



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

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 – €
Bruno Chabas – CEO									
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
	165,495	-	163,632	80,817					
Philippe Barril – COO									
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
	110,330	-	82,781	53,878					
Erik Lagendijk – CGCO									
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
	110,330	-	82,781	53,878					
Douglas Wood – CFO									
Restricted shares ¹	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
	126,217	-	92,086	53,878					
Peter van Rossum – former CFO									
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
	61,690	-	35,257	5,238					

¹ 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 ³	Grant date	Vesting date(s)	End of retention period	Opening balance ¹	During the year		Closing balance ²	
					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 ⁴	Shares subject to a retention period
Bruno Chabas, CEO									
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
Philippe Barril, COO									
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
Erik Lagendijk, CGCO									
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				
					Opening balance ¹	During the year		Closing balance ²	
Specification of plan	Performance period ³	Grant date	Vesting date(s)	End of retention period	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 ⁴	Shares subject to a retention period
Douglas Wood, CFO									
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
Peter van Rossum, former CFO									
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	-
					1,551,724	320,330/ 4,122	777,137/ 11,868	411,942	938,054

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.

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in thousands of EUR		Fixed remuneration		Variable remuneration							Proportion of fixed and variable remuneration
Name of Director, Position	Year	Base salary	Other benefits	STI ¹	STI Matching Shares	LTI	Value Creation Stake ²	Extra-ordinary Items ³	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
Company's performance						
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
Average employee expenses on a full-time equivalent basis						
Average employee expenses of the Company ¹	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
Profitability						
EBITDA*, underlying & directional		US\$ 675M	US\$ 750M	US\$ 825M	US\$ 832M	150%
Corresponding awards in €	Bruno Chabas, CEO	50%	€ 200,000	€ 400,000	€ 600,000	150%
	Philippe Barril, COO		€ 118,809	€ 237,619	€ 356,428	113%
	Erik Lagendijk, CGCO		€ 84,375	€ 168,750	€ 253,125	113%
	Douglas Wood, CFO		€ 90,703	€ 181,406	€ 272,109	113%
Growth						
Order Intake FPSO, TMS and #FEEDS		SBM Offshore does not disclose order intake details as this is considered market sensitive information				
Corresponding awards in €	Bruno Chabas, CEO	30%	€ 120,000	€ 240,000	€ 360,000	92%
	Philippe Barril, COO		€ 71,286	€ 142,571	€ 213,857	69%
	Erik Lagendijk, CGCO		€ 50,625	€ 101,250	€ 151,875	69%
	Douglas Wood, CFO		€ 54,422	€ 108,844	€ 163,266	69%
HSSE						
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% ¹				
Corresponding awards in €	Bruno Chabas, CEO	20%	€ 80,000	€ 160,000	€ 240,000	€ 96,000 60%
	Philippe Barril, COO		€ 47,524	€ 95,048	€ 142,571	€ 57,028 45%
	Erik Lagendijk, CGCO		€ 33,750	€ 67,500	€ 101,250	€ 40,500 45%
	Douglas Wood, CFO		€ 36,281	€ 72,563	€ 108,844	€ 43,537 45%
Total pay out on STI	Bruno Chabas, CEO		€ 400,000	€ 800,000	€ 1,200,000	€ 916,000 115%
	Philippe Barril, COO		€ 237,619	€ 475,238	€ 712,856	€ 544,147 86%
	Erik Lagendijk, CGCO		€ 168,750	€ 337,500	€ 506,250	€ 386,438 86%
	Douglas Wood, CFO		€ 181,406	€ 362,813	€ 544,219	€ 415,420 86%

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