

## Attachment 1 to the Agenda of the 2020 AGM

The Remuneration Policy for the Management Board (“**RP 2018**”) was adopted by the shareholders during the 2018 AGM and became effective January 1, 2018.

The new legislation implementing the EU Shareholder Rights’ Directive in the Netherlands also contains new rules on remuneration policies for management boards.

Hereafter you find an overview of the proposed changes to RP 2018 following the new requirements. The proposal regards prescribed technical changes including a provision to deviate from certain elements of the remuneration policy in exceptional circumstances only.

For your reference you find hereafter the text of RP 2018 with the proposed changes included.

**Overview of proposed changes to the SBM Offshore Remuneration Policy for the Management Board (“RP 2018”) as adopted at the 2018 AGM.**

The left column refers to the section of RP 2018 where a change is proposed. The right column contains the proposed change. For your reference you find the text of RP 2018 with the proposed changes hereafter.

<b>Section</b>	<b>Proposed change</b>
Page 2: SBM Offshore Remuneration Policy	Proposed changes: <b>SBM Offshore Remuneration Policy for the Management Board</b> ... April 11, 2018 (with some changes on April 8, 2020), and effective from January 1, 2018....
Page 2	Proposed new section: <b>The importance of stakeholder support</b> <u>We are fully..... the Management Board.</u>
Page 2	Proposed new section: <b>Remuneration’s connection with SBM Offshore’s mission, strategy and values</b> <u>SBM Offshore believes... as a whole.</u>
Page 4, footer	Proposed changes to footer: 1. <u>These figures reflect 2018 levels. Updated number can be found in the Remuneration Reports</u> 2. <u>All remuneration elements...change over time. but is equal to the number displayed in the table on page 2 at the time of the policy implementation</u>
Page 5: Short-Term Incentive	Proposed change: ...Health, Safety, <del>Social</del> , Security and Environment (HSSE)...
Page 5: Short-Term Incentive	Proposed change: ...growth or HSSE, it will inform <del>the shareholders</del> stakeholders in the remuneration report...
Page 6: Short-Term Incentive	Proposed change: ... down by 10%. <del>Any</del> <u>The Supervisory Board will account for any such adjustment will be explained at the next General Meeting of Shareholders and in the remuneration report. Remuneration Report...</u>
Page 6: Short-Term Incentive	Proposed change: <u>The STI is .... by the Company.</u>
Page 6: Service Contracts for Members of the Management Board	Proposed change: ...member was appointed. <u>Service contract may ....change in control.</u>
Page 7	Proposed new section: <b>Deviations</b> <u>In exceptional circumstances ... Meeting of Shareholders.</u>
Page 7	Proposed new section: <b>Decision Making Process</b> <u>This remuneration policy... Meeting of Shareholders.</u>

# SBM Offshore Remuneration Policy for the Management Board

Approved on: April 11, 2018 with some changes on April 8, 2020

Effective date: January 1, 2018

## **SBM Offshore Remuneration Policy for the Management Board**

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The SBM Offshore Remuneration Policy was adopted at the Annual General Meeting of Shareholders on April 11, 2018 (with some changes on April 8, 2020) and is effective from January 1, 2018. The remuneration policy of the Management Board of SBM Offshore N.V. (hereafter: Company) has the objective to support long-term value creation of the Company. It is built on six remuneration principles.

<i>Simple:</i>	The remuneration policy is simple, clear and transparent.
<i>Flexible:</i>	The remuneration policy provides flexibility for the Supervisory Board to reward the Management Board in a fair and equitable manner, allowing for discretion and judgement.
<i>Predictable:</i>	Remuneration is predictably aligned to the performance of SBM Offshore.
<i>Competitive:</i>	Remuneration is in line with global peer companies that may compete with SBM Offshore for business opportunities and/or talent.
<i>Drive right results:</i>	Remuneration encourages a culture of long-term value creation balanced with pay for performance.
<i>Aligned:</i>	These remuneration principles are used as a guideline for remuneration at SBM Offshore as a whole.

### **The importance of stakeholder support**

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We are fully committed to playing our part in the changing energy world. For that reason, the level of support in society for SBM Offshore's choices matters to us and is also taken into account when formulating the remuneration policy and determining individual remuneration of Management Board members. When presenting reward topics to shareholders, the Supervisory Board will explain how it takes into account the votes and views of shareholders and other stakeholders on the remuneration policy and the executions thereof. The Supervisory Board endeavors optimal transparency with our stakeholders regarding the remuneration of the Management Board.

### **Remuneration's connection with SBM Offshore's mission, strategy and values**

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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 integral part of the Short Term Incentive 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 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 following paragraphs indicate how these principles are applied in the remuneration package for the members of the Management Board.

### Remuneration Levels - method

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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. The labor market reference group includes industry competitors, as talent for the Management Board and other key positions at SBM Offshore tend to have a background at these companies. It also includes some Dutch multinationals active in related industries. The reference group is composed of the following companies:

Amec Foster Wheeler	IMI	RPS Group
Arcadis	McDermott International	Superior Energy Services
Boskalis	Noble Corporation	Transocean
Diamond Offshore Drilling	Oceaneering International	Volker Wessels
EnSCO	Petrofac	Vopak
Fugro	Rowan Companies	Wood Group
Helmerich & Payne	RPC	WS Atkins

The Supervisory Board will regularly assess the SBM Offshore pay levels in relation to pay levels, revenue, market capitalization and the number of employees of each individual reference group company.

In addition to the external comparison, the internal pay ratios will be included in the assessment. This is not one ratio, but a comparison of the Management Board total remuneration with that of each employee grade level in countries where the Company has a material presence such as the Netherlands, Switzerland, Monaco, Malaysia and the United States (Houston).

The final determination of pay levels for the Management Board includes extensive scenario analyses to assess the impact of different performance levels and share price developments on the total remuneration paid.

### Remuneration for the Management Board

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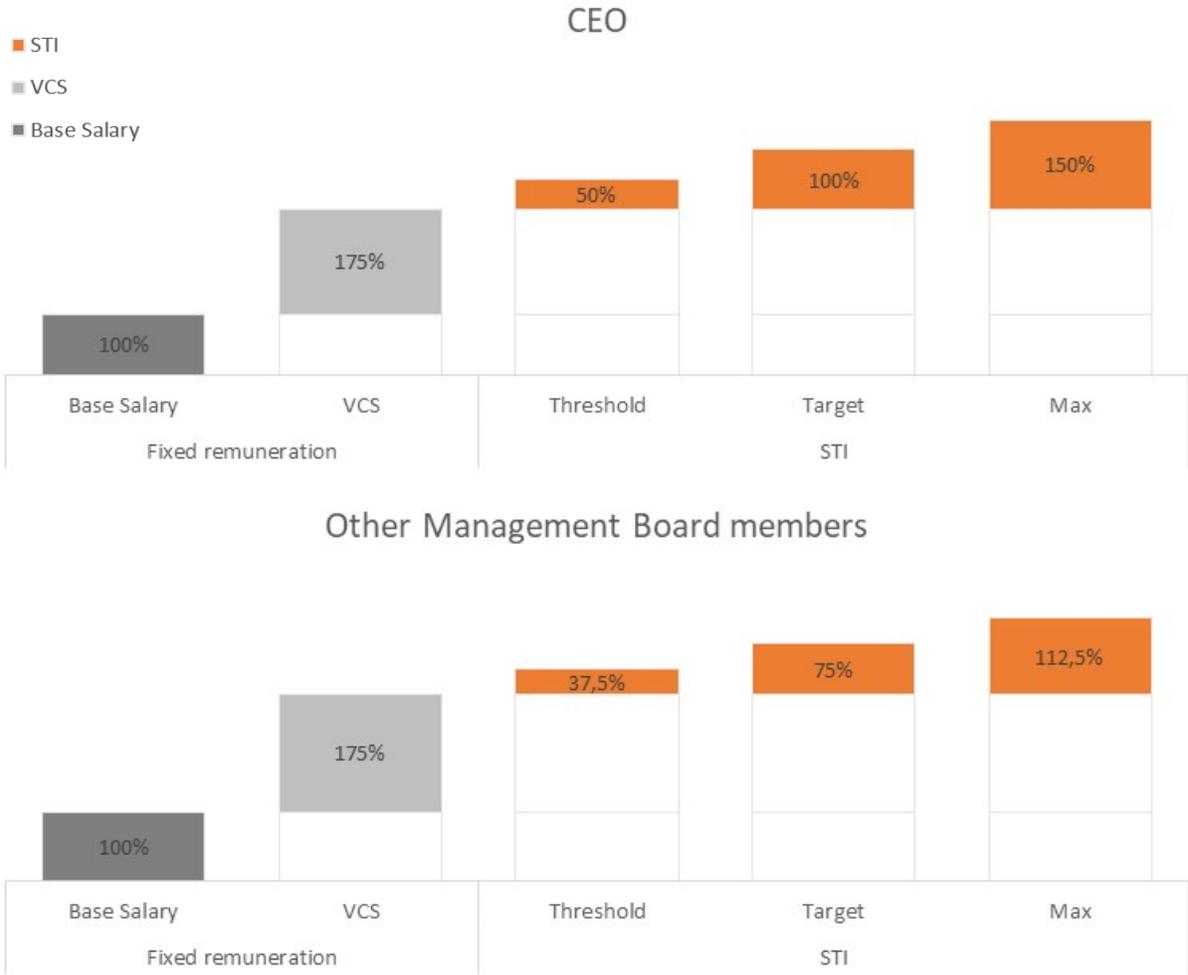
The primary remuneration package consists of three main elements:

- Base salary: fixed component paid in cash as a representation of complexity of position and strategic importance to the Company
- Value Creation Stake: fixed component paid in locked-in shares to create direct alignment with long-term shareholder value
- Short-term incentive: conditional variable component paid in cash to create rigorous pay-for-performance relation

The remuneration levels as set for 2018 are as follows and may be adjusted each year within reason, depending on market movements and remuneration adjustments of senior management.<sup>1</sup>

	Base salary (EUR x1,000)	Value Creation Stake (% of base salary)	STI target (% of base salary)	Total target remuneration (EUR x1,000)
CEO	800	175%	100%	3,000
CFO	450	175%	75%	1,575
COO	551	175%	75%	1,929
CGCO	450	175%	75%	1,575

The remuneration package for the Management Board is represented in the figure<sup>2</sup> below, including threshold, target and maximum entitlements and excluding share price movements.



<sup>1</sup> These figures reflect 2018 levels. Updated number can be found in the Remuneration Reports.

<sup>2</sup> All remuneration elements are expressed as a percentage of base salary. The exact salary level may change over time.

## Value Creation Stake

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The Company has a unique and combined business model composed of a Turnkey and Lease & Operate division that both operate under different dynamics. In this setting traditional consolidated long term performance metrics provide insufficient strategic guidance and relative shareholder return is distorted due to the limited comparability of the business model with existing industry competitors.

The Supervisory Board believes that success of SBM Offshore is ultimately expressed in the long-term value created for its shareholders, making this the primary objective for the Company and its management. True alignment with this objective is achieved by the Value Creation Stake.

The Value Creation Stake is a remuneration component that creates full alignment with shareholders, and rewards long-term corporate performance. It is the most direct form of making the Management Board long-term shareholders of the Company and has a simple and predictable nature.

It is an annual award of locked-in shares that will need to be held onto for at least five years. After retirement or termination, the shares cannot be sold for the duration of the claw-back period, which is two years. To further enhance share ownership, all members of the Management Board are required to build up a shareholding in the Company of at least 3.5 times their gross base salary. The value of the share ownership is determined at the date of grant.

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). Shares will be granted each year and are subject to a sell-to-cover approach. As an underpin, the Supervisory Board retains the discretion not to award the Value Creation Stake in exceptional market or business circumstances.

## Short-Term Incentive

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The objective of the short-term incentive (STI) is to provide a direct alignment of pay with short-term operational performance. It is an annual conditional cash award with annual performance measures. The performance measures are focused on three key performance areas:

- Profitability
- Growth
- Health, Safety, Security and Environment (HSSE)

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. Number of FEEDs (Front End Engineering Design) or Order Intake 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 stakeholders in the remuneration report. Performance measures will never be retrospectively adjusted. The Supervisory Board may adjust the outcome of the STI up or

down by 10%. The Supervisory Board will account for any such adjustment at the next General Meeting of Shareholders and in the Remuneration Report.

Performance Measure	Weight
EBITDA (underlying and directional)	40% - 60%
Number of FEEDs/ Order intake	20% - 40%
HSSE performance	15% - 25%
<b>Total</b>	<b>100%</b>

The Supervisory Board determines the specific performance targets for each of the performance measures before the start of the performance year. Targets are set to be challenging but achievable. At the end of the performance year, the performance is reviewed by the Supervisory Board and the pay-out level is determined. Both the details and the results regarding the performance measures are published in the remuneration report following the performance period. The STI will be subject to an adjustment and claw-back clause.

The STI is set at a target level of 100% of the base salary for the CEO and 75% of the base salary for each of the other Management Board members. 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 STI is payable after the approval by the Supervisory Board and the publication of the Financial Statements by the Company.

#### **Other benefits and pensions**

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Management Board members may be granted other specific benefits such as housing or travel allowance. The award of such benefits will be disclosed in the remuneration report.

The employer pension contribution is 25% of the Management Board member's gross base salary and regularly reviewed to be in line with market practice.

#### **Service Contracts for Members of the Management Board**

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Each of the Management Board members has entered into a, in principle four year, service contract with the Company, the terms of which have been disclosed in the explanatory notice for the General Meeting of Shareholders at which the Management Board member was appointed. Service contracts may be terminated by the Company with a notice period of six months and by the Management Board member with a notice period of three months. The service contract with a respective Management Board member will terminate in any event when the applicable statutory pension age is reached or when the Management Board member becomes entitled to payment of pension benefits, if applicable.

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.

## **Adjustment and Claw-back**

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The services contracts contain an adjustment clause giving discretionary authority to the Supervisory Board to adjust upwards or downwards 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. In addition, a claw-back provision is included in the services contracts enabling the Company to recover the Value Creation Stake and/ or STI on account of incorrect financial data.

## **Severance Arrangements**

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The Supervisory Board will determine the appropriate severance payment for newly appointed Management Board members provided 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.

## **Deviations**

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In exceptional circumstances only, the Supervisory Board may decide to derogate temporarily from the following elements of this remuneration policy: Value Creation Stake, Short Term Incentive, Other benefits and pensions and Severance Arrangements. A derogation for exceptional circumstances only covers situations in which the derogation from the remuneration policy is necessary to serve the long-term interests and sustainability of the Company as a whole or to assure its viability. Such exceptional circumstances include, but are not limited to, situations such as the urgently required appointment of a Management Board member or the buy-out of remuneration forfeited on joining the Company to facilitate recruitment of new Management Board members, comprising cash or longer-term incentives. In such case, the Supervisory Board will account for this at the next General Meeting of Shareholders.

## **Decision Making Process**

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This remuneration policy may only be amended by the General Meeting of Shareholders pursuant to a proposal of the Supervisory Board. The role and responsibilities of the Appointment & Remuneration Committee (A&RC) regarding the remuneration policy and the execution thereof are described in the A&RC Rules, which are published on the Company website: <https://www.sbmoffshore.com>.

All revisions of the remuneration policy shall be accompanied by a description and explanation of all significant changes and the decision making process followed. When the General Meeting of Shareholders does not approve the proposed amendments to the remuneration policy, the Company shall continue to remunerate in accordance with the existing approved remuneration policy and shall submit a revised policy for approval at the following General Meeting of Shareholders.