

Corporate governance to make the energy transition possible



David Mullen
Chairman of the Corporate Governance and Nominations Committee

As Chairman of the Corporate Governance and Nominations Committee and Senior Independent Director my goal is to provide independent oversight and to ensure that the Company has the right corporate governance in place to meet the key strategic objectives of the Group and address the challenges of the energy transition.

The work of the Board during 2022

During 2022 the Board oversaw a number of strategic projects that were consistent with the Company's long-term goals. In Subsea and Conventional, the Board oversaw the entry into an agreement with SLB and Aker Solutions to form a joint venture which will deliver a step change in subsea production economics by helping customers unlock reserves, reduce time to first oil and lower development costs while simultaneously delivering on decarbonisation objectives. Although still subject to regulatory approvals, the joint venture is expected to close during the second half of 2023 and when completed it will comprise the subsea businesses of SLB and Aker Solutions, with Subsea7 holding a 10% stake. This is an exciting development for Subsea7 and key to ensuring that Subsea7 remains a market leader in the subsea sector. On the renewables side, reaffirming the Board of Directors' confidence in the long-term outlook for the fixed offshore wind market, Subsea7 subscribed to 72% of new Seaway7 shares issued by Seaway7 in a rights issue underwritten by Seaway7's three largest shareholders.

Board diversity

Following the implementation of the Board Diversity Policy in 2021, Board diversity has been a focus area for the Board of Directors during 2022, and in particular the need to improve gender diversity on the Board of Directors. Our overriding objective continues to be to ensure an inclusive and diverse membership of the Board of Directors with the skills, expertise and experience to guide Subsea7. While we believe that the Board of Directors has the necessary skills, expertise and experience to guide Subsea7, we recognise gender diversity as an area of weakness and during 2022 the Corporate Governance and Nominations Committee was actively engaged in identifying female candidates with the range of skills needed to enhance the Board. At the end of 2022, there was only one female Director on the Board, however, building upon the work carried out in 2022, we are committed to there being 30% female representation on the Board of Directors in 2023, and the intention is for an additional female candidate to be presented for election by the shareholders of the Company at the 2023 AGM.

Board appointments

In 2022, in recognition of both the risks and the opportunities of the energy transition for Subsea7, the Board of Directors appointed both a Risk Expert and a Sustainability Expert from amongst its members. Given Mr Sætre's previous experience in transitioning Equinor into a company focused on lower-carbon strategies and new energy solutions and also his advisory role at Nysnø Climate Investments, he has been appointed as the Board's Sustainability Expert including on climate-related matters.

Governance at a glance

The areas listed below, on which we report on the pages indicated, are aligned with the Norwegian Code of Practice for Corporate Governance.

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Similarly, Mr Kirk has many years of experience of the energy sector and overlaying this with his international corporate and structured financial risk management experience, he is well placed to guide and advise the Group on its risk management framework and has been appointed as the Board's expert on Risk.

2022 was a productive year and as a Board, we focused on corporate governance that supports the strategic goals of the Company and that will make the energy transition possible.

Governance continued

Board of Directors

Director	Kristian Siem	David Mullen	Dod Fraser
Role	Chairman	Senior Independent Director*	Independent Director*
Committee membership	C T G	G A	A
Skills and experience	Mr Siem brings an extensive knowledge of the offshore oil and gas services business worldwide from previous senior executive and non-executive roles combined with long-standing experience as chairman of public companies listed in the US, UK and Norway. Mr Siem is the founder of the Siem Industries Group and has been Director and Chairman of Siem Industries since 1982. Prior to joining the Group, he held several management positions with the Fred. Olsen Group in the US and Norway. Mr Siem has previously held directorships and executive positions at Kvaerner ASA, Transocean Inc. and Norwegian Cruise Line. He holds a degree in Business Economics.	Mr Mullen brings over 40 years' experience in the oil services business. He has previously held the position of CEO at two other companies in the subsea industry, Wellstream Holdings PLC and Ocean Rig ASA. Prior to these appointments he was Senior Vice President of Global Marketing, Business Development and M&A at Transocean from 2005 to 2008. Mr Mullen also had a 23-year career at Schlumberger, including as President of Oilfield Services for North and South America. He holds a Bachelor of Arts degree in Geology and Physics from Trinity College, Dublin, and an MSc degree in Geophysics from the National University of Ireland.	Mr Fraser brings comprehensive experience in corporate finance and investment banking both internationally and in the United States. This is supplemented by extensive knowledge of corporate governance in his current and prior appointments as audit committee member. Mr Fraser served as a Managing Director and Group Executive with Chase Manhattan Bank, now JP Morgan Chase, leading the global oil and gas group from 1995 until 2000. Until 1995 he was a General Partner of Lazard Frères & Co. Mr Fraser has been a trustee of Resources for the Future, a Washington-based environmental policy think-tank. He is a graduate of Princeton University.
Date of appointment	Appointed Director and Chairman from January 2011. Prior to the merger of Acergy S.A. and Subsea 7 Inc. in January 2011 Mr Siem was Chairman of Subsea 7 Inc. from January 2002.	Appointed a Non-Executive Independent Director from April 2018 and appointed Senior Independent Director from January 2021.	Appointed a Non-Executive Independent Director from December 2009 (then named Acergy S.A.).
Key external appointments	Chairman of Siem Industries S.A., director of Siem Offshore Inc., Siem Shipping Inc. (formerly Star Reefers Inc.) and Frupor S.A.	CEO and Director of Shelf Drilling Limited. Chairman and Director of Shelf Drilling North Sea Limited.	Non-Executive Chairman of Rayonier Inc. Director of Fleet Topco Limited, the private holding company of Argus Media Ltd., and director of OCI N.V.
Nationality and date of birth	 1949	 1958	 1950
Tenure	Re-elected by shareholders on 14 April 2021 until the 2023 AGM.	Re-elected by shareholders on 12 April 2022 until the 2024 AGM.	Re-elected by shareholders on 14 April 2021 until the 2023 AGM.
Committee key	 Chairman  Compensation Committee	 Corporate Governance and Nominations Committee	 Audit Committee  Tender Committee

Jean Cahuzac

Director



Mr Cahuzac has wide multi-country technical, commercial and general management experience in senior executive roles in the oil and gas services sector spanning a period of 40 years. He was appointed Chief Executive Officer of Acergy S.A. in 2008 and in 2011, post-merger, became the Chief Executive Officer of Subsea 7 S.A., a position he held until his retirement in December 2019. Mr Cahuzac was Chief Operating Officer and then President at Transocean from 2000 to 2008. He worked at Schlumberger from 1979 to 1999 in various field management positions and then as President of Sedco Forex. He holds a Master's degree in Engineering from École des Mines de St-Étienne and is a graduate of the French Petroleum Institute in Paris.

Appointed a Director from May 2008 (then named Acergy S.A.).

Member of the Supervisory Board of Société Phocéenne de Participations. Member of the Board of Directors of Seadrill Limited.



1954

Re-elected by shareholders on 12 April 2022 until the 2024 AGM.

Niels Kirk

Independent Director*



Mr Kirk brings to the role over 35 years of international corporate and structured finance experience combined with extensive knowledge of the energy, power and resource sectors at executive level.

He is a co-founder and Chief Executive of the energy advisory firm Kirk, Lovegrove and Company Ltd. Prior to this, he worked at Citibank and Banque Paribas. Mr Kirk holds an MBA in Finance and International Business from the Stern School at New York University.

Mr Kirk is the Board's expert on Risk.

Appointed a Non-Executive Independent Director from April 2018.

Co-founder and CEO of Kirk, Lovegrove and Company Ltd.



1962

Re-elected by shareholders on 12 April 2022 until the 2024 AGM.

Eldar Sætre

Independent Director*



Mr Sætre brings a wealth of experience in the energy sector combined with extensive knowledge of accounting and finance. Mr Sætre was President and CEO of Equinor from February 2015 until he stepped down in November 2020. As CEO he was extensively engaged in transforming the cost base in the company and creating a more resilient global business, as well as transitioning Equinor into a broader energy company focused on lower-carbon strategies and new energy solutions. Prior to becoming CEO, Mr Sætre held several senior management positions in the company, mainly in the fields of accounting, finance and performance management as well as marketing and trading. Mr Sætre has an MA in Business Economics from the Norwegian School of Economics and Business Administration (NHH) in Bergen.

Mr Sætre is the Board's expert on Sustainability including climate-related matters.

Appointed a Non-Executive Independent Director from June 2021.

Director of Fjord Base Holding AS and Trucknor AS. Chairman of the boards of Strømberg Gruppen AS, Vartdal Holding AS and Vartdal Plastindustri AS. Chairman of the Advisory Board of Vard Group AS and advisory role at Nysno Climate Investments.



1956

Elected by shareholders on 14 April 2021, with effect from 1 June 2021, until the 2023 AGM.

Louisa Siem

Director

Ms Siem brings youth and a different perspective to the Board as an artist who holds a Bachelor of Fine Arts degree from the Ruskin School of Art at Oxford University. She has exhibited her work around the world and worked as a studio manager for world-renowned painter Harold Ancart in New York and Los Angeles.

Ms Siem is the daughter of Mr Kristian Siem and has been selected by Siem Industries S.A. in accordance with the relationship agreement entered into between Subsea 7 Inc., Subsea 7 S.A. (then Acergy S.A.), and Siem Industries S.A. (then Siem Industries Inc.) on 20 June 2010, in respect of the combination of Subsea 7 Inc. and Acergy S.A., which was completed on 7 January 2011.

Appointed a Non-Executive Director from June 2021.

Director of Siem Industries S.A.






1992

Elected by shareholders on 4 June 2021 until the 2023 AGM.

* 'Independent' is defined by the rules and codes of corporate governance of the Oslo Børs Stock Exchange on which Subsea 7 S.A. is listed, which the Board must satisfy, in particular the Norwegian Code of Practice for Corporate Governance. Under the terms of the Company's Articles of Incorporation, Directors may be elected for terms of up to two years and serve until their successors are elected. Under the Company's Articles of Incorporation, the Board must consist of not fewer than three Directors.

Governance continued

Executive Management Team

Name Role	John Evans Chief Executive Officer	Mark Foley Chief Financial Officer	Olivier Blaringhem Executive Vice President – Subsea and Conventional
Skills and experience	<p>John has over 35 years of experience in the oil and gas services industry, primarily in the SURF and offshore engineering and construction sectors. He started his career in 1986, working with Brown & Root, and built a successful track record in general management, and commercial and operational roles in the offshore oil and gas industry.</p> <p>Prior to his current appointment, from July 2005, John held the position of Chief Operating Officer of Subsea7.</p> <p>John has a Bachelor of Engineering degree in Mechanical Engineering from Cardiff University, is a Chartered Mechanical and Marine Engineer and a Chartered Director.</p>	<p>Mark started his career in 1996 with the UK's Government Economic Service. In 2000, he joined Royal Dutch Shell and held several finance positions with increasing responsibility. Between 2011 and 2012, he was Vice President Finance for Baker Hughes in Europe and, from 2012 to 2017, he was Group Financial Controller for Subsea7. In October 2021, he returned to Subsea7 from Petrofac where he was Group Financial Controller and Senior Vice President Finance for its Engineering & Construction business unit.</p> <p>Mark has undergraduate and postgraduate degrees in Economics from the Universities of Stirling and Strathclyde respectively, an MBA from the University of Warwick and is a Fellow of the Association of Chartered Certified Accountants.</p>	<p>Olivier started his career in the oil and gas engineering and contracting sector in 1995, working for seven years with Entrepose Contracting in project management and commercial roles, based in Nigeria, China and France.</p> <p>Since joining Subsea7 in 2002, Olivier has held a number of country, regional and corporate management positions based in the North Sea, Africa, Asia and the Middle East. In 2016, Olivier was appointed Vice President of Asia Pacific and the Middle East until his appointment to Executive Vice President – Subsea and Conventional in January 2020.</p> <p>Olivier has a degree in Mechanical and Electrical Engineering from the École Spéciale des Travaux Publics in Paris.</p>
Date of appointment	John has been Chief Executive Officer of Subsea7 since January 2020 and on the Board of Directors of Seaway 7 ASA since October 2021.	Mark has been Chief Financial Officer since January 2022.	Olivier was appointed Executive Vice President – Subsea and Conventional in January 2020.
Nationality and date of birth	 1963	 1973	 1970

Phillip Simons

Executive Vice President
– Projects and Operations

Phil began his career in 1987 in offshore drilling until 1992 when he became an engineer for pipeline installation contractor European Marine Contractors. Phil has more than 20 years' experience in the subsea pipelines business.

Phil joined Subsea7 in Aberdeen in 2004 as a senior project manager and in 2011 was appointed Vice President for Canada, Mediterranean and Russia. In 2013 he was appointed Vice President UK and Canada before taking up the role of Vice President for North Sea and Canada in 2016. In 2018 Phil was appointed Senior Vice President Global Projects and Operations.

Phil has a Bachelor of Engineering degree in Mining Engineering from the University of Leeds.

Phil was appointed Executive Vice President – Projects and Operations in January 2020.



1966

Nathalie Louys

General Counsel

Nathalie began her legal career in 1986, working with Saint-Gobain and Eurotunnel, gaining extensive legal experience across various industries. In 1996 she joined Technip, based in Paris, progressing to the role of Vice President Legal – Offshore.

In 2006 Nathalie joined Subsea7 performing senior corporate and operational legal roles. Prior to her current appointment Nathalie was Vice President Legal – Commercial.

Nathalie has been admitted to the Paris Bar and has legal qualifications from University Paris I – Panthéon Sorbonne and Paris XI in France and the University of Kent in the UK.

Nathalie has been General Counsel of Subsea7 since April 2012 and on the Board of Directors of Seaway 7 ASA since October 2021.



1963

Katherine Lyne

Executive Vice President
– Human Resources

Kate began her career in the power generation sector with Alstom, where she held roles in Belgium, France, the UK and the US. In 2004 she moved to Imerys where she was initially HR Director for the Paper division before being appointed as HR Director for the Ceramics, Refractories, Abrasives, and Foundry business based in Paris.

In 2012 Kate joined Subsea7 as Vice President Group Human Resources which she held until her current appointment.

Kate has a business degree from the University of Brighton and is a fellow of the Chartered Institute of Personnel and Development.

Kate has been Executive Vice President – Human Resources since September 2019.



1969

Marcelo Xavier

Executive Vice President –
Strategy and Sustainability

Marcelo began his career in Subsea7 in 2001 as a pipeline engineer and over the last 20 years has held a number of operational and commercial roles within the Subsea7 Group.

In 2017, Marcelo was appointed Vice President for Brazil after three years working for the Africa region. In 2021, he was appointed Group Vice President for Sales and Marketing based in the UK.

Marcelo holds a Master's degree in Subsea Engineering from the Universidade Federal do Rio de Janeiro. He also holds a graduate degree in Mechanical Engineering from the Universidade Federal Fluminense in Brazil.

Marcelo has been Executive Vice President – Strategy and Sustainability since April 2022.



1980

2022 Corporate Governance Report

regulatory compliance

This section sets out the arrangements the Board has put in place to help ensure that it fulfils its corporate governance obligations, including the application of the principles of the Norwegian Code of Practice for Corporate Governance.

Legal and regulatory framework

Subsea 7 S.A. is a 'société anonyme' organised in the Grand Duchy of Luxembourg under the Company Law of 1915, as amended, being incorporated in Luxembourg in 1993, and acts as the holding company for all of the Group's entities.

Subsea 7 S.A.'s registered office is located at 412F, route d'Esch, L-1471 Luxembourg. The Company is registered with the Luxembourg Register of Commerce and Companies under the designation 'R.C.S. Luxembourg B 43172'. As a company incorporated in Luxembourg and with shares traded on the Oslo Stock Exchange and ADRs traded over-the-counter in the US, Subsea 7 S.A. is subject to Luxembourg laws and regulations with respect to corporate governance.

As a company listed on the Oslo Stock Exchange, where its shares are actively traded, the Company follows the Norwegian Code of Practice for Corporate Governance on a 'comply or explain' basis, where this does not contradict Luxembourg laws and regulations. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

The Group's corporate governance policies and procedures are explained below, with reference to the principles of corporate governance as set out in the sections identified in the Norwegian Code of Practice for Corporate Governance dated 14 October 2021.

Articles of Incorporation – nature of the Group's business

As stated in its Articles of Incorporation, Subsea 7 S.A.'s business activities are as follows:

"The objects of the Company are to invest in subsidiaries which predominantly will provide subsea construction, maintenance, inspection, survey and engineering services, in particular for offshore energy related industries. The Company may further itself provide such subsea construction, maintenance, inspection, survey and engineering services, and services ancillary to such services.

The Company may, without restriction, carry out any and all acts and do any and all things that are not prohibited by law in connection with its corporate objects and to do such things in any part of the world whether as principal, agent, contractor or otherwise. More generally, the Company may participate in any manner in all commercial, industrial, financial and other enterprises of Luxembourg or foreign nationality through the

acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which it will administer and exploit; it may lend or borrow with or without security, provided that any monies so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated to the Company; it may grant assistance, including, without limitation, grant parent company guarantees, to any affiliated company and take any measure for the control and supervision of such companies; in general it may undertake any operations directly or indirectly connected with these objects."

The full text of the Company's Articles of Incorporation, as amended, is available on Subsea7's website.

Business

The Board of Directors has set strategies and targets for the Company's business. Since 1 January 2021, the Group has structured itself around its diversified strengths, reporting through two operational business units: Subsea and Conventional, and Renewables.

The Subsea and Conventional business unit is a global leader in offshore energy services delivering design, engineering, procurement, construction and installation (EPCI), and decommissioning projects in all water depths, operating under the Subsea7 brand.

The Renewables business unit is an experienced partner for the delivery of offshore wind farm projects and specialist foundations and cable lay services, mainly operating under the Seaway7 brand.

Further details of the Group's business units are outlined in the 'Our Strategy' and 'Business Review' sections on pages 10 to 17.

Board of Directors: composition and independence

As a Luxembourg incorporated entity, the Company does not have a corporate assembly.

The Board of Directors comprises seven Directors. The majority of the Directors were, during the year ended 31 December 2022, considered independent in accordance with the rules of the Oslo Stock Exchange on which Subsea 7 S.A. is listed and the independence criteria of the Norwegian Code of Practice for Corporate Governance.

The Board has a Senior Independent Director elected from among its independent members to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary.

Biographies of the individual Directors are detailed on pages 44 to 45.

Board of Directors

KRISTIAN SIEM Chairman	DAVID MULLEN Senior Independent Director	JEAN CAHUZAC Director	DOD FRASER Independent Director
NIELS KIRK Independent Director	ELDAR SÆTRE Independent Director	LOUISA SIEM Director	

The charters of the permanent committees do not permit executive management to be members. The composition of the Company's Board of Directors and the controls to avoid conflicts of interest are in accordance with both Luxembourg company law and good corporate governance practice.

The Board of Directors has adopted a Board Diversity Policy, the purpose of which is to ensure an inclusive and diverse membership of the Board of Directors and that the Board as a whole has the skills, expertise and experience to guide the business and strategy of the Company for the benefit of its shareholders as a whole, having regard to the interests of all its stakeholders.

The Board Diversity Policy is applicable to the Board only but sits alongside the Company's Code of Conduct and associated global policies, which set out the Company's broader commitment to diversity and inclusion. Other details of the Company's practices and initiatives in relation to diversity are disclosed on page 21.

The Board of Directors aspires to ultimately have 30% female representation on the Board, with a commitment to have at least one female Director while recognising that periods of change in Board composition may result in periods when this balance is not achieved.

The Corporate Governance and Nominations Committee is responsible for ensuring that the Board has the right balance of skills, experience and knowledge and shall, among other things, report annually, in the Company's Annual Report, on the implementation of the Board Diversity Policy and other matters as required by regulatory and statutory requirements applicable to the Company.

Prior to proposing candidates to the relevant general meeting for election to the Board of Directors, the Corporate Governance and Nominations Committee seeks to consult with the Company's major shareholders before recommending candidates to the Board of Directors.

Directors are elected by a general meeting for a term not exceeding two years and may be re-elected. Directors need not be shareholders. At a general meeting the shareholders may dismiss any Director, with or without cause, at any time notwithstanding any agreement between the Company and the Director. Such dismissal may not prejudice the claims that a Director may have for indemnification as provided for in the Articles of Incorporation or for a breach of any contract existing between him or her and the Company.

If there is a vacancy on the Board of Directors, the remaining Directors appointed at a general meeting have the right to appoint a replacement Director until the next meeting of shareholders, who will be asked to confirm such appointment.

With the exception of a candidate recommended by the Board of Directors, or a Director whose term of office expires at a general meeting of the Company, no candidate may be appointed unless at least three days and no more than 22 days before the date of the relevant meeting, a written proposal, signed by a duly authorised shareholder, shall have been deposited at the registered office of the Company together with a written declaration, signed by the proposed candidate, confirming his or her wish to be appointed.

The Directors of the Board are encouraged to hold shares in the Company as the Board of Directors believes it promotes a common financial interest between the members of the Board of Directors and the shareholders of the Company. Details of the Directors' shareholdings are on page 63.

Work of the Board of Directors

The Board of Directors adheres to a Board Charter which sets out the instructions for the Board.

The main responsibilities of the Board of Directors are:

1. Setting the Values used to guide the affairs of the Group. This includes the Group's commitment to achieving its health and safety vision and the Group's adherence to the highest ethical standards in all of its operations worldwide.
2. Integrating environmental improvement into business plans and strategies, and seeking to embed sustainability and climate-related matters into the Group's business processes.
3. Overseeing the Group's compliance with its statutory and regulatory obligations and ensuring that systems and processes are in place to enable these obligations to be met.
4. Setting the strategy and targets of the Group.
5. Establishing and maintaining an effective corporate structure for the Group.
6. Overseeing the Group's compliance with financial reporting and disclosure obligations.
7. Overseeing the risk management of the Group.
8. Overseeing Group communications.
9. Determining its own composition, subject to the provisions of the Company's Articles of Incorporation.
10. Ensuring the effective corporate governance of the Group.

11. Setting the Remuneration Policy for the Directors, including the Non-Executive Directors' fees, as well as the CEO's remuneration, and approving the Remuneration Report as proposed by the Compensation Committee.
12. Setting and approving policies.

The Board of Directors' Charter is available on the Subsea7 website.

Responsibilities during the year

During the year, the Board of Directors sets a plan for its work for the following year, which includes a review of strategy, objectives and their implementation, the review and approval of the annual budget and the review and monitoring of the Group's current year financial performance. In 2023, the Board of Directors is scheduled to convene on seven occasions, but the schedule is flexible to react to operational or strategic changes in the market and circumstances affecting the Group.

The Board of Directors has overall responsibility for the management of the Group and has delegated the daily management and operations of the Group to the CEO, who is appointed by and serves at the discretion of the Board of Directors. The CEO is supported by the other members of the Executive Management Team, further details of which are on pages 46 to 47.

The Executive Management Team has the collective duty to deliver Subsea7's strategic, financial and other objectives, as well as to safeguard the Group's assets, organisation and reputation. The Board of Directors has internal regulations for its own operation and approves objectives for its own work, as well as the work of the Executive Management Team, with particular emphasis on clear internal allocation of responsibility and duties.

2022 Meeting attendance

	Board	Audit Committee ^(a)	Corporate Governance and Nominations Committee ^(a)	Compensation Committee
Kristian Siem	10/10		4/4	5/5
David Mullen	10/10	6/6	4/4	
Jean Cahuzac	10/10	3/3		2/2
Dod Fraser	9/10	6/6		
Niels Kirk	10/10		4/4	5/5
Eldar Sætre	10/10	3/3		3/3
Louisa Siem	10/10			
Total meetings in 2022 ^(b)	10	6	4	5

a. A joint session of the Audit Committee and the Corporate Governance and Nominations Committee was held on 1 March 2022 at which all members of both committees were present.

b. Each Director's attendance is shown as a proportion of the total number of meetings they were eligible to attend.

It is the duty of the Executive Management Team to provide the Board of Directors with appropriate, precise and timely information on the operations and financial performance of the Group, in order for the Board of Directors to perform its duties. The Board of Directors has established a Corporate Governance and Nominations Committee, a Compensation Committee, a Tender Committee and an Audit Committee, each of which has a charter approved by the Board of Directors. Matters are delegated to the committees as appropriate. The Directors appointed to these committees are selected based on their experience and to ensure the committees operate in an effective manner. The minutes of all committee meetings are circulated to all Directors.

The performance and expertise of the Board of Directors is monitored and reviewed annually, including an evaluation of its composition and the manner in which its members function, both individually and as a collegiate body. In line with best practice, the evaluation of the performance of the Board of Directors is conducted by an external facilitator every third year. During 2022, the evaluation of the performance of the Board of Directors was conducted internally and the results of the evaluation were shared with the Corporate Governance and Nominations Committee. The most recent external review was conducted in respect of the year 2021; accordingly, the next external review is due at the end of 2024.

Risk management and internal control

The Board of Directors acknowledges its responsibility for the Group's identification and management of risk along with the system of internal control and for reviewing the effectiveness of these. The Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material financial misstatement or loss. The Board of Directors carries out an annual review of the Group's most important areas of exposure to risk and its internal control arrangements, having regard to the changing nature of risk and the Group's ability to cope with them.

The Group adopts internal controls appropriate to its business activities and geographical spread. The key components of the Group's system of risk management and internal control are described in the Risk Management section on pages 26 to 42. The Group has in place clearly defined lines of responsibility and limits of delegated authority. Comprehensive procedures provide for the appraisal, approval, control and review of capital expenditure. An Executive Risk Committee meets on a quarterly basis to review and discuss the Group's risk and risk management procedures and reports to the Board. The Executive Management Team also meets with functional senior management on a regular basis to discuss particular issues, including key operational and commercial risks, health and safety performance, sustainability and climate-related matters, environmental factors, and legal and financial matters.

The Group has a comprehensive annual planning and management reporting process. A detailed annual budget is prepared in advance of each year and supplemented by forecasts updated during the course of the year. Financial results are reported monthly to the Executive Management Team and quarterly to the Board of Directors and compared to budget, forecasts, market consensus and prior year results.

The Board of Directors reviews reports on actual financial performance and forward-looking financial guidance.

The Board of Directors derives further assurances from the reports of the Audit Committee. The Audit Committee has been delegated responsibility to review the effectiveness of the internal financial control systems implemented by management and is assisted by the internal audit function and the external auditor where appropriate.

Sustainability

The Board of Directors is responsible for guiding the Company's strategy in relation to sustainability and climate-related matters, and when defining the objectives, strategies and risk profiles for the Company's business activities, sustainability risks and opportunities are considered. Sustainability and climate-related matters represent a permanent feature on every Board agenda, and this is in line with the Board's aim to carry out business in a manner that is sustainable for the Company's shareholders, having regard to financial, social and environmental considerations.

Corporate Governance and Nominations Committee

Committee members

David Mullen

Committee Chairman

Kristian Siem

Niels Kirk

The Board of Directors has established a Corporate Governance and Nominations Committee. The composition of this Committee is for the Board of Directors to determine in accordance with the Company's Articles of Incorporation. The Board of Directors believes that the Committee, comprising certain members of the Board of Directors, the majority of whom are independent of the Company's main shareholders, has the most suitable level of understanding of the Company to carry out the duties of the Committee.

The Corporate Governance and Nominations Committee's main responsibilities are:

1. Actively seeking and evaluating individuals qualified to become Directors of the Company and nominating candidates to the Board of Directors.
2. Periodically reviewing the composition and duties of the Company's permanent committees and recommending any changes to the Board of Directors.
3. Periodically reviewing the compensation of the Non-Executive Directors and making any recommendations to the Board of Directors.
4. Annually reviewing the duties and performance of the Chairman of the Board and recommending to the Board of Directors a Director for election by the Board of Directors to the position of Chairman of the Board.
5. Annually reviewing the Company's corporate governance guidelines, procedures and policies for the Board of Directors and recommending to the Board of Directors any changes and/or additions thereto that it believes are desirable and/or required. These governance guidelines include the following:
 - How the Board of Directors is selected and compensated (for example, the size of the Board, Directors' compensation, qualifications, independence, retirement and conflicts of interest).
 - How the Board of Directors functions (for example, procedures for Board meetings, agendas, committee structure and format and distribution of Board materials).
 - How the Board of Directors interacts with shareholders and management (for example, selection and evaluation of the CEO, succession planning, communications with shareholders and access to management).
6. Overseeing the annual evaluation of the Board of Directors' performance.
7. Overseeing all aspects of Subsea7's compliance and ethics programme. This will include a regular review of the structure of the compliance function, the scope of its activities and the effective implementation of the programme (including procedures for employees to raise concerns about breaches of the Code of Conduct and for such concerns to be investigated and remediated).
8. Annually reviewing the Committee's own performance.

The Corporate Governance and Nominations Committee Charter is available on the Subsea7 website.

Audit Committee

Committee members

Dod Fraser
Committee Chairman

Eidar Sætre
David Mullen

The Audit Committee is responsible for ensuring that the Group has an independent and effective external and internal audit process. The Audit Committee supports the Board of Directors in the administration and exercise of its responsibility for supervisory oversight of financial reporting and internal control matters and to maintain appropriate relationships with the external auditor. A majority of the Audit Committee, including the Chairman, are independent as required by Luxembourg law.

The Audit Committee's main responsibilities include:

1. Monitoring the financial reporting process and submitting recommendations or proposals to ensure its integrity.
2. Monitoring the effectiveness of the Company's and the Group's internal quality controls, internal audit function, financial controls framework and, where applicable, risk management systems.
3. Monitoring the statutory audit of the Company's Annual Accounts and the Consolidated Financial Statements of the Group, in particular its performance, taking into account any findings and conclusions of the competent authority.
4. Reviewing the quarterly, half-yearly and annual financial statements of the Group before their approval by the Board of Directors.

5. Informing the Board of Directors of the outcome of the statutory audit and explaining how the statutory audit contributed to the integrity of financial reporting and the role of the Committee in that process.
6. Reviewing and monitoring the independence of the external auditor, in particular with respect to the appropriateness of the provision of additional non-audit services to the Company and the Group and putting in place procedures and making recommendations with respect to the selection and the appointment of the external auditor.
7. Reviewing the report from the external auditor on key matters arising from the Group and the Company statutory audits.
8. Dealing with complaints received directly or via management, including information received confidentially and anonymously, in relation to accounting, financial reporting, internal controls and external audit issues.
9. Reviewing the disclosure of transactions involving related parties.
10. Annually reviewing the Audit Committee's own performance.

The Audit Committee Charter is available on the Subsea7 website.

The terms of reference of the Audit Committee, as set out in the Audit Committee Charter, satisfy the requirements of applicable law and are in accordance with the Articles of Incorporation.

The Chairman of the Audit Committee is Dod Fraser, whose biography can be found on page 44. The Board of Directors has determined that Mr Fraser is the Audit Committee's financial expert and competent in accounting and audit practice with recent and relevant financial experience. The Audit Committee Charter requires that the Audit Committee shall consist of not less than three Directors. The Audit Committee meets at least four times a year and its meetings are attended by representatives of the external auditor and by the head of the internal audit function.

Compensation Committee

Committee members

Kristian Siem

Committee Chairman

Jean Cahuzac

Niels Kirk

The Compensation Committee has been established by the Board to assist in developing a fair compensation programme for the Executive Officers and to ensure compliance with legal requirements as to Executive Officer compensation.

The Compensation Committee's main responsibilities are:

1. Annually reviewing and approving the compensation paid to the Executive Officers of the Company with the exception of the CEO where the Compensation Committee may make a recommendation to the Board of Directors.
2. Reviewing the CEO's performance against objectives and making a proposal to the Board of Directors for the CEO's compensation based on its evaluation.
3. Overseeing the Company's remuneration plans in accordance with the objectives of the Company and making recommendations to the Board of Directors.
4. Reviewing remuneration plans and programmes and making recommendations to the Board of Directors on the adoption of new plans or programmes relating to Executive Officers.
5. Recommending to the Board of Directors the terms of any contractual agreements and any other similar arrangements that may be entered into with Executive Officers of the Company and its subsidiaries.
6. Approving appointments of the CEO, the CEO's direct reports and certain other appointments.
7. Preparing the Remuneration Report to be included in the Company's Annual Report and Consolidated Financial Statements.
8. Annually reviewing the Compensation Committee's own performance.

The Compensation Committee Charter is available on the Subsea7 website.

Communication with stakeholders

Implementation and reporting on corporate governance

Subsea 7 S.A. acknowledges the division of roles between shareholders, the Board of Directors and the Executive Management Team. The Group further ensures good governance is adopted by holding regular Board of Directors' meetings, which the Executive Management Team attends and at which strategic, operational and financial matters are presented.

The Group's vision is: To lead the way in the delivery of offshore projects and services for the energy industry.

The Group's Values are Safety, Integrity, Sustainability, Innovation, Performance and Collaboration.

In pursuit of the six Values, the Group has an Ethics Policy Statement and a Code of Conduct which reflect its commitment to clients, shareholders, employees and other stakeholders to conduct business legally and with integrity and honesty. The Ethics Policy Statement and the Code of Conduct were approved by the Board of Directors and were issued to all Directors, officers and employees and are subject to periodic review and updating.

General meetings

The Articles of Incorporation provide that the Annual General Meeting (AGM) shall be held within six months from the end of the financial year and in 2023 it will be held on 18 April.

The notice of meeting and agenda documents for the AGM are posted on the Group's website (and published in such media as selected by the Board of Directors and in the Luxembourg official gazette (RESA)) at least 30 days prior to the meeting and shareholders receive the information at least 30 days prior to the meeting by mail. Documentation from previous AGMs is available on the Subsea7 website.

All shareholders that are registered with the Norwegian Central Securities Depository System receive a written notice of the AGM. The record date for common shareholders will be 14 days before the AGM, at midnight (Luxembourg time) with a differing deadline for ADR holders. Subject to the procedures described in the Articles of Incorporation, all shareholders holding individually or collectively at least 10% of the issued shares have the right to submit proposals or draft resolutions. All shareholders on the register as at the record date will be eligible to attend in person, or vote by proxy, at the AGM.

Proxy forms are available and may be submitted by eligible shareholders which allow separate voting instructions to be given for each proposed resolution to one of the representatives indicated on the proxy form and also allow a person to be nominated to vote on behalf of shareholders as their proxy. There will be a separate vote for each candidate nominated for election to the Board of Directors. Details will be provided in the resolutions and supporting information distributed to the shareholders ahead of the AGM.

Under Luxembourg law, there are minimum quorum requirements for extraordinary general meetings but no minimum quorum requirement for AGMs. Decisions will be validly made at the AGM regardless of the number of shares represented if approval is obtained from the majority of the votes of those shareholders that are present or represented.

The Articles of Incorporation of the Company provide that the AGM will be chaired by the Chairman of the Board of Directors. However, the Board of Directors ordinarily delegates authority to the Company Secretary to chair the AGM. If a majority of the shareholders request an alternative independent chairman, one will be appointed.

At the AGM, the shareholders, inter alia, elect members of the Board of Directors for nominated terms of appointment, approve the Company's Annual Accounts, the Group's Annual Report and Consolidated Financial Statements, discharge the Directors from their duties for the financial year, approve (by an advisory vote) the Company's Remuneration Report and the Company's Remuneration Policy, and approve the statutory auditor's appointment. In accordance with Luxembourg law and the Company's Articles of Incorporation, the Chairman of the Board is elected by the Board of Directors based on its insight into who has the most suitable level of understanding of the Company to carry out the duties of the Chairman.

Dematerialisation of the Company's shares

Following the implementation of the EU Central Securities Depositories Regulation in Norway during 2022 and the decision of the Board of Directors under the authorisation given to it by the extraordinary general meeting of shareholders of Subsea 7 S.A. on 12 April 2022, the compulsory dematerialisation of all of the existing shares in Subsea 7 S.A. took place on 23 December 2022. All of Subsea 7 S.A.'s issued shares were converted into dematerialised shares and Verdipapirsentralen ASA (operating under the name of Euronext Securities Oslo) was appointed as central securities depository.

Governance continued

Equity and dividends

Shareholders' equity

Total shareholders' equity on 31 December 2022 was \$4.5 billion (2021: \$4.5 billion) which the Board of Directors believes is satisfactory given the Group's strategy, objectives and risk profile.

Dividend policy

It is Subsea7's objective to give its shareholders an attractive return on their invested capital. The Group's commitment to returning capital to shareholders is confirmed in its formal dividend policy to pay a minimum dividend of NOK 1.00 per share each year. The return of excess cash in the form of a special dividend or share repurchase will continue to be assessed by the Board annually. The dividend will normally be paid in the month following its approval at the AGM.

At the AGM on 18 April 2023 shareholders will be asked to approve the payment of a dividend of NOK 4.00 per share.

Equity mandates

At the extraordinary general meeting held on 14 April 2021, the Board of Directors' authority to approve the purchase of the Company's shares up to a maximum of 30,000,000 common shares (representing 10% of the issued common shares as of 14 April 2021) was granted until 14 April 2023. This authority is subject to certain purchase price conditions and is conditional on such purchases being made in open market transactions through the Oslo Stock Exchange, subject to certain limitations. The Board of Directors was also granted authority for a period ending on 14 October 2023 to cancel shares repurchased under such authorisation and to reduce the issued share capital through such cancellations.

At the same extraordinary general meeting the Company's shareholders approved the renewal of the authorised share capital at \$900,000,000 (including the issued share capital) with authority for the Board of Directors to issue new common shares within the authorised unissued share capital and with any authorised but unissued common shares lapsing on 10 May 2023. Additionally, the Board of Directors was authorised to issue new shares within the authorised unissued share capital. The Board of Directors was authorised to waive, suppress or limit existing shareholders' preferential subscription rights up to a maximum of 30,000,000 common shares (representing 10% of the issued common shares as of 14 April 2021). These authorisations were granted for a period of two years, expiring on 10 May 2023, to reduce inter alia the administrative burden of convening an extraordinary general meeting annually.

An extraordinary general meeting will be held on 18 April 2023 at which it will be proposed that the shareholders approve the renewal of all of the above authorisations, which will otherwise lapse in 2023.

Equal treatment of shareholders and transactions with close associates

One class of shares

The Company has one class of shares which are listed on the Oslo Stock Exchange. Each share carries equal rights including an equal voting right at annual or extraordinary general meetings of shareholders of the Company. No shares carry any special control rights. The Articles of Incorporation contain no restrictions on voting rights.

Share issues

The Board of Directors is authorised to suppress the pre-emptive rights of shareholders under certain circumstances and within the limits set forth previously. This is to allow flexibility to deal with matters deemed to be in the best interest of the Company.

In the event of the Board of Directors resolving to issue new shares and waive the pre-emptive rights of existing shareholders, the Board of Directors intends to comply with the recommendation of the Norwegian Code of Practice for Corporate Governance that the justification for such waiver is noted in the stock exchange announcement relating to such a share issue.

Related party transactions

Any transactions between the Group and members of the Board of Directors, executive management or close associates are detailed in Note 35 'Related party transactions' to the Consolidated Financial Statements.

The Charter of the Board of Directors contains provisions on how the Board of Directors and executive management will handle agreements between the Company and related parties, and the Board of Directors will, from time to time, determine the necessity of obtaining third-party valuations on transactions between the Company and related parties. Any material transaction between the Company and a related party shall be subject to the prior approval of the Board of Directors, unless entered into in the ordinary course of business and concluded on normal market terms, in which case the Board of Directors shall establish an internal procedure to periodically assess whether these conditions are fulfilled.

The Group's Code of Conduct requires any Director or employee to declare if they hold any direct or indirect financial interest in any transaction entered into by the Group. Under Luxembourg law, Directors may not vote on transactions in which they have a direct or indirect financial interest conflicting with that of the Company.

Freely negotiable shares

Subsea 7 S.A.'s shares are traded as common shares on the Oslo Stock Exchange and as ADRs over-the-counter in the US.

All shares are freely negotiable. The Articles of Incorporation contain no form of restriction on the negotiability of shares in the Company.

Auditor

The external auditor meets the Audit Committee annually regarding the planning and preparation of the audit of the Group's Consolidated Financial Statements and the Company's Annual Accounts.

The Audit Committee members hold separate discussions with the external auditor during the year without members of the Executive Management Team being present. The scope, resources and level of fees proposed by the external auditor in relation to the Group's and the Company's audits and related activities are approved by the Audit Committee.

The Audit Committee recognises that it is occasionally in the interest of the Group to engage its external auditor to undertake certain other non-prohibited non-audit assignments. Fees paid to the external auditor for audit and non-audit services are reported in Note 6 'Net operating income' to the Consolidated Financial Statements, which are in turn approved at the AGM. The Audit Committee also requests the external auditor to confirm annually in writing that the external auditor remains independent.

In 2022, a formal tender for a five-year engagement for the role of the Company's external auditor was conducted, and a contract awarded. The external auditor's appointment will be approved annually at the AGM.

Take-overs

Subsea 7 S.A.'s Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of applicable Luxembourg and Norwegian law provisions and in accordance with the applicable principles for good corporate governance.

The Company has been notified of the following significant shareholders who control 5% or more of the voting rights of the Company:

	%(a)
Siem Industries S.A.	23.4
Folketrygdfondet	7.7

a. Information is correct as of 31 December 2022.

Information and communications

Subsea 7 S.A.'s Board of Directors concurs with the principles of equal treatment of all shareholders and the Group is committed to reporting financial results and other information on an accurate and timely basis. The Group provides information to the market through quarterly and annual reports, investor and analyst presentations which are available to the media and by making operational and financial information available on Subsea7's website.

Announcements are released through notification to the company disclosure systems of the Oslo Stock Exchange and the Luxembourg Commission de Surveillance du Secteur Financier and simultaneously on the Subsea7 website. As a listed company, the Company complies with the relevant regulations regarding disclosure. Information is only provided in English.

The Company complies in all material respects with the Oslo Stock Exchange's Code of Practice for IR, which is available at www.oslobors.no/.

Directors' and Chief Executive Officer's responsibility statement

We confirm that, to the best of our knowledge, the Consolidated Financial Statements and the Unconsolidated Financial Statements for the year ended 31 December 2022 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the Group taken as a whole. We also confirm that, to the best of our knowledge, the 2022 Annual Report, Consolidated Financial Statements and Unconsolidated Financial Statements include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties facing the Group.

By Order of the Board of Directors
of Subsea 7 S.A.

Kristian Siem
Chairman

John Evans
Chief Executive Officer

Remuneration Report

Letter from the Chairman of the Compensation Committee

As the Chairman of the Compensation Committee, I am pleased to present the Board's report on Subsea7's Executive Officers' remuneration, as well as that of the Non-Executive Directors of Subsea 7 S.A. for the year ended 31 December 2022. This year we have introduced a Remuneration Report to the Annual Report as an opportunity to enhance our disclosure, ensure further transparency and align with the EU's Shareholder Rights Directive II (Directive (EU) 2017/828). In addition, we have introduced the Subsea 7 S.A. Directors' remuneration policy (the Remuneration Policy) applicable to Executive Officers and Non-Executive Directors of the Company which has been approved by the Board of Directors. The Remuneration Policy will be submitted to the AGM on 18 April 2023 for advisory vote. The intention is for the Remuneration Policy to become effective for the years 2023, 2024, 2025 and 2026, if no material changes are contemplated.

2022 Performance

In 2022, our Subsea and Conventional business experienced continued positive momentum. High tendering activity resulted in another year of strong order intake, and tightening vessel availability supported a gradual improvement in pricing throughout the year. Likewise, in our Renewables business, the pricing and risk-sharing of new offshore wind contracts improved during the year, driven by the prospect of a shortage of installation vessel capacity.

Financial performance

In 2022, our Group revenue increased by 3% to \$5.1 billion driven by higher activity in the subsea business. Group Adjusted EBITDA of \$559 million resulted in an Adjusted EBITDA margin of 11%, broadly in line with 2021. Diluted earnings per share was \$0.19, an improvement from \$0.11 in 2021. Order intake increased 17% to \$7.1 billion, compared with \$6.1 billion in 2021, with better terms and conditions, including improved pricing, in both subsea and renewables.

During the year we returned \$78 million to shareholders through dividends and share repurchases, including our first regular dividend of NOK 1.00 per share.

Strategic priorities

Subsea7 is well positioned to help the world achieve the energy transition goals, with a strong position across the offshore energy landscape from lower-carbon oil and gas, carbon capture and fixed offshore wind, to emerging energy sources such as floating wind and hydrogen.

Our people

2022 has seen our global recruitment level the highest it has been in many years in order to support the delivery of our strong backlog, the significant increase in tendering and to gain the specialist skills needed to diversify into new emerging energies. This is made more challenging given the competitive employment market, as the industry fights for talent to deliver the opportunities presented by an improving subsea market and to support global ambitions to achieve energy transition goals.

The competitive employment market has led to an increase in market salaries, which along with the global cost of living crisis led us to enhance our Annual Salary Review in 2022 to support our people with increasing inflation levels, to ensure alignment with the market and to recognise our people for their contributions to Subsea7's goals.

Our Short Term Incentive Plan 2022 (STIP 2022) triggers for payment were met with a positive net income and an Adjusted EBITDA exceeding the threshold of \$537 million, along with achieving a Total Recordable Case Frequency rate below the Group target of 0.22. A payout will be made to all participants in 2023, taking into account their individual performance and contribution to business goals.

The Long Term Incentive Plan 2019 award (LTIP 2019) measured Total Shareholder Return (TSR) against a peer group, and Return on Average Invested Capital (ROAIC) over a performance period of three years from 1 July 2019 to 30 June 2022.

In 2022, to continue to retain and incentivise Subsea7's leaders and key employees, shareholders approved the adoption of a revised Long Term Incentive Plan, the 2022 LTIP Plan, which aligns their compensation with shareholder interests. The performance conditions approved included TSR and ROAIC, measures used in the existing plan, and the addition of a new performance measure, Cash Conversion Ratio (CCR). LTIP 2022 awards were made to approximately 140 leaders and key employees to incentivise and reward participants over the long term for sustained performance, delivery of the business strategy and shareholder value. LTIP 2022 awards were effective 1 October 2022 with a three-year performance period from 1 July 2022 to 30 June 2025 for all performance measures.

To attract and retain talent across Subsea7, we continue to focus on our employer brand of Being7, which is the foundation to our culture. At Subsea7, we offer our people a career they can be proud of, a place for innovation and an environment where they can thrive. In 2022 we received the second set of results from our new employee survey approach, which allows us to run more regular surveys to help build a better picture of how our people experience working at Subsea7. The survey gives us insights into our people's engagement and our overall results were in line with, or improved from, our 2021 survey results.

2022 Remuneration

The Group's Remuneration Policy is set by the Compensation Committee and is designed to provide remuneration packages which will help to attract, retain and motivate our people to achieve the Group's strategic objectives and to enhance shareholder value. The Compensation Committee also seeks to ensure that the Remuneration Policy is applied consistently across the Group and that remuneration is fair and transparent, while encouraging high performance.

The Compensation Committee benchmarks Executive Officers' remuneration against comparable companies and seeks to ensure that the Group offers rewards and incentives which are competitive with those offered by the Group's peers.

Remuneration is comprised of base salary, benefits, pension, and short-term and long-term incentives, further details of which can be found in the Remuneration Policy at www.subsea7.com, following approval at the AGM 2023.

Annual Salary Review

The Annual Salary Review (ASR) is a key annual process that allows the Group to recognise our employees' performance through an increase to base salary in line with Group performance and individual contribution, with an understanding of local market rates.

Early in 2022, Subsea7 recognised the competitiveness of the global employment market, with high recruitment levels to support the market upturn and increasing turnover rates, both putting pressure on market salaries for both onshore and offshore employees. In the third quarter, we applied a salary increase that reflected general inflation and ensured our employees were paid in line with market rates. In addition, terms and conditions for our offshore crews were reviewed and where appropriate enhancements made to align with the market.

In line with the ASR process, outlined in the Remuneration Policy, along with the approach taken in the wider organisation, the CEO and CFO received an increase to base salary effective 1 July 2022. The base salary adjustments were reviewed and approved by the Compensation Committee taking into account:

- the individual's role, performance and experience
- business performance, and the external environment
- base salary increases across the Group
- base salary levels for comparable roles at relevant, comparable businesses

The CEO was awarded a 12% increase to base salary resulting in a new salary of \$693,222.

The CFO was awarded a 6% increase to base salary resulting in a new salary of \$459,260.

Note: payments are made in GBP. The amounts have been translated into USD using an average exchange rate of 0.807822 for the year.

Benefits and pension

Benefits and pension awarded to the CEO and CFO during 2022 were in accordance with the Remuneration Policy. Benefits included private healthcare, life insurance, personal accident insurance and a car allowance, along with the opportunity to purchase additional flexible benefits.

The CEO received a cash allowance in lieu of a pension contribution, in line with the Company policy in the UK on lifetime allowances, which is paid less applicable employer national insurance contributions. The CFO participated in the UK defined contribution pension plan for the first half of 2022 and then received a cash allowance in lieu of pension contributions, less applicable employer national insurance contributions, from 1 July 2022.

Short Term Incentive Plan

The Group operates a Short Term Incentive Plan (STIP), an annual bonus scheme, with targets set by the Compensation Committee. The current performance objectives for the CEO and CFO are based upon the following metrics and weightings:

- Financial performance (45%)
- Project performance (20%)
- Safety performance (10%)
- Personal objectives (25%)

For the CEO and CFO, the maximum bonus opportunity in respect of 2022 was 150% and 100% of base salary, respectively.

For the performance period from 1 January 2022 to 31 December 2022, the financial and safety performance targets were achieved. The Compensation Committee evaluated the Group's performance compared to STIP 2022 targets and recommended approval of payment of the STIP 2022 bonuses, to the Board of Directors.

Based on the performance outcome against STIP 2022 targets, the bonus for the CEO was 86.0% of salary, resulting in a payment of \$532,295. For the CFO, the bonus was 51.97% of salary, resulting in a payment of \$225,167.

Governance continued

Long Term Incentive Plan

The Group currently operates a Long Term Incentive Plan (LTIP). The LTIP provides for conditional share awards based upon performance conditions over a three-year performance period.

The 2018 Long Term Incentive Plan (2018 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 17 April 2018 and was valid for a period up to five years until 2023. Awards under the 2018 LTIP Plan have been made in 2018, 2019, 2020 and 2021.

The 2022 Long Term Incentive Plan (2022 LTIP Plan) was approved by the Company's shareholders at the Annual General Meeting on 12 April 2022, superseding the 2018 LTIP Plan, and is valid for a period of five years until 2027. The principles of the plan remained as previous years whereby a conditional award of shares is made that provides for share awards which vest over a three to five-year period subject to performance measures. A new measure of Cash Conversion Ratio (CCR) has been added to the plan and the percentage weighting of each measure adjusted to reflect this.

The 2022 LTIP Plan has a five-year term with awards being made annually in October. The aggregate number of shares which may be granted in any calendar year is limited to 0.5% of issued share capital on 1 January of that calendar year. The total number of shares that may be delivered pursuant to awards under the plan shall not exceed 11,500,000. The total number of share awards and shares granted to the CEO and CFO are recommended by the Compensation Committee for approval by the Board of Directors. The 2022 LTIP Plan is an essential component of the Company's reward strategy and is designed to align the interests of participants with those of Subsea7's shareholders and enables participants to share in the success of the Company. The 2022 LTIP Plan provides for conditional awards of shares based upon performance conditions measured over a performance period of three years. Performance conditions are based upon three measures and weightings:

- Total Shareholder Return (65%)
- Cash Conversion Ratio (20%)
- Return on Average Invested Capital (15%)

All three performance conditions are determined over a three-year period from 1 July in the year of award to 30 June three years later. Subject to the achievement of the performance conditions, awards will vest in equal tranches after three, four and five years from award date.

Under the terms of the LTIP, participants are not entitled to receive dividend equivalent payments during the performance and holding periods. On 31 December 2022, there were approximately 150 participants in the active LTIP schemes (2018 LTIP and 2022 LTIP Plans). Individual award caps are in place such that no participant may be granted shares under the 2022 LTIP Plan in a single calendar year that have an aggregate fair market value in excess of 150%, in the case of the CEO, CFO and other members of the Executive Management Team, and 100%, in the case of other employees, of their annual base salary at the date of the award. Additionally, a holding requirement for the CEO, CFO and other members of the Executive Management Team applies where they must hold 50% of all awards that vest until they have built up a shareholding with a market value of 150% of their annual base salary which must be maintained throughout their tenure.

Total Shareholder Return based awards

The Company will have to achieve a Total Shareholder Return (TSR) ranking above the median for any awards to vest. If the ranked TSR position of Subsea7 during the three-year performance period, as converted to a percentage, is equal to 50%, 20% of the share award will vest. If the ranked TSR position of the Company is greater than 50% and below 90%, the vesting of the share award between 20% and 65% is determined by linear interpolation. The maximum award of 65% would vest if the Company achieved a ranked TSR position of equal to or greater than 90%.

The table below summarises the TSR performance condition applicable to the 2022 LTIP Plan:

	Performance	Vesting level (% of total award)
<50%	Below median	0%
=50%	Median	20%
>50%	Between median and upper decile	Linear interpolation between 20% and 65%
≥90%	Upper decile	65%

TSR will be measured relative to the following peer group:

- Aker Solutions ASA
- Baker Hughes Company
- Fugro N.V.
- Halliburton Company
- Oceaneering International, Inc.
- Petrofac Limited
- Saipem S.p.A.
- Sapura Energy Berhad
- SBM Offshore N.V.
- SLB
- TechnipFMC plc
- Transocean Ltd.
- John Wood Group PLC
- Worley Limited

Cash Conversion Ratio based awards

The Cash Conversion Ratio (CCR) is a new measure to the 2022 LTIP Plan. This measures the conversion of Adjusted EBITDA into a form of cash. The Board believes this measure is an important addition to the LTIP as it aligns with shareholder interests in making sure the business converts profitability into cash generated from our operations in a timely manner. The Group can exert significant influence in achieving this goal. Furthermore it is clear and predictable, and as with the other two measures, the elements of the calculation are readily identifiable from the Group's financial statements.

CCR is calculated for each of the three years of the performance period on a quarterly basis and the table below summarises the CCR performance condition applicable to the 2022 LTIP Plan.

Performance	Vesting level (% of total award)
Below 0.7	0%
0.7	5%
0.9	10%
1.1 or above	20%

Vesting will be calculated on a linear interpolation basis between 0.7 and 0.9 and between 0.9 and 1.1.

Return on Average Invested Capital based awards

Return on Average Invested Capital (ROAIC) is calculated for each of the three years of the performance period on a quarterly basis. The table below summarises the ROAIC performance condition applicable to the 2022 LTIP Plan:

Performance	Vesting level (% of total award)
Below 9%	0%
9%	2.167%
11%	6.5%
14% or above	15%

Vesting will be calculated on a linear interpolation basis between 9% and 11% and between 11% and 14%.

Vesting of LTIP 2019 award

The performance conditions applicable to the share awards granted in 2019 under the 2018 LTIP Plan that vested during 2022 were based upon two measures: Total Shareholder Return and Return on Average Invested Capital, with a weighting of 65% and 35%, respectively. Subject to these performance conditions the vested shares are transferred to participants in equal tranches on the third, fourth and fifth anniversary of the award date.

The performance conditions for the vesting of the share awards granted in 2019 under the 2018 LTIP Plan are set out below. For LTIP 2019 awards, both performance conditions were assessed over the three-year period, and the TSR vested at 23.71% and the ROAIC at 0%.

As a result of the partial achievement of one of the two performance metrics over the three-year performance period from 2019 to 2022, 23.71% of the total share awards granted in 2019 vested during 2022.

LTIP metric	% of shares awards under each metric	Range	Result	% of shares under metric to vest	Shares to vest (max over 3 years)
TSR	65%	50% - 100%	53.3% ^(a)	36.48%	23.71%
		9% - 14%			
ROAIC	35%	(average %)	(2.7)% ^(b)	-	-
Total	100%				23.71%

- a. Subsea7 ranked 8th out of the 16 companies within the selected peer group (above the median but below the 90th percentile). This resulted in 36.48% vesting for the TSR portion – 23.71% of the total award.
- b. The average over the three-year performance period was (2.7)%. This resulted in 0% vesting for the ROAIC portion.

The Compensation Committee evaluated the Group's performance over the performance period and recommended approval of the LTIP 2019 award vesting to the Board of Directors.

During 2022, in accordance with the terms of the 2018 LTIP plan, shares totalling 321,490 were transferred to participants. In accordance with the terms of the 2013 LTIP plan further shares totalling 66,422 were transferred to participants.

The table below shows the number of vested share awards transferred to the CEO and CFO during 2022:

Award year	CEO		CFO	
	John Evans	John Evans	Mark Foley	Ricardo Rosa
	2022	2021	2022	2021
2016 (2013 LTIP Plan)	-	7,576	-	6,060
2017 (2013 LTIP Plan)	3,360	3,260	-	2,608
2018 (2018 LTIP Plan)	9,287	9,287	-	7,672
2019 (2018 LTIP Plan)	4,695	-	-	-
Total	17,342	20,123	-	16,340

The numbers of vested share awards in the above table are gross, and exclude the impact of income taxes and social security costs borne by the employee.

Governance continued

Long Term Incentive Plan awards in 2022

Conditional share awards were made to approximately 140 leaders and key employees on 1 October 2022 comprising 1,391,000 (2021: 1,234,000) shares under the terms of the 2022 LTIP Plan.

60,000 shares were awarded to the CEO, equivalent to 78% of salary.

32,000 shares were awarded to the CFO, equivalent to 63% of salary.

Summary of 2022 Executive Officer remuneration

Total remuneration for the CEO and CFO in 2021 and 2022 was as follows:

For the year ended (in \$ thousands)	Chief Executive Officer		Chief Financial Officer	
	John Evans	John Evans	Mark Foley	Ricardo Rosa
	2022 31 Dec (a)(b)	2021 31 Dec (a)(b)	2022 31 Dec (a)(b)(c)	2021 31 Dec (a)(b)(c)
Base salary	656.1	689.0	446.3	524.0
Short-term incentive bonus ^(e)	532.3	481.9	225.2	219.7
Other short-term remuneration ^(f)	–	–	133.7	–
Taxable benefits ^(g)	19.9	22.1	15.5	18.0
Share-based payments ^(h)	159.7	174.0	–	141.1
Cash in lieu of pension ⁽ⁱ⁾	57.3	61.0	23.1	–
Pension contributions made by employer ^(j)	–	–	12.8	51.2
Total	1,425.3	1,428.0	856.6	954.0

a. Amounts in the table are shown gross before deductions of income taxes and social security costs borne by the employee.

b. Payments are made in GBP. The amounts have been translated to USD using an average exchange rate of 0.807822 for the year. The amount represents the cash paid in respect of the year.

c. Mr Foley joined the Executive Management Team as CFO on 1 January 2022.

d. Mr Rosa retired as CFO on 31 December 2021.

e. Short-term incentive bonus in respect of performance during the year.

f. Other short-term remuneration represents amounts paid after 12 months' service for forfeiture of award from previous employer.

g. Taxable benefits represent the taxable value of benefits provided during the year, including private healthcare insurance and car allowances.

h. Share-based payments represents the market value of the shares transferred to the participants during the year which vested under the 2013 and 2018 Long Term Incentive Plans. The shares were transferred when the participant met the service criteria associated with the plans.

i. CEO and CFO received a cash allowance in lieu of a pension contribution.

j. Employer pension contributions represents the cash value of defined pension contribution payments made by the Group during the year.

Non-Executive Director fees

Details of fees payable to Non-Executive Directors are set out below:

Name	Annual fee (\$)	Member of Audit Committee (\$) ^(a)	2022 31 Dec (\$)	2021 31 Dec (\$)
Kristian Siem	200,000	–	200,000	200,000
Dod Fraser	105,000	14,000	119,000	119,000
Allen Stevens ^(b)	–	–	–	2,877
Niels Kirk	105,000	–	105,000	107,520
Elisabeth Proust ^(c)	–	–	–	31,635
David Mullen	105,000	6,000	111,000	109,308
Jean Cahuzac	105,000	2,382	107,382	108,504
Eldar Sætre ^(c)	105,000	3,618	108,618	61,530
Louisa Siem ^(c)	105,000	–	105,000	60,690

a. The Chair of the Audit Committee receives \$14,000 per annum and the members receive \$6,000 per annum.

b. Allen Stevens passed away on 10 January 2021.

c. Elisabeth Proust's mandate expired on 14 April 2021. Eldar Sætre and Louisa Siem were appointed as Directors with effect from 1 June 2021 and 4 June 2021 respectively.

Share ownership of the Executive Management Team and Non-Executive Directors

Details of total performance shares and shares held in the Company by the Executive Management Team as at 31 December 2022 are shown in the table below.

Name	Total performance shares ^(a)	Total owned shares
John Evans	179,099	101,405
Mark Foley	72,000	–
Olivier Blaringhem	110,137	23,156
Phil Simons	109,343	13,451
Nathalie Louys	99,441	37,557
Kate Lyne	91,884	20,673
Marcelo Xavier	72,187	2,164

a. Total performance shares held represent the maximum future entitlement assuming all conditions are met.

Details of shares held in the Company by the Non-Executive Directors as at 31 December 2022 are shown in the table below.

Name	Total owned shares
Kristian Siem ^(a)	–
Dod Fraser	4,000
Niels Kirk	–
David Mullen	15,000
Jean Cahuzac	198,131
Eldar Sætre	7,000
Louisa Siem	–

a. At 31 December 2022, Siem Industries S.A., which is a company controlled by Mr Siem, owned 70,329,916 shares, representing 23.4% of total common shares of the Company.

The Directors are encouraged to own shares in the Company but no longer participate in any incentive or share option schemes.

Remuneration arrangements for 2023

In relation to 2023, the structure of remuneration arrangements will be in line with that for 2022 and as detailed in the Remuneration Policy.

As the market continues to recover and grow in 2023 and beyond, we expect the competition for talent to continue, putting upward pressure on market salaries. This competitive market, along with the continued inflationary environment, will be taken into account when determining the Annual Salary Review in 2023.

The Company will continue to operate its annual Short Term Incentive Plan (STIP) with targets set by the Compensation Committee. The current performance conditions for Executives will continue to be based upon the following metrics and weightings: Financial performance (45%), Project performance (20%), Safety performance (10%) and Personal objectives (25%).

The Company will continue to operate its 2022 LTIP Plan as approved at the AGM in 2022. The current performance conditions for Executives will continue to be based upon the following metrics and weightings: Total Shareholder Return (65%), Cash Conversion Ratio (20%) and Return on Average Invested Capital (15%).