



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

6 NON-FINANCIAL DATA

6.1 SCOPE OF NON-FINANCIAL INFORMATION

6.1.1 REPORTING ABOUT NON-FINANCIAL INFORMATION

The sustainability information presented in this report is prepared 'in accordance' with the 'core' option of GRI G4 Guidelines of Sustainability Reporting. The Company has used the GRI G4 Guidelines to determine material aspects for this year's report.

For SBM Offshore, it is important to have assurance on financial as well as non-financial information, to obtain assurance on the reliability of information presented to its stakeholders. This year the Company requested limited assurance on the non-financial information. PricewaterhouseCoopers Accountants N.V. ('PwC') has been engaged by SBM Offshore as its auditor.

6.1.2 MATERIALITY METHODOLOGY

A key step in developing an Integrated Report is ensuring that the content reflects SBM Offshore's most material issues. SBM Offshore conducts materiality analysis according to GRI G4 Guidelines and with influence from IPIECA (International Petroleum Industry Environmental Conservation Association) guidance.

SBM Offshore has been conducting materiality assessments to guide annual reporting since 2014. For this 2016 Annual Report, it was refreshed and built upon the process that was used to determine content for the 2015 Annual Report.

ISSUE IDENTIFICATION

Using the list of potential material issues from 2015, SBM Offshore used the following sources to identify if there were any new issues to add or issues that may need to be reassessed:

- Media review
- Feedback from internal and external stakeholders
- Benchmarking of peer company reports

ISSUE PRIORITIZATION

SBM Offshore then prioritized the issues based on the materiality, meaning, how important the issues are to stakeholders and the significance in relation to SBM Offshore's business objectives and its principles and values. Stakeholders were asked to rate the relevance of each of the material aspects. During this process stakeholders were also presented with the opportunity to add issues to the list not previously identified. We prioritized the long list of issues on the following criteria:

- Online and media coverage
- Strategic importance to SBM Offshore
- Occurrence under international standards and framework
- Stakeholder ratings
- Frequency that stakeholders raised the issues
- Future business opportunities and challenges
- Coverage by industry and peers

2016 MATERIAL ISSUES

The materiality matrix represents the outcomes of the 2016 materiality assessment. The matrix combines the outcomes of the Stakeholder Engagement process (see section 6.1.4 Stakeholder Engagement) along the vertical axis and analysis of the impact of issues on business by SBM Offshore Management Board and Management Leadership Team, in accordance with SBM Offshore's three year strategic plan, along the horizontal axis. The final matrix of material topics were reviewed and validated by Management Board.

The most significant themes, issues with the highest priority for stakeholders and the biggest estimated impact on business, can be found in the upper right section, highlighted in orange. In 2016, new issues emerged compared to last year, the new list of issues are, Renewables, Operational Performance and Sustainable Business.

The results of the material assessment can be found in the materiality matrix, which can be found in section 1.7 Materiality-based Value Creation. Details on how the matrix corresponds to GRI and reporting boundaries can be found in section 6.1.5 Reporting Boundaries. General standard disclosure

and aspects with lesser of priority are included in the GRI Table.

6.1.3 VALUE CREATION MODEL

By defining value drivers that strengthen its business proposition, SBM Offshore ensures that it leverages its differentiated products and services throughout the full product lifecycle to match clients' needs. Each value driver, combined with its synergies, optimize the added value for clients and shareholders. In addition the value drivers provide a level of assurance that the excellent performance, to which SBM Offshore aspires, will be delivered.

In 2016, SBM Offshore further developed its Integrated Business model in line with IIRC integrated reporting framework. The Company's vision and values are reflected in the model (see section 1.7 Materiality-based Value Creation) and contribute to SBM Offshore's track record and reputation as an industry leader. The core of the model, reflects the main business activities – engineering, construction and the Lease and operate of units – and outputs. The input capital is described as a 'value driver' and the outcome as 'added value' in relation to the six capitals (see section 1.7 Materiality-based Value Creation).

6.1.4 STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT

SBM Offshore is fully aware that sustainable business can only be achieved by interacting with its stakeholders and understanding the impact the business has on its environment. The Company realizes that engaging with its stakeholders is an important source of information to assist in defining risks and opportunities as well as setting the Company's strategic objectives within the value chain.

To shape stakeholder engagement, SBM Offshore identified key stakeholders by mapping the level of influence on and level of interest in the Company. Main stakeholders are the Company's employees, shareholders, the investor community, clients,

business partners and suppliers. Other important stakeholders are lenders, export credit agencies, governments in operating areas, non-governmental organizations (NGOs), oil and gas industry associations, universities, researchers and potential investors. Throughout the year SBM Offshore engages with these stakeholders on a continuous basis as part of regular operations and captures that information.

Internally, SBM Offshore organizes regular Town Hall meetings where top management share business updates and establish a dialogue with staff; including participation in worldwide Company events such as Life Day. SBM Offshore also regularly shares information and updates on strategies, projects and people with its employees through the company's intranet site and via its internal monthly newsletter.

The Company maintains open and active engagement with its external stakeholders through regular business interactions, including the annual shareholders meeting, analyst and investor road shows/meetings, a Capital Markets Day for financial analysts, analyst webcast presentations, Press Releases, Website updates, surveys and desktop research.

The feedback obtained forms the backbone of the Company's stakeholder engagement program. The program is complemented with other interaction with stakeholders, in order to validate findings and the feedback received feeds into management's approach to Materiality and long term value creation.

SBM Offshore performed a Materiality assessment to identify the aspects that are material to its 'license to operate' and its 'license to grow' (see 2.12 Sustainable Business for more explanation). The key performance indicators stated for 2016 are based on topics identified as material for SBM Offshore. SBM Offshore discloses its performance indicators to allow stakeholders the opportunity to provide feedback on the Company's impact, in connection with its sustainability policies, targets