



GUIDELINES ON EXECUTIVE REMUNERATION

BW Offshore Limited

26 April 2019

Guidelines on Executive Remuneration

BW Offshore's Compensation Strategy

The Compensation Strategy applies to all BW Offshore Limited ("BWO" or the "Company") & subsidiaries guides the design, operation and management of our compensation programmes. The strategy sets out the principles and philosophies that we adopt to facilitate the attraction, motivation and retention of a highly-skilled global workforce, while encouraging behaviours that strengthen the long-term financial strength of the Company.

BWO's compensation strategy is to be competitive in the local markets where we operate.

As such, the executive compensation is structured to:

- Support achievements of safe operations, zero harm to people and the environment, and achievements of BWO's business strategy
- Comply with applicable regulations and reflect standards of corporate governance in the markets in which we operate
- Reflect and strengthen the common interests of BWO employees and shareholders
- Be, and be seen to be fair, transparent and non-discriminatory
- Reward both delivery of results and the way in which those results are achieved
- Differentiate appropriately varying roles, responsibilities and competencies
- Reward both short and long-term contributions and results
- Address market and peer levels in decision making
- Make compensation sufficiently attractive to retain talent

The BWO Compensation Committee appointed by the Board of Directors is responsible to provide assistance and to facilitate decision making in the Board of Directors regarding executive compensation. Executive compensation including variable compensation schemes, and benefits, are subject to annual review and discretion of the Board of Directors in accordance with the Company's Governance.

Determining and implementing Compensation Strategy

The decision-making process for implementing and amending the remuneration strategy, policy and implementation, including the determination of salaries and other remuneration for the executive management, includes an annual review and approval by the Compensation Committee of the Company's Compensation Strategy, and a review of annual adjustments of compensations for the business in aggregate, and for the executive management team individually.

Compensation of the executive team

The compensation structure for the senior executive team incorporates any of the following elements:

- Fixed compensation
- Variable compensation (short-term and long-term incentives);
- Pension and insurance schemes; and
- Other employment-related benefits

1. Fixed Compensation

Fixed compensation comprises base salaries and allowances paid to executives.

Base salaries are designed to compensate employees for the roles, scope and responsibilities, undertaken in their roles, and the required competencies. Therefore, base salary is set with the intention to be competitive in the markets in which the Company operates (geographical and industrial) in relation to each individual's role and capabilities. Base salaries are normally reviewed once a year.

Fixed allowances designed to cover housing and transportation costs, are paid to eligible members of the executive management team.

2. Variable pay

Variable pay includes a short-term component, the Variable Compensation Scheme; and a long-term component, the Long-Term Incentive Programme.

Variable Compensation Scheme (VCS)

VCS is awarded in July each year if and when the Company reaches set goals.

The aggregated bonus pool available for payment is determined with close reference to the Company's safety performance, profitability and shareholder value creation. The overall company performance against performance targets is determined by the Board of Directors based on recommendation from the Compensation Committee. The CEO's performance against performance targets is determined by the Compensation Committee in consultation with the Board of Directors.

The maximum potential pay-out of the Variable Compensation Scheme for the Executive Management Team is set at **6 months' salary** effective from 2020.

Long Term Incentive Programme allows for additional earning via a share option programme

BWO has implemented a share option programme in 2019, which replaces the long-term bonus programme.

The Board of Directors of BWO has approved a long-term share option programme (LTIP) aimed to align the interests of the participating employees with those of the Company's shareholders. The programme is discretionary, and participants are invited on an annual basis.

The strike price of the options is calculated based on the volume weighted average share price five trading days prior to grant date, plus a premium of 15.76% (corresponding to 5% increase annually over 3 years).

The options will have a vesting period of three years, followed by a three years exercise period. Exercise windows will be set by the Company. The options will expire 6 years after the award date.

The LTIP is at the discretion of the Board of Directors and may be subject to change at any time.

3. Pension and Insurance Schemes

Pensions paid to employees commensurate with local practice in the location of employment. BW Offshore makes the standard contribution required for each eligible member of the executive management team.

Insurances are instituted for employees in line with local practice in the location of employment. All members of the executive management team benefit from medical insurance in line with Company policy.

4. Other Employment-related Benefits

BWO's employees are provided employment-related benefits to commensurate with normal local practice in the location of employment. These benefits extend to members of the executive management team. Employment-related benefits beyond the compensation explicitly set out in these guidelines are not significant in relation to base salary for any member of the executive management.