SBM OFFSHORE



EXPERIENCE MATTERS

2016 ANNUAL REPORT

3.10 IN CONTROL STATEMENT

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. The implementation of the internal risk management and control framework at SBM Offshore focuses on managing both financial risks and operational risks as described in the section 3.6 Risk Management of the Annual Report. As a key part of its scope, Risk Management is responsible for the design, monitoring and reporting on the internal control framework.

During 2016, various aspects of risk management were discussed by the Management Board, including the result of the yearly testing Internal Control Over Financial Reporting (ICOFR) campaign. The responsibilities concerning risk management, as well as the lines of defense were also discussed with senior management. In addition, the result of the yearly testing campaign of controls covering financial reporting risks have been reviewed with the Audit Committee and Supervisory Board. This testing campaign did not highlight any major control deficiency and concluded to an overall improvement in the conformity rate around the organization.



In line with the adoption of the Dutch Corporate Governance Code, SBM Offshore prepared the *In Control Statement* 2016 in accordance with the best practice provision II.1.5. of the Dutch Corporate Governance Code. With due consideration to the above, the Company believes that its internal risk

management and control systems provide reasonable assurance that the financial reporting does not contain any errors of material importance and that the internal risk management and control systems relating to financial reporting risks worked properly in 2016.

However, the Company cannot provide certainty that its business and financial strategic objectives will be realized or that its approach to internal control over financial reporting can prevent or detect all misstatements, errors, fraud or violation of law or regulations. Financial reporting over 2016 was based upon the best operational information available throughout the year and the Company makes a conscious effort at all times to weigh the potential impact of risk and the cost of control in a balanced manner.

With reference to section 5.25c paragraph 2, sub c of the Financial Markets Supervision Act (*Wet op het financieel toezicht*), the Management Board states that, to the best of its knowledge:

- The annual financial statements for 2016 give a true and fair view of the assets, liabilities, financial position and profit or loss of SBM Offshore and its consolidated companies
- The Annual Report gives a true and fair view of the position as per December 31, 2016 and that SBM Offshore's development during 2016 and that of its affiliated companies is included in the annual financial statements, together with a description of the principal risks facing SBM Offshore.

Schiphol, the Netherlands
February 8, 2017

Management Board
B.Y.R. Chabas, CEO
P. Barril, COO
E. Lagendijk, CGCO
D.H.M Wood, CFO

3 GOVERNANCE