



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

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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 2020

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 2020, the Reference Group consisted of:¹⁸

¹⁸ Due to changes such as bankruptcy and delisting, Diamond Offshore Drilling, McDermott International and Volker Wessels are no longer part of the reference group. The reference group currently exists of 14 companies.

Arcadis	Oceaneering International	Vopak
Boskalis	Petrofac	Wood Group
Fugro	RPC Inc	
Helmerich & Payne	RPS Group	
IMI	Superior Energy Services	
Noble Corporation	Transocean	

Also in 2020, the Supervisory Board assessed the Management Board's remuneration in relation to the Reference Group's pay levels, revenue and market capitalization.

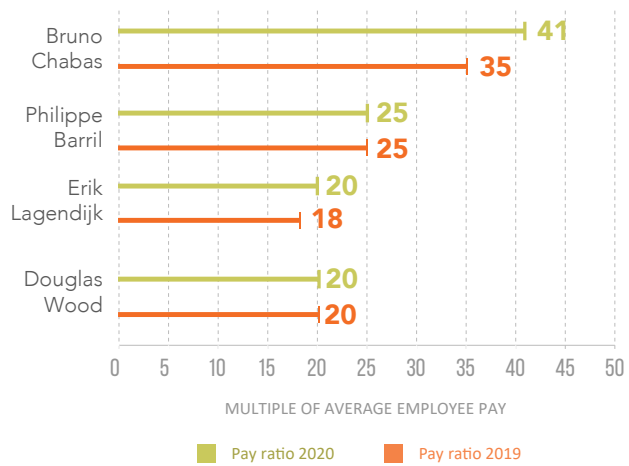
The final determination of pay levels for the Management Board also took into account various scenario analyses to assess the impact of different performance levels and share price developments on the total remuneration paid.

PAY RATIOS

The Supervisory Board also includes internal pay ratios when assessing Management Board pay levels.¹⁹ In 2020, the average total employee expenses was EUR114 thousand. The pay-ratio's of each of the Management Board members over 2020 and 2019 are displayed in the following graph.

¹⁹ 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 for a given year (excluding employees working for JVs and associates).

PAY RATIO



TOTAL REMUNERATION OVERVIEW

The table below provides you with insight in the costs for SBM Offshore for Management Board reward in 2020. The table below presents an overview of the remuneration of the Management Board members who were in office in 2020.

	Bruno Chabas		Philippe Barril		Erik Lagendijk		Douglas Wood		Total	
in thousands of EUR	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Base salary	960	800	634	634	518	450	518	484	2,630	2,368
STI	1,176	916	582	544	475	386	475	415	2,708	2,261
Value Creation Stake	1,965	1,372	1,311	1,134	1,062	772	1,071	845	5,408	4,122
Pensions	296	245	158	158	129	113	129	121	712	637
Other	213	165	154	147	39	39	44	41	450	392
Total expense for remuneration	4,610	3,498	2,839	2,617	2,223	1,760	2,237	1,906	11,908	9,780
LTI (RP 2015) ¹	-	630	-	325	-	325	-	419	-	1,699
Total expense for remuneration including LTI	4,610	4,128	2,839	2,942	2,223	2,085	2,237	2,325	11,908	11,479
in thousands of US\$	5,265	4,621	3,243	3,293	2,539	2,334	2,555	2,603	13,601	12,851

¹ LTI (RP 2015) expenses are inclusive of expenses related to sign-on RSUs.

1. BASE SALARY

As part of the re-appointment of Bruno Chabas during the 2020 AGM, it was resolved to increase his Base Salary from EUR800 thousand to EUR960 thousand effective from January 1, 2020. This increase was announced in the Q3 trading update press release. In November 2020, the Supervisory Board resolved to increase Erik Lagendijk's Base Salary from EUR450 thousand to EUR518 thousand effective from January 1, 2020. The 2020 and 2019 Base Salary levels are shown both in the table at the beginning

of section: Management Board Remuneration in 2020 and in the table Remuneration of the Management Board by member in section 3.4.3.

2. SHORT-TERM INCENTIVE

For 2020, 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 2020 table in section 3.4.3.

PERFORMANCE REALIZATION*

	PERFORMANCE MEASURE	RELATIVE WEIGHTING	WEIGHTED PERFORMANCE
PROFITABILITY	EBITDA, underlying & directional	50%	75%
GROWTH	Order intake FPSO, TMS and #FEED	30%	17%
HSSE	HSSE=Fleet significant deviations, TRIFR and SDG target completion	20%	30%
TOTAL		100%	122%

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

Underlying directional EBITDA, corrected for restructuring costs, resulted in US\$992 million against target level of US\$900 million. Order intake related to new projects (FPSO, Turret Mooring Systems and contracts positioning the Company to win EPC projects). No new FPSO contracts were secured, but several other contracts were concluded

to contribute to growth of the Company. 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 (45% Reduction vs. 2019 YE baseline), scored above maximum. A TRIFR score of 0.10

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was achieved. The targets around the Sustainable Development Goals (#7, #8, #14) were completed at 108% (against the target of 100%).

3. VALUE CREATION STAKE

The Supervisory Board decided to grant the Value Creation Stake for 2020 to the Management Board members in accordance with RP 2018. In November 2020, the 2020 Value Creation Stake award for Bruno Chabas and Erik Lagendijk respectively were adjusted due to their Base Salary increase per January 1, 2020. 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 2020, 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.

4. 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, 2020.

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2020	Total shares at 31 December 2019
Bruno Chabas	411,418	716,186	1,127,604	975,910
Philippe Barril	276,071	111,755	387,826	278,428
Erik Lagendijk	186,991	35,427	222,418	143,984
Douglas Wood	194,104	-	194,104	115,614
	1,068,584	863,368	1,931,952	1,513,936

All Management Board members met the share ownership requirement, which is set at an equivalent of 350% of their 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. For the CEO, two pension arrangements (defined contribution) are in place 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 2020, 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.