



EXPERIENCE **MATTERS**

2016

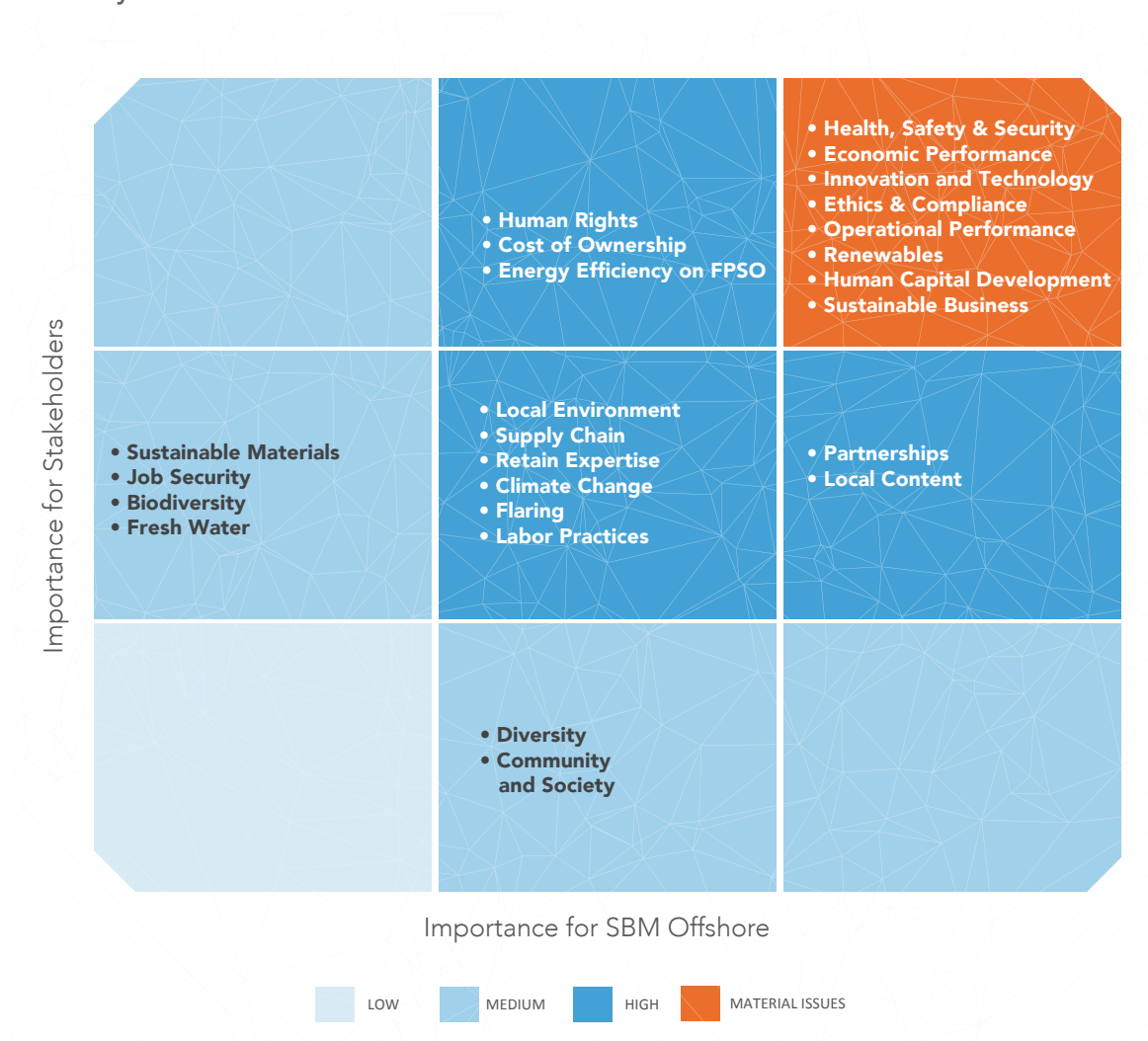
ANNUAL REPORT

1.7 MATERIALITY-BASED VALUE CREATION

SBM Offshore has identified and prioritized relevant industry issues, both financial and non-financial, that

significantly impact the Company's ability to create value. The results are presented in a materiality matrix (below) showing both stakeholders' and SBM Offshore's opinion by level of importance.

Materiality Matrix



Based on the matrix, SBM Offshore's management has validated the list below of material topics for the Company.

SBM Offshore categorizes its material themes either as 'License to Operate' or as 'License to Grow'. License to Operate is explained as those topics,

which SBM Offshore must engage with in order to operate within relevant rules and regulations.

The License to Grow theme focusses on developing a sustainable business with a long-term view, beyond rules and regulations with the objective to improve engagement of Environmental, Social and

1 AT A GLANCE

Governance (ESG) issues and create a competitive edge for the Company. They are grouped under Sustainable Business.

MATERIAL TOPICS FOR 2016

LICENSE TO GROW

1. Health, Safety & Security

A safe and secure work environment for employees and contractors. SBM Offshore's HSS program is detailed in section 2.5 Environment.

2. Economic Performance

Economic value generated, which is distributed to stakeholders including employees, shareholders and capital providers, see chapter 5 Financial Report 2016 and chapter 2 Strategy and Performance.

3. Innovation & Technology

Investment in Technology & Innovation, allowing SBM Offshore to provide solutions to meet its clients' requirements and to increase the Company's competitive advantage in its core market, as well as ensuring the transition into renewable energy as the industry's energy mix evolves, see section 2.9 Technology.

4. Ethics & Compliance

Compliance with rules, regulations and codes of conduct, including the Company's anti-corruption policy. See section 3.7 Compliance.

5. Operational Performance

Project and operations performance including cost management, up-time, operational excellence (process safety management), environmental, quality and regulatory compliance. See sections 2.6 Operational Excellence, 2.6.1 Process safety management, 2.7 Quality and Regulatory.

6. Renewables

The development and commercialization of offshore renewable energy products, see section 2.9 Technology.

7. Human Capital Development

A work environment that attracts and retains talent in order to maintain a operational workforce to execute current and future projects. Details on how SBM Offshore achieves this can be found in section 2.8 Talented People.

LICENSE TO OPERATE

8. Sustainable Business

Sustainable business is considered part of the Company's License to Grow. It typically covers topics like Climate Change, Local Content Development, Responsible Supply Chain and Human Rights, that are considered material in the long-term but not per se in the short-term. Sustainable business concepts are embedded in the Company's activities under sections 2.3.2 Fleet, 2.10 Supply Chain and under section 2.12 Sustainable Business.

VALUE CREATION

Defining material topics is a key step towards providing an Integrated Annual Report as recognized by the International Integrated Reporting Council (IIRC). SBM Offshore is committed to continuously improving its integrated reporting as it sees the value in providing comprehensive and integrated information to stakeholders, facilitating a better understanding of the Company's activities, objectives and performance. SBM Offshore determines a list of material issues, partly through its Stakeholder Engagement Process (see section 6.1.4). The key issues, approved by the Management Board, are highlighted in orange in the matrix. SBM Offshore conducts its materiality analysis according to GRI G4 Guidelines¹ and with guidance from the International Petroleum Industry Environmental Conservation Association (IPIECA). See section 6.1.2 for details on the materiality assessment.

¹ The Global Reporting Initiative (GRI) G4 Guidelines are an international reference for those interested in the disclosure of governance approach and of the environmental, social and economic performance and impacts of organizations.

In 2016, SBM Offshore further developed its Integrated Business model in line with the IIRC framework. The Business Value Model illustration shows the capital inputs and the value drivers with which SBM Offshore creates value in relation to the six capitals. Material topics for the value drivers are

the inputs for value creation. SBM Offshore's vision and corporate values are embedded throughout the entire organization and reflected in the model below. See section 6.1.3 Value Creation Model for more details.

Business value model

