

2022
ANNUAL
REPORT



TRUE.
BLUE.
TRANSITION.

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 the 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.

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 and school fees.

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 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 based on earlier shareholder feedback.

A claw-back provision is included in the service 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 2022

The Management Board saw changes in 2022: Erik Legendijk stepped down as member of the Management Board and CGCO at the 2022 AGM. Øivind Tangen, who joined SBM Offshore in 2002, was appointed as member of the Management Board and COO as per the 2022 AGM. Philippe Barril (member of the Management Board) who operated as COO for seven years and as Chief Transition Officer from April 2022, decided to leave the Company as per August 31, 2022.

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.

3 GOVERNANCE

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 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. For 2022, the Reference Group consisted of:¹⁷

¹⁷ Under RP 2022 the reference group has changed. Due to changes such as bankruptcy and delisting, Boskalis and Superior Energy Services are no longer part of the reference group.

Aker BP ASA	IMI Plc	RPC, Inc.
Aker Solutions ASA	John Wood Group Plc	RPS Group Plc
Arcadis NV	Noble Corp. Plc	Tecnicas Reunidas SA
CGG	Oceaneering International, Inc.	Transocean Ltd.
Fugro NV	Orron Energy AB	Tullow Oil Plc
Helmerich & Payne, Inc.	Petrofac Ltd.	Vallourec SA
Hunting Plc	Royal Vopak NV	

In 2022, the benchmark focused on the CFO and newly appointed COO as the role of CGCO disappeared. The remuneration of the CEO remained stable.

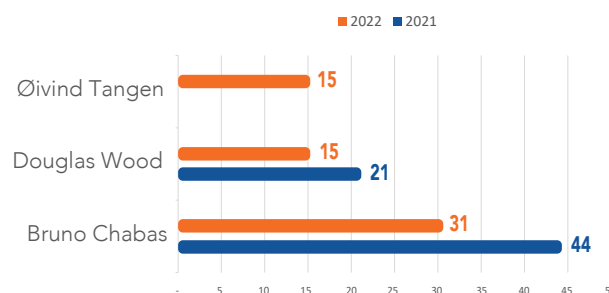
PAY RATIO

The pay ratio shows the developments in the annual total remuneration of the Management Board members and the average remuneration on a full-time-equivalent basis of employees of the company.¹⁸ The calculation of the internal pay ratio follows the 2021 guidelines of the Dutch Corporate Governance Code. The average total employee and contractor costs per FTE in 2022 was EUR125 thousand.

The pay-ratios of each of the Management Board members over 2022 and 2021 are displayed in the following graph.

¹⁸ 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).

PAY RATIO



TOTAL REMUNERATION OVERVIEW

The table below provides insight into the costs for SBM Offshore for Management Board reward in 2022 (based on RP 2022) and presents an overview of the remuneration of the Management Board members who were in office in 2022.

Remuneration of the Management Board

	Bruno Chabas		Douglas Wood		Øivind Tangen ¹		Erik Lagendijk ²		Philippe Barril ³		Total	
in thousands of EUR	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Base salary	960	960	537	518	558	-	225	518	516	634	2,795	2,630
STI	816	1,279	342	517	256	-	87	517	269	633	1,770	2,946
Value Creation Stake	1,512	1,797	850	695	695	-	214	968	998	1,186	4,269	4,919
Pensions	297	294	134	129	121	-	34	129	106	158	691	710
Other	231	250	42	50	346	-	13	45	106	188	737	533
Total expense for remuneration	3,815	4,580	1,906	2,182	1,975	-	572	2,177	1,995	2,799	10,263	11,738
in thousands of US\$	4,018	5,416	2,007	2,581	2,080	-	603	2,575	2,101	3,310	10,808	13,883

1 Total remuneration over 2022, including COO position since April 6, 2022

2 Management Board member until April 6, 2022

3 Management Board member until August 31, 2022

1. BASE SALARY

The Supervisory Board decided to increase the Base Salary of Douglas Wood from EUR 518 thousand to EUR 544 thousand effective April 6, 2022. The 2022 and 2021 Base Salary levels of the Management Board members are shown both in the table at the beginning of section: Management Board Remuneration in 2022 and in the table Remuneration of the Management Board by member in section 3.4.3.

2. SHORT-TERM INCENTIVE

For 2022, 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 2022 table in section 3.4.3.

PERFORMANCE REALIZATION

	PERFORMANCE MEASURE	RELATIVE WEIGHTING	WEIGHTED PERFORMANCE
PROFITABILITY	Underlying directional EBITDA, Project performance	50%	50%
GROWTH	Order intake FPSO, NES	30%	22%
SUSTAINABILITY PERFORMANCE	T1/T2 incidents, Mass of gas flared under SBM Offshore account, TRIFR and SDG target completion	20%	13%
TOTAL		100%	85%

Profitability performance reached the target of 99% with an underlying directional EBITDA of US\$1010 million against a target level of US\$930 million, but Project performance was below target. Growth performance, measured as order intake FPSO and NES resulted in a performance of 75%,

which is between threshold and target. Sustainability performance performed below target at 65%. The overall weighted performance of the CEO is 85% and for the other Management Board members the performance is 75% thereof (64%).

3 GOVERNANCE

3. VALUE CREATION STAKE

The Supervisory Board decided to grant the Value Creation Stake for 2022 to the Management Board members in accordance with RP 2022. The underpin test as explained in section 3.4.1 was applied to this grant. As per RP 2022, 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.

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2022	Total shares at 31 December 2021
Bruno Chabas	344,526	910,338	1,254,864	1,191,070
Douglas Wood	174,217	89,792	264,009	228,316
Øivind Tangen ¹	34,938	94,854	129,792	79,300
Philippe Barril ²	n/a	n/a	n/a	317,962
Erik Lagendijk ³	n/a	n/a	n/a	256,630
Total	553,681	1,094,984	1,648,665	2,073,278

1 Management Board member since April 6, 2022

2 Management Board member until August 31, 2022

3 Management Board member until April 6, 2022

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 2022, including a car allowance, a housing allowance (Bruno Chabas, Philippe Barril and Øivind Tangen) as well as school fees and settling-in costs (Øivind Tangen). 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.

The actual shareholdings of the Management Board members at the end of 2022, 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 at December 31, 2022.

3.4.3 OTHER REMUNERATION INFORMATION

Various tables are included in this section, in compliance with the implemented EU Shareholder Rights' Directive into Dutch law. These tables are designed to increase transparency and accountability for the execution of RP 2022 and aim to allow shareholders, potential investors and other stakeholders to better assess Management Board remuneration.