



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

information can be found in section 4.4 of this Annual Report.

3.5.6 AUDITORS

The external auditor of SBM Offshore is appointed by the Annual General Meeting on proposal of the Supervisory Board. During the Annual General meeting of 2014, PricewaterhouseCoopers Accountants N.V. was appointed auditor. The current appointment is reviewed every four years by the Audit Committee. The Audit Committee advises the Supervisory Board, which communicates the results of this assessment to the Annual General Meeting. The Audit Committee and the Management Board report their dealings with the external auditor to the Supervisory Board annually and discuss the auditor's independence.

The current lead auditor is Mr. M. de Ridder of PricewaterhouseCoopers Accountants N.V. He will be present at the Annual General Meeting 2017 and may be asked questions with regard to his statement on the fairness of the financial statements. The external auditor attends all meetings of the Audit Committee, as well as the meeting of the Supervisory Board at which the financial statements are approved. He receives the financial information and underlying reports of the quarterly figures and is given the opportunity to comment and respond to this information.

Based on auditor independence requirements, the lead auditor in charge of the SBM Offshore account is changed every five years. Pursuant to the Dutch Audit Profession Act (Wet op het accountantsberoep), the audit firm of a so-called public interest entity (such as a listed company) will have to be replaced if the audit firm performed the statutory audits of the Company for a period of ten consecutive years, at the latest in 2024.

Pursuant to the Audit Profession Act, the auditors are prohibited from providing the Company with services in the Netherlands other than 'audit services aimed to provide reliability concerning the information supplied by the audited client for the benefit of external users of this information and also for the benefit of the Supervisory Board, as referred to in the reports mentioned.' The Company has taken the position that no additional services may be provided by the external auditor and its global network that do not meet these requirements, unless local statutory requirements so dictate.

3.5.7 STICHTING CONTINUÏTEIT SBM OFFSHORE N.V.

In this paragraph, SBM Offshore's anti-takeover measures are described as well as the circumstances under which it is expected that these measures may be used.

A Foundation 'Stichting Continuïteit SBM Offshore' (the Foundation), has been established on March 15, 1988. In summary, the objectives of the Foundation are to represent the interests of SBM Offshore in such a way that the interests of the Company and of all parties involved in this are safeguarded, and that influences which could affect the independence, continuity and/or the identity of the Company in breach of those interests are deterred. The Foundation will perform its role, and take all actions required, at its sole discretion. In the exercise of its functions it will, however, be guided by the interests of the Company and the business enterprises connected with it, and all other stakeholders, including shareholders and employees.

The Foundation is managed by a Board, the composition of which is intended to ensure that an independent judgment may be made as to the interests of the Company. The Board consists of a number of experienced and reputable (former)

senior executives of multinational companies. To be kept informed about the business and interests of the Company, the Chairman of the Supervisory Board, CEO and the CGCO are invited to attend the Foundation Board meetings.

The Board of the Foundation consists of: Mr. R.P. Voogd, Chairman, former public notary, Mr. A.W. Veenman, vice-chairman, former CEO of the Nederlandse Spoorwegen, Mr. R.H. Berkvens, CEO of Damen Shipyard and Mr. B. Vree, former CEO of APM Terminals. As per December 1, 2016, Mrs. H.F.M. Defesche and Mr. J.O. van Klinken were appointed Board members. Mrs. Defesche is former Group Director Legal Affairs at Royal Imtech and former General Counsel at Stork Group. Mr. Van Klinken is currently General Counsel at Aegon. In 2016, Mr. C.J.M. van Rijn stepped down as member of the Board. In 2016, the Board amended the Foundation's articles of association.

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of preference shares in the Company's share capital, carrying voting rights, equal to one half of the voting rights carried by the ordinary shares outstanding immediately prior to the exercise of the option, enabling it effectively to perform its functions as it, at its sole discretion and responsibility as it deems useful or desirable.

The option agreement between SBM Offshore and the Foundation was lastly amended and restated in 2011, to reflect a waiver by the Company of its put option and the alignment of the nominal value of the protective preference shares with the nominal value of ordinary shares by reducing the nominal value of EUR 1 to EUR 0.25 and the related increase in the number of protective preference shares as per the amended articles of association of the Company. In the joint opinion of the Supervisory Board, the Management Board and the Foundation

Board members, the Foundation is independent as stipulated in clause 5:71 section 1 sub c Supervision Financial Market Act.

3.5.8 OTHER REGULATORY MATTERS

CONFLICTS OF INTEREST

The members of the Management Board have a services contract with SBM Offshore N.V. In these contracts it is stipulated that members of the Management Board may not compete with the Company. In the service agreement, between the Company and each of the members of the Management Board a change of control clause is included.

The Management Board Rules and the Code of Conduct of the Company regulate conflict of interest matters. The Supervisory Board Rules also contain regulation based on the Dutch Corporate Governance Code that deals with reporting of conflict of interest of the Chairman and members of the Supervisory Board. Decisions to enter into transactions in which there are conflicts of interest with Management Board members that are of material significance to the Company and/or to the relevant Management Board members require the approval of the Supervisory Board. In 2016, there were no such transactions.

The Company's Code of Conduct does not permit employees and directors to accept gifts of value for themselves or their relatives, to provide advantages to third parties to the detriment of the Company or to take advantage of business opportunities to which SBM Offshore is entitled.

With reference to the Remuneration Committee, no loans or guarantees have been provided to members of the Management Board. No other conflicts of Interest in relation to the members of the Management Board or the Supervisory Board were reported during the year 2016.