years. The gross annual grant value for each of the Management Board members is 1.75 times 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 exceptional market or business circumstances ('underpin').

The Supervisory Board determined to award restricted shares through the Value Creation Stake due to the difficulty in establishing meaningful relative long-term measures in the market SBM Offshore is active in. This difficulty arises from the nature of our primary business where 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 disconnect 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 it complicated to compare our performance to others in the industry.

The below graph illustrates disconnect of the share price performance of SBM Offshore compared to the Offshore Services Industry (OSX) over the past five years.

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OSX versus SBM Offshore 2015-2019



For these reasons, establishing a set of realistic, robust and stretching long-term financial targets via a Long-Term Incentive (LTI) plan has proven to be very challenging. Since there is a strong connection between pay in the form of shares and performance in the form of shareholder value, the Value Creation Stake creates full alignment with shareholders, and rewards long-term Company performance. The Supervisory Board considers the Value Creation Stake as the most appropriate way to align the remuneration for management with the interests of shareholders.

All members of the Management Board are required to build up Company stock of at least 3.5 times their gross base salary. The value of the share ownership is determined at the date of grant.

#### 4. PENSION AND BENEFITS

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 of Shareholders at which the Management Board member was (re-)appointed.

#### 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 upwards or downwards the payment of the STI and LTI (as granted under RP 2015), 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 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.

### 3.4.2 EXECUTION OF THE MANAGEMENT BOARD REMUNERATION POLICY IN 2019

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

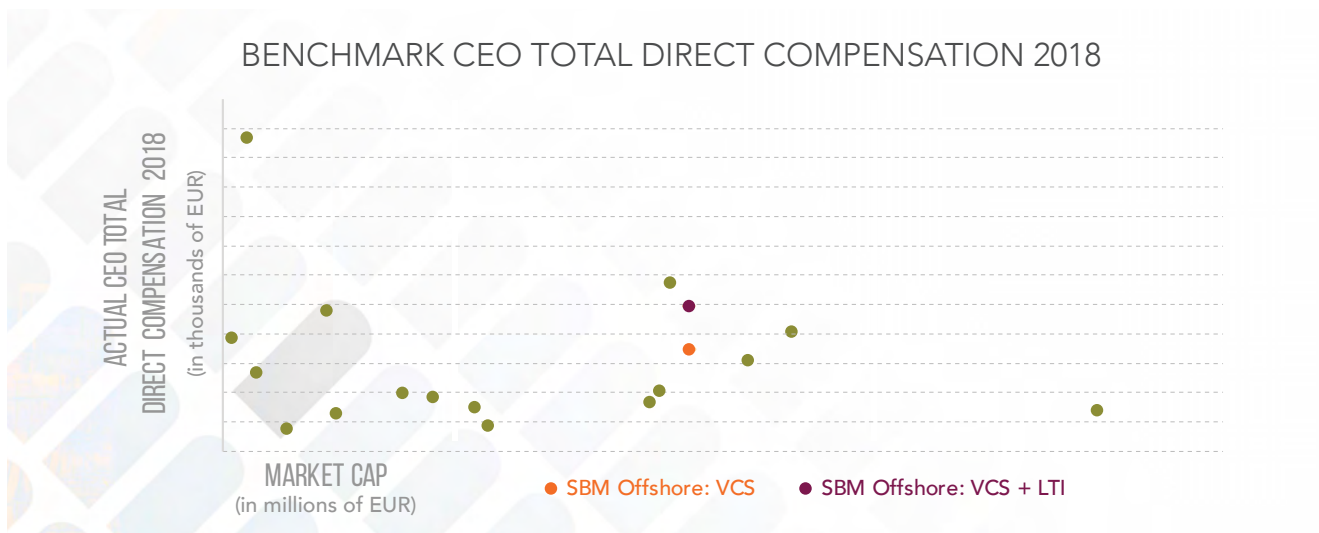
Board, a reference group of relevant companies in the industry (the 'Reference Group') has been defined. Pay levels of the Management Board members are benchmarked annually to the Reference Group. In the event a position cannot be benchmarked within the Reference Group, the Supervisory Board may benchmark a position to similar companies. In 2019, the Reference Group consisted of:<sup>29</sup>

<sup>29</sup> Due to changes such as mergers and delisting, Amec Foster Wheeler, EnSCO, Rowan Companies, RPS Group and WS Atkins are no longer part of the reference group. The reference group currently exists of 16 companies.

Arcadis	McDermott International	Transocean
Boskalis	Noble Corporation	Volker Wessels
Diamond Offshore Drilling	Oceaneering International	Vopak
Fugro	Petrofac	Wood Group
Helmerich & Payne	RPC Group	
IMI	Superior Energy Services	

Also in 2019, the Supervisory Board assessed the Management Board's remuneration in relation to the Reference Group's pay levels, revenue and market capitalization. An example of the Supervisory Board's analysis as performed by an independent consultant are

shown in the graph below. The graph compares the same variables at actual pay levels for the year 2018. This is one year only and actual remuneration can – and should – vary from year-to-year.

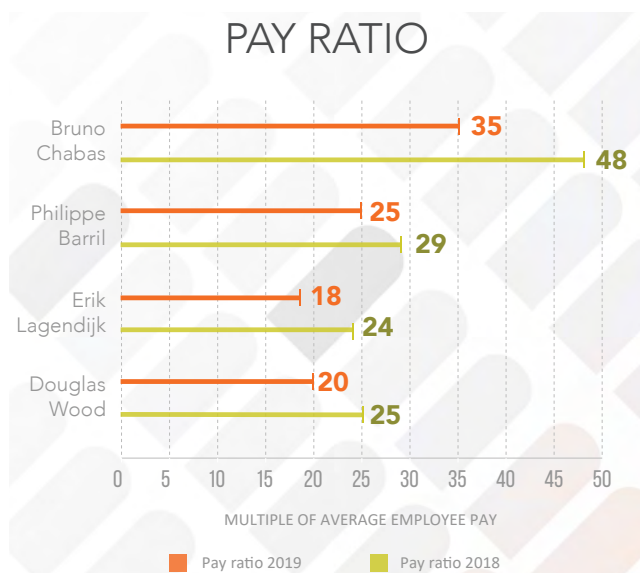


The final determination of pay levels for the Management Board also took into account various scenario analyses to assess the impact of different performance levels and share price developments on the total remuneration paid.

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#### PAY RATIOS

The Supervisory Board also includes internal pay ratios when assessing Management Board pay levels.<sup>30</sup> In 2019, the average total employee expenses was EUR117 thousand. The pay-ratio's of each of the Management Board members over 2019 and 2018 are displayed in the following graph.



<sup>30</sup> 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 expenses as of December 31, 2019, using each employee grade level in countries where the Company has a material presence (as presented in note 4.3.6 to the consolidated financial statements).

#### TOTAL REMUNERATION OVERVIEW

The table below provides you with insight in the costs for SBM Offshore for Management Board reward in 2019. The table below presents an overview of the remuneration of the Management Board members who were in office in 2019. The proportional costs of the former Long-Term Incentive (LTI) 2017-2019 program (under RP 2015) are included in this table. It is important to note that the former LTI program has a delay in vesting. This means that Management Board members do not receive any shares in the first three years after award. With the adoption of RP 2018, the LTI was replaced by the Value Creation Stake which vests upon award. As a result, both the former LTI and the Value Creation Stake are reporting in this table.

	Bruno Chabas		Philippe Barril		Erik Lagendijk		Douglas Wood		Total	
in thousands of EUR <sup>1</sup>	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Base salary	800	800	634	551	450	450	484	450	2,368	2,251
STI	916	1,165	544	601	386	491	415	491	2,261	2,748
Value Creation Stake	1,372	1,508	1,134	1,038	772	848	845	848	4,122	4,244
Pensions	245	245	158	138	113	113	121	113	637	608
Other	165	165	147	146	39	38	41	39	392	389
<b>Total Remuneration</b>	<b>3,498</b>	<b>3,883</b>	<b>2,617</b>	<b>2,475</b>	<b>1,760</b>	<b>1,940</b>	<b>1,906</b>	<b>1,941</b>	<b>9,780</b>	<b>10,239</b>
LTI (RP 2015) <sup>2</sup>	630	1,470	325	740	325	712	419	836	1,699	3,758
<b>Total Remuneration including LTI</b>	<b>4,128</b>	<b>5,353</b>	<b>2,942</b>	<b>3,215</b>	<b>2,085</b>	<b>2,652</b>	<b>2,325</b>	<b>2,778</b>	<b>11,479</b>	<b>13,997</b>
in thousands of US\$	4,621	6,321	3,293	3,796	2,334	3,132	2,603	3,281	12,851	16,530

<sup>1</sup> Peter van Rossum retired as Management Board member during the extraordinary meeting of shareholders of November 30, 2016 and his contract ended at the Annual General Meeting of April 13, 2017. There is a minor adjustment to prior year LTI expenses related to Peter van Rossum in 2019.

<sup>2</sup> LTI (RP 2015) expenses are inclusive of expenses related to sign-on RSUs.

#### 1. BASE SALARY

As part of the re-appointment of Philippe Barril during the 2019 Annual General Meeting, it was resolved to increase his Base Salary from EUR551 thousand to EUR664 thousand effective from January 1, 2019. In August 2019, the A&RC performed a benchmark analysis for the reward level of the CFO. For this, the A&RC engaged an external reward firm, who produced a detailed report. The Supervisory Board resolved to increase Douglas Wood's Base Salary to EUR518 thousand effective from July 1, 2019. The 2019 and 2018 Base Salary levels are shown both in the table at the

beginning of section: Management Board Remuneration in 2019 and in the table Remuneration of the Management Board by member in section 3.4.3.

#### 2. SHORT-TERM INCENTIVE

For 2019, the Supervisory Board set the following performance measures and corresponding weighting, which led to the following performance realization. For full details regarding the performance under the STI, please refer to the Performance STI 2019 table in section 3.4.3.



## PERFORMANCE REALIZATION\*

	PERFORMANCE MEASURE	RELATIVE WEIGHTING	WEIGHTED PERFORMANCE
<b>PROFITABILITY</b>	EBITDA, underlying & directional	50%	75%
<b>GROWTH</b>	Order intake FPSO, TMS and #FEED	30%	28%
<b>HSSE</b>	HSSE=Fleet significant deviations, TRIFR and SDG target completion	20%	12%
<b>TOTAL</b>		100%	115%

\*The weighted performance percentages in this graph relate to the CEO. For other Management Board members the performance is 75% thereof.

Underlying directional EBITDA resulted in US\$832 million against target level of US\$750 million. Order intake related to new projects (FPSO, Turret Mooring Systems and FEEDs). Two FPSO contracts were secured. For reasons of commercial sensitivity, no details about the further order intake achievements are disclosed. Regarding the HSSE targets and Process Safety, a leading indicator measured by Fleet Significant Deviations (50% Reduction vs. 2018 YE baseline), scored above maximum. As a result of the fatal injury in 2019, TRIFR contributes for 0%. A TRIFR score of 0.13 was achieved. Since flaring reduction and plastic waste reduction scored below the ambition level, the SDGs also did not contribute to the STI.

### 3. VALUE CREATION STAKE

The Supervisory Board decided to grant the Value Creation Stake for 2019 to the Management Board members in accordance with RP 2018. The 2019 Value Creation Stake award for Philippe Barril and Douglas Wood respectively were adjusted due to their Base Salary increase per January 1, 2019 and July 1, 2019 respectively. As per RP 2018, the granted Value Creation Stake vests immediately. The gross annual value for each of the Management Board members is 175% of base salary. The number of shares was based on the four year average share price (volume weighted) at the date of the respective grant. The cost of the granted Value Creation Stake is included in the table at the beginning of this section 3.4.2. The number of shares vested under the Value Creation Stake can be found in section 3.4.3 of this

Remuneration Report under Conditions of and information regarding share plans.

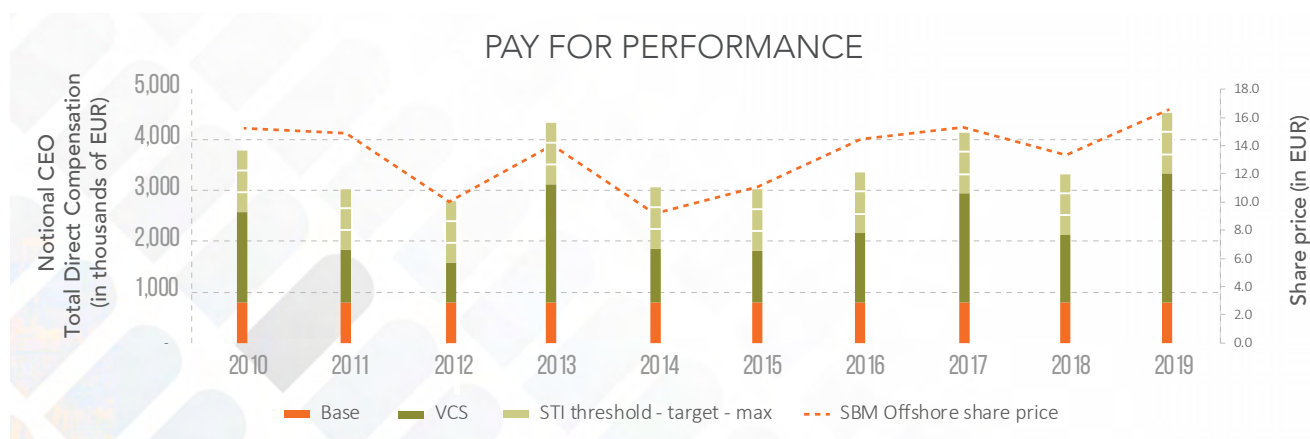
The actual shareholdings of the Management Board members per the end of 2019, in which only conditional shares are taken into account, can be found at the end of the Overview Share-Based Incentives (section 3.4.3). This overview also includes the number of conditionally granted and/or vested shares in the last few years.

### Pay for Performance

In 2019, the Supervisory Board performed an analysis through an independent third-party consultant to evaluate the relationship between the Company's performance and the Management Board's remuneration package. The Supervisory Board chose a methodology that is based on mandatory UK disclosure requirements. To test the long-term relationship, the assumption was taken that RP 2018 had been effective since 2009. For each year, the components include: (i) Base salary as applied in 2019, (ii) STI percentages as applied in 2019 – minimum and maximum policy level, (iii) Value Creation Stake percentages as applied in 2019 – as this is an equity instrument, the value includes share price development over the previous five years (total lock-in period).

Since approximately half the remuneration package of Management Board members consists of share-based remuneration, the analysis shows a high degree of alignment with the share price.

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From this analysis, the Supervisory Board concluded that remuneration practices under RP 2018 provides strong long-term alignment between the Management Board and shareholders.

#### 4. LONG-TERM INCENTIVE UNDER REMUNERATION POLICY 2015 (RP 2015)

RP 2015 was applicable from 2015 until 2018 and included a LTI scheme. Further details on the LTI are available in the 2014 Annual General Meeting section on SBM Offshore’s website and in the Remuneration Report 2017. The last LTI program (LTI 2017-2019) was granted in 2017 and ended in 2019.

##### LTI 2017-2019

The 2017-2019 LTI program that was granted in 2017 contained two Performance Indicators: Directional Underlying Earnings Per Share (relative weighting 60%) and Relative Total Shareholder Return (TSR) (relative weighting 40%).

The Supervisory Board, upon the recommendation of the A&RC, assessed the delivered results and concluded that the results for both the Underlying Earnings Per Share and the Relative TSR were realized at maximum. The costs for the Company regarding the LTI 2017- 2019 in 2019 can be found in the table at the beginning of this section 3.4.2.

The 2016 – 2018 LTI program under RP 2015 concluded on December 31, 2018. The value earned related to 2016-2018 only. However, the last portion of the LTI program 2016-2018 under RP 2015 vested in 2019. No additional LTI performance cycles or shares were initiated.

##### Shareholding requirement Management Board

The following table contains an overview of shares held in SBM Offshore N.V. by members of the Management Board per December 31, 2019.

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2019	Total shares at 31 December 2018
Bruno Chabas	368,448	607,462	975,910	793,588
Philippe Barril	278,428	-	278,428	165,047
Erik Lagendijk	143,984	-	143,984	69,351
Douglas Wood	115,614	-	115,614	33,924
	<b>906,474</b>	<b>607,462</b>	<b>1,513,936</b>	<b>1,061,910</b>

Except for Douglas Wood, all Management Board members met the share ownership requirement, which is set at an equivalent of 350% of base salary.

Section 3.4.3 contains more information about the (historical) share plans for the Management Board.

#### 5. PENSIONS AND BENEFITS

Management Board members received a pension allowance equal to 25% of their base salary. In case these payments are not made to a qualifying pension fund, Management Board members are individually responsible for the contribution received and SBM Offshore withholds

wage tax on these amounts. A pension arrangement (defined contribution) is in place for the CEO and its costs are included in the table at the beginning of this section 3.4.2.

The Management Board members received several allowances in 2019, including a car allowance and a housing allowance (Bruno Chabas and Philippe Barril). The value of these elements is included in the table at the beginning of this section 3.4.2 and in section 3.4.3.

### 3.4.3 OTHER REMUNERATION INFORMATION

In this section, various new tables are included, in compliance with the implementation of the EU Shareholders' Rights Directive into Dutch law. These tables are designed to increase transparency and accountability for the execution of the RP 2018 and aim to allow shareholders, potential investors and other stakeholders to better assess Management Board remuneration.

#### Overview share based incentives

The following table represents the movements during 2019 of all unvested shares (the total number of vested shares

held by Management Board members are reported in section 3.4.2 under Shareholding requirement Management Board). Unvested Long-Term Incentive (LTI) shares in the columns Outstanding at the beginning and/or end of the year, are reported at the Target LTI numbers. The actual vesting hereof in the year are shown for the actual number as per the outcome of the performance criteria and as per the relevant Remuneration Policy. As at December 31, 2019 the following share-based incentives are outstanding:

	Outstanding at the beginning of 2019	Granted	Vested	Outstanding at the end of 2019	Status at the end of 2019	Vesting date	End of blocking period	Fair value of share at the grant date – €	Fair value of the TSR component – €
<b>Bruno Chabas – CEO</b>									
2016 LTI	84,678	-	163,632	-	vested	2019	2021	11.91	19.92
2017 LTI	80,817	-	-	80,817	conditional	2020	2022	14.31	19.62
	<b>165,495</b>	-	<b>163,632</b>	<b>80,817</b>					
<b>Philippe Barril – COO</b>									
2016 LTI	56,452	-	82,781	-	vested	2019	2021	11.91	15.50
2017 LTI	53,878	-	-	53,878	conditional	2020	2022	14.31	15.54
	<b>110,330</b>	-	<b>82,781</b>	<b>53,878</b>					
<b>Erik Lagendijk – CGCO</b>									
2016 LTI	56,452	-	82,781	-	vested	2019	2021	11.91	15.50
2017 LTI	53,878	-	-	53,878	conditional	2020	2022	14.31	15.54
	<b>110,330</b>	-	<b>82,781</b>	<b>53,878</b>					
<b>Douglas Wood – CFO</b>									
Restricted shares <sup>1</sup>	30,000	-	30,000	-	vested	2019	2021	12.71	
2016 LTI	42,339	-	62,086	-	vested	2019	2021	11.91	15.50
2017 LTI	53,878	-	-	53,878	conditional	2020	2022	14.31	15.54
	<b>126,217</b>	-	<b>92,086</b>	<b>53,878</b>					
<b>Peter van Rossum – former CFO</b>									
2016 LTI	56,452	-	35,257	-	vested	2019	2021	11.91	15.50
2017 LTI	5,238	-	-	5,238	conditional	2020	2022	14.31	15.54
	<b>61,690</b>	-	<b>35,257</b>	<b>5,238</b>					

<sup>1</sup> These shares were awarded to Douglas Wood as compensation for the loss of variable remuneration entitlements and other benefits in his previous employment, and have been reported to the EGM on 30 November 2016 in Agenda item 1.

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#### Conditions of and information regarding share plans

The following table includes further details regarding the various (historical) share plans, including the changes throughout 2019.

The main conditions of share award plans					Information regarding the reported financial year				
Specification of plan	Performance period <sup>3</sup>	Grant date	Vesting date(s)	End of retention period	Opening balance <sup>1</sup>	During the year		Closing balance <sup>2</sup>	
					Shares held at the beginning of the year	Shares granted (# / EUR x 1,000)	Shares vested (# / EUR x 1,000)	Shares subject to a performance condition <sup>4</sup>	Shares subject to a retention period
<b>Bruno Chabas, CEO</b>									
2014 LTI	2014-2016	06-02-2014	06-04-2017	06-04-2019	168,435	0 / 0	0 / 0	-	-
2015 LTI	2015-2017	27-03-2015	11-04-2018	11-04-2020	108,724	0 / 0	0 / 0	-	108,724
2016 LTI	2016-2018	10-03-2016	09-04-2019	09-04-2021	169,356	0 / 0	163,632 / 2,795	-	108,279
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	161,634	0 / 0	0 / 0	161,634	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	77,402	0 / 0	0 / 0	-	77,402
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	-	108,320 / 1,372	108,320 / 1,372	-	74,043
<b>Philippe Barril, COO</b>									
Restricted Shares	N/A	01-03-2015	01-03-2018	01-03-2020	46,604	0 / 0	0 / 0	-	46,604
2015 LTI	2015-2017	27-03-2015	11-04-2018	11-04-2020	65,151	0 / 0	0 / 0	-	65,151
2016 LTI	2016-2018	10-03-2016	09-04-2019	09-04-2021	84,678	0 / 0	82,781 / 1,414	-	54,778
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	80,817	0 / 0	0 / 0	80,817	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	53,292	0 / 0	0 / 0	-	53,292
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	-	74,578 / 945	74,578 / 945	-	50,978
Additional Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	-	11,218 / 189	11,218 / 189	-	7,625
<b>Erik Lagendijk, CGCO</b>									
2015 LTI	2015-2017	27-03-2015	11-04-2018	11-04-2020	35,427	0 / 0	0 / 0	-	35,427
2016 LTI	2016-2018	10-03-2016	09-04-2019	09-04-2021	84,678	0 / 0	82,781 / 1,414	-	42,122
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	80,817	0 / 0	0 / 0	80,817	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	33,924	0 / 0	0 / 0	-	33,924
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	-	60,930 / 772	60,930 / 772	-	32,511

1 Opening balance consists of both shares held and unvested grants for conditional plans at assumed maximum target.

2 Closing balance consists of the full grant and vesting of the relevant plan, including any sell-to-cover performed to compensate a wage tax impact.

3 Performance period always refers to a full year

4 All the shares subject to a performance condition are granted and unvested at year-end.

The main conditions of share award plans					Information regarding the reported financial year				
Specification of plan	Performance period <sup>3</sup>	Grant date	Vesting date(s)	End of retention period	Opening balance <sup>1</sup>	During the year		Closing balance <sup>2</sup>	
					Shares held at the beginning of the year	Shares granted (# / EUR x 1,000)	Shares vested (# / EUR x 1,000)	Shares subject to a performance condition <sup>4</sup>	Shares subject to a retention period
<b>Douglas Wood, CFO</b>									
Restricted Shares	N/A	01-10-2016	01-10-2019	01-10-2021	30,000	0 / 0	30,000/ 456	-	15,265
2016 LTI	2016-2018	10-03-2016	09-04-2019	09-04-2021	63,509	0 / 0	62,086/ 1,060	-	31,591
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	80,817	0 / 0	0 / 0	80,817	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	33,924	0 / 0	0 / 0	-	33,924
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	-	60,930/ 772	60,930/ 772	-	32,511
Additional Value Creation Stake 2019	N/A	01-07-2019	01-07-2019	01-07-2024	-	4,354/ 73	4,354/ 73	-	2,323
<b>Peter van Rossum, former CFO</b>									
2016 LTI	2016-2018	10-03-2016	09-04-2019	09-04-2021	84,678	0 / 0	35,527/ 607	-	31,580
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	7,857	0 / 0	0 / 0	7,857	-
					<b>1,551,724</b>	<b>320,330/ 4,122</b>	<b>777,137/ 11,868</b>	<b>411,942</b>	<b>938,054</b>

1 Opening balance consists of both shares held and unvested grants for conditional plans at assumed maximum target.

2 Closing balance consists of the full grant and vesting of the relevant plan, including any sell-to-cover performed to compensate a wage tax impact.

3 Performance period always refers to a full year

4 All the shares subject to a performance condition are granted and unvested at year-end.

### Remuneration of the Management Board by member in thousands of EUR:

The purpose of this table is to show actual total remuneration of Management Board members during the reported financial year and shows the STI 2019 and the LTI 2016-2018 (which vested in 2019). The relative proportion of fixed and variable remuneration in the reported financial year is also presented, whereas for the purpose of this table, the Value Creation Stake is earmarked as variable remuneration. The total remuneration in 2019 is impacted by the vesting of both the 2016-2018 LTI cycle, granted in 2016, as well as the Value Creation Stake, granted in 2019. The total remuneration in 2018 is simultaneously impacted

by the 2015-2017 LTI cycle, granted in 2015, and the Value Creation Stake, granted in 2018. The last LTI program (the 2017-2019 cycle) will vest in 2020.

This table is included to comply with Dutch law. It is in line with the current draft Guidelines on the Standardized Presentation of the remuneration report as regards the encouragement of long-term shareholder engagement. Since this table includes former LTI programs, the total remuneration is impacted by the vesting of two separate programs.

### 3 GOVERNANCE

Name of Director, Position	Year	Fixed remuneration		Variable remuneration							Proportion of fixed and variable remuneration
		Base salary	Other benefits	STI <sup>1</sup>	STI Matching Shares	LTI	Value Creation Stake <sup>2</sup>	Extra-ordinary Items <sup>3</sup>	Pension expense	Total remuneration	
Bruno Chabas, CEO	2019	800	165	916	-	2,795	1,372	-	245	6,293	19% / 81%
	2018	800	165	1,165	481	1,673	1,508	-	245	6,037	20% / 80%
Philippe Barril, COO	2019	634	147	544	-	1,414	1,134	-	158	4,030	23% / 77%
	2018	551	146	601	-	929	1,038	696	138	4,100	20% / 80%
Erik Lagendijk, CGCO	2019	450	39	386	-	1,414	772	-	113	3,174	19% / 81%
	2018	450	38	491	-	929	848	-	113	2,869	21% / 79%
Douglas Wood, CFO	2019	484	41	415	-	1,060	845	456	121	3,422	19% / 81%
	2018	450	39	491	-	-	848	-	113	1,941	31% / 69%
Peter van Rossum, former CFO	2019	-	-	-	-	607	-	-	-	607	0% / 100%
	2018	-	-	-	170	709	-	-	-	878	0% / 100%

1 STI based on accrual accounting, taking into consideration that this reflects the STI to be paid over the performance of that year.

2 The Value Creation Stake does not meet the definition of either fixed or variable remuneration, but for the proportion is considered variable.

3 The extra-ordinary items consist of the sign-on RSUs granted to the Management Board member upon joining the Company.

#### Comparative table on the change of remuneration and company performance over the last five reported financial years

In the table below, information on the annual change of remuneration of each individual Management Board member is set out over the five most recent financial years. In addition, the performance of the Company (measured in Directional Underlying EBITDA and TRIFR) is displayed as well as the average remuneration on a full-time equivalent

basis of employees of the Company (calculated in the same manner as the internal pay ratio in this section). Under RP 2015, LTI shares vested three years after award. Under RP 2018, the LTI was replaced by the Value Creation Stake, which vests immediately upon award. As a result, for the years 2018 and 2019, this table includes both the former LTI vesting and the Value Creation Stake.

in thousands of EUR

Annual Change	2014	2015	2016	2017	2018	2019
Bruno Chabas, CEO	2,833	29% / 3,994	1% / 4,039	30% / 5,749	5% / 6,037	4% / 6,293
Philippe Barril, COO		1,597	(34%) / 1,192	26% / 1,602	61% / 4,100	(2%) / 4,030
Erik Lagendijk, CGCO		1,102	(36%) / 812	27% / 1,118	61% / 2,869	10% / 3,174
Douglas Wood, CFO			218	82% / 1,233	36% / 1,941	43% / 3,422
Peter van Rossum, former CFO	1,601	26% / 2,162	9% / 2,368	(26%) / 1,877	(114%) / 878	(45%) / 607
<b>Company's performance</b>						
Underlying Directional EBITDA in million US\$	643	10% / 718	8% / 778	3% / 806	(3%) / 784	6% / 832
TRIFR	0.22	0% / 0.22	29% / 0.31	(63%) / 0.19	(6%) / 0.18	(38%) / 0.13
<b>Average employee expenses on a full-time equivalent basis</b>						
Average employee expenses of the Company <sup>1</sup>	117	7% / 125	(12%) / 112	6% / 119	(6%) / 113	3% / 117

1 The average employee expenses of the company are based on the IFRS expenses including share based payments. The average employee expenses are influenced by both the composition of the population both in function as well as geographical location and the related foreign currency impacts.

## Performance STI 2019

For more information on the actual performance of the STI 2019, reference is made to 3.4.2 under 2. Short Term-Incentive.

Performance measure	Relative Weighting	Threshold	Target	Maximum	Actual performance	Actual in % of target
<b>Profitability</b>						
EBITDA*, underlying & directional		US\$ 675M	US\$ 750M	US\$ 825M	US\$ 832M	150%
		SBM Offshore does not disclose order intake details as this is considered market sensitive information				
Corresponding awards in €	50%	€ 200,000	€ 400,000	€ 600,000	€ 600,000	150%
		€ 118,809	€ 237,619	€ 356,428	€ 356,428	113%
		€ 84,375	€ 168,750	€ 253,125	€ 253,125	113%
		€ 90,703	€ 181,406	€ 272,109	€ 272,109	113%
<b>Growth</b>						
Order Intake FPSO, TMS and #FEEDS		SBM Offshore does not disclose order intake details as this is considered market sensitive information				
Corresponding awards in €	30%	€ 120,000	€ 240,000	€ 360,000	€ 220,000	92%
		€ 71,286	€ 142,571	€ 213,857	€ 130,690	69%
		€ 50,625	€ 101,250	€ 151,875	€ 92,813	69%
		€ 54,422	€ 108,844	€ 163,266	€ 99,773	69%
<b>HSSE</b>						
Process Safety Fleet 8%, Total Recordable Injury Frequency rate 8% and Sustainable Development Goals 4%		Target Fleet Significant Deviations = -25% Reduction vs. 2018 YE baseline; Target TRIFr = 0,29; Target SDG Completion #7, #8 and #14 at 100% <sup>1</sup>				
Corresponding awards in €	20%	€ 80,000	€ 160,000	€ 240,000	€ 96,000	60%
		€ 47,524	€ 95,048	€ 142,571	€ 57,028	45%
		€ 33,750	€ 67,500	€ 101,250	€ 40,500	45%
		€ 36,281	€ 72,563	€ 108,844	€ 43,537	45%
<b>Total pay out on STI</b>		€ 400,000	€ 800,000	€ 1,200,000	€ 916,000	115%
		€ 237,619	€ 475,238	€ 712,856	€ 544,147	86%
		€ 168,750	€ 337,500	€ 506,250	€ 386,438	86%
		€ 181,406	€ 362,813	€ 544,219	€ 415,420	86%

<sup>1</sup> With reference to section 3.4.2 Short-term Incentive the weighted performance on the TRIFR and SDG targets came in at 0%.

## 3 GOVERNANCE

### 3.4.4 SUPERVISORY BOARD REMUNERATION POLICY

The current remuneration of the Supervisory Board was set at the Extraordinary General Meeting of Shareholders of July 6, 2010 and the 2015 AGM and consists of a fixed annual fee, a fixed annual amount for expenses and a lump sum for intercontinental travel.

The remuneration policy of the Supervisory Board should enable the Company to retain and recruit Supervisory Board members whilst taking the Supervisory Board diversity policy and profile into consideration. The remuneration of the Supervisory Board intends to promote an adequate performance of their role. The time spend, as well as the responsibilities and roles of the Supervisory Board members, are taken into consideration when determining the appropriate levels of remuneration for the

Supervisory Board. The remuneration of the Supervisory Board members is not dependent on the results of the Company. This allows unmitigated focus on long term value-creation for all stakeholders. The Supervisory Board is not awarded remuneration in the form of shares and/or rights to shares.

### SHAREHOLDER RIGHTS DIRECTIVE AND PROPOSAL FOR REMUNERATION POLICY

Following the implementation of SRD II in the Netherlands, a proposal for the Supervisory Board remuneration policy will be presented to the 2020 AGM. The changes will not include an amendment of the fee level. The details will be included in the agenda of the 2020 AGM.

### FEE LEVEL AND STRUCTURE

The fee level and structure for the Supervisory Board remuneration is currently as follows:

Position	Fee in EUR
Chairman Supervisory Board	120,000
Vice-Chairman Supervisory Board	80,000
Member Supervisory Board	75,000
Chairman Audit and Finance Committee	10,000
Member of the Audit and Finance Committee	8,000
Chairman of the Appointment and Remuneration Committee dealing with appointment matters	9,000
Chairman of the Appointment and Remuneration Committee dealing with remuneration matters	9,000
Member of the Appointment and Remuneration Committee	8,000
Chairman of the Technical and Commercial Committee	10,000
Member of the Technical and Commercial Committee	8,000

In addition, Supervisory Board members receive an annual amount of EUR500 for expenses, and a lump sum of EUR5,000 per meeting when intercontinental travel is involved.

guarantees (and/or sureties) to the benefit of Supervisory Board members.

### PENSIONS

The Supervisory Board members do not receive a pension allowance.

### ARRANGEMENTS WITH SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board are appointed by the General Meeting of Shareholders for a maximum term of four years. Re-appointment can take place as per the law, Articles of Association and the Supervisory Board Rules of the Company. The term of the Supervisory Board members terminates at the end of their term, in case of resignation or dismissal by the General Meeting of Shareholders.

### LOANS

SBM Offshore does not provide loans or advances to Supervisory Board members and there are no loans or advances outstanding. SBM Offshore does not issue



### 3.4.5 SUPERVISORY BOARD REMUNERATION IN 2019

#### Remuneration of the Supervisory Board by member in thousands of EUR

In accordance with the Supervisory Board Remuneration Policy, the remuneration paid out to the Supervisory Board in 2019 is as follows:

Name of Supervisory Board Member, Position	Year	Fees	Committee fees	Other benefits <sup>1</sup>	Total remuneration	Proportion of fixed and variable remuneration
Floris Deckers, Chairman	2019	120	17	1	138	100% / 0%
	2018	107	17	1	125	100% / 0%
Thomas Ehret, Vice-Chairman	2019	80	10	1	91	100% / 0%
	2018	80	10	1	91	100% / 0%
Roeland Baan, Member	2019	75	16	1	92	100% / 0%
	2018 <sup>2</sup>	54	12	0	66	100% / 0%
Bernard Bajolet, Member	2019	75	8	1	84	100% / 0%
	2018 <sup>2</sup>	54	6	0	60	100% / 0%
Francis Gugen, Member	2019	75	10	1	86	100% / 0%
	2018	75	10	1	86	100% / 0%
Sietze Hepkema, Member	2019	75	8	1	84	100% / 0%
	2018	75	8	1	84	100% / 0%
Laurence Mulliez, Member	2019	75	16	1	92	100% / 0%
	2018	75	10	1	86	100% / 0%
Cheryl Richard, Member	2019	75	9	31	115	100% / 0%
	2018	75	9	16	100	100% / 0%

<sup>1</sup> Other benefits items for the supervisory board consist mainly of the lump sum for intercontinental travel at EUR5,000 each and a yearly expense allowance of EUR500

<sup>2</sup> Remuneration based on months after appointment at the AGM

None of the Supervisory Board members receives remuneration that is dependent on the financial performance of the Company, as per best practice 3.3.2 of the Dutch Corporate Governance Code.

With the exception of Sietze Hepkema, none of the Supervisory Board members have reported holding shares (or other financial instruments) in SBM Offshore N.V. His entire shareholding relates to the (share based) remuneration he has received as a Management Board member in the past.

SBM Offshore does not provide loans or advances to Supervisory Board members and there are no loans or advances outstanding.