SBM OFFSHORE

EXPERIENCE MATTERS

2016

ANNUAL REPORT

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

and performance. General standard disclosure and aspects of lesser priority are included in the Global Report Initiative Table (see GRI Table).

Stakeholder engagement

The table below shows per stakeholder group their expectations of SBM Offshore.

	Shareholders, Investors & Loan Providers	Employees	Clients, JV and Business partners	Classification Society	NGOs & Assocations	Suppliers
Technological innovation to maintain a leading position and support the energy transition	√	√	√	√	√	√
Compliance with all relevant laws and regulations, concerning the full scope of economic, ethical, social and environmental issues	√	√		√	√	
Maintenance of a high standard regarding anti-bribery and corruption procedures, Code of Conduct and business ethics	√	√		√	√	√
Predictable cash flows and liquidity	√					
Contribution to local development, protection of human rights, ethical business, behaviour and culture	√	√	√	√	√	√
Sustainable Business Creation	√				√	
Focus on health safety and process safety	√	√	√	√		√
Attention to the search and retention of talent, including talent development	√	√		√		√
An increase of renewables in the energy mix for the future					√	
Efficiency in the use of energy and natural resources and care for the protection of the environment	√	√		√	√	
Efficiency in SBM Offshore operations, with an cost effective sustainable supply chain to support this			√	√	√	√
Focus on calculating the total life cycle costs of product	√		√	√		√
Project Performance	√	√	√	√		√

SBM OFFSHORE VALUES YOUR OPINION

SBM Offshore would like to know more about which economic, social and environmental issues are important to its stakeholders.

Would you like to participate in SBM Offshore's 2017 Stakeholder Engagement or provide feedback for the 2016 Stakeholder Engagement? Please write to us at sustainability@sbmoffshore.com.

6.1.5 REPORTING BOUNDARIES

The performance indicators include Financial, Social, Health, Safety, Security and Environmental data, which are included in the following pages of the report.

HSSE data are presented for the calendar years 2015 and 2016 to allow for comparison. Human Resources data are presented for 2016. For certain key data the last five years have been published to show the Company's long history of data collection and disclosure. PricewaterhouseCoopers Accountants N.V. has provided limited assurance on the safety indicators LTIFR and TRIFR and environmental data reported for the years 2010 until 2013 based on a separate report on selected key