



EXPERIENCE **MATTERS**

2016

ANNUAL REPORT

6.5 ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

To: the Management Board and Supervisory Board of SBM Offshore N.V.

Assurance report on the Sustainability Information 2016

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Sustainability Information included in the Annual Report of SBM Offshore N.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
 - the events and achievements related thereto for the year ended 31 December 2016
- in accordance with the Sustainability Reporting Guidelines version G4 of GRI and the internally applied reporting criteria.

What we have reviewed

The Sustainability Information contains a representation of the policy and business operations of SBM Offshore N.V. ('the Company'), Amsterdam, regarding sustainability and the events and achievements related thereto for 2016.

We have reviewed the Sustainability Information for the year ended 31 December 2016, as included in the following sections in the Annual Report of the Company:

- Section 1: At a Glance;
- Section 2: Strategy and Performance;
- Section 3: section "3.7 Compliance"; and
- Section 6: Non-Financial Data

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen'. This review engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the Sustainability Information' of this Assurance report.

Independence and quality control

We are independent of SBM Offshore in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We apply the 'Nadere voorschriften accountantskantoren ter zake van assurance opdrachten (RA/AA)' and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other applicable legal and regulatory requirements.

We believe that the assurance information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

SBM Offshore N.V. developed its reporting criteria on the basis of the Sustainability Reporting Guidelines version G4 of GRI, as disclosed in section "6.1 Scope of Non-Financial Information" of the Annual Report. The information in the scope of this assurance engagement needs to be read and understood in conjunction with the reporting criteria. The Management Board is responsible for selecting and applying these reporting criteria. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

6 NON-FINANCIAL DATA

Inherent limitations

The Sustainability Information includes prospective information such as expectations on ambitions, strategy, plans and estimates based on assumptions. Inherently, the actual results are likely to differ from these expectations, due to changes in assumptions. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information in the Sustainability Information.

Our review approach

Materiality

Based on our professional judgement we determined specific materiality levels for each part of the sustainability information. When evaluating our materiality levels, we have taken into account the relevance of information for both stakeholders and the organization, based on the materiality analysis performed by the Company.

In reviewing the quantitative information in the Sustainability Information we assessed deviations did not exceed the percentage set out below of underlying performance indicators.

Aspect	Materiality level	Reference to performance indicators in Annual Report
Health, Safety & Security	5% (Fatal incidents 0%)	Section 6.2.1
Environment – Emissions & Energy (offshore)	5%	Section 6.2.2
Environment – Emissions & Energy (onshore)	10%	Section 6.2.2
Environment – Discharges (excluding waste)	5%	Section 6.2.2
Environment – Discharges (waste)	10%	Section 6.2.2
Human Resources – Compliance	5%	Section 6.2.3, SO5, SO8

Scope of the group review

SBM Offshore reports on the Sustainability Information on a consolidated level. For more details reference is made to “6.1 Scope of Non-Financial Information” of the Annual Report. Our review focused on Head Office, SBM Operations and the significant contributing Regional Centres in Monaco, Schiedam, Brazil, USA and Malaysia.

The majority of review procedures for this assurance engagement were performed by the central review team. Specific review procedures for certain employment data and compliance were performed by the local review teams.

Where the work was performed by local review teams, we determined the level of involvement we needed to have in their work to be able to conclude whether sufficient appropriate evidence had been obtained as a basis for our conclusion on the consolidated Sustainability Information. The consolidation is reviewed by the central review team at Head Office.

Key review matters

Key review matters are those matters that, in our professional judgement, were of most significance in our review of the Sustainability Information. We have communicated the key review matters to the Management Board and Supervisory Board. The key review matters are not a comprehensive reflection of all matters discussed. We described the key review matters and included a summary of the review procedures we performed on those matters.

These key review matters were addressed in the context of our review of the Sustainability Information as a whole, and in forming our conclusion thereon. We do not provide a separate conclusion on these matters or on specific elements of the Sustainability Information. Any comments we make on the results of our procedures should be read in this context.

Key review matter**How our review addressed the matter**

Improvement of the calculations for offshore energy consumptions and emissions

SBM Offshore N.V. identified and implemented the following two improvements for the calculation of offshore energy consumption and emissions. Reference is made to section 6.1.7 Environmental Reporting:

Change in density values

Using updated density values to convert volumes of oil and gas used to report on offshore energy consumption and emissions. The change in density values resulted in a decrease of energy consumption and emissions.

Change in calculation system

The Company implemented an IT tool for automatic calculations of offshore energy consumption and emissions that replaces the manual calculations applied in prior years. During the implementation, the Company identified certain inconsistencies in the calculation applied in prior years.

The Company changed the calculation system and revised the related comparative data, as disclosed in sections "6.1.6 Health, Safety and Security Reporting" and "6.1.7 Environmental Reporting". The change in the calculation system resulted in increased energy consumption, nitrogen oxides (NO_x) & sulphur dioxide (SO₂) data, and a decrease in the ratio of oil in produced water discharges per production for 2015.

The change in calculating the data did not alter the view on the Company's sustainability policy and achievements with respect to offshore energy consumption and emissions.

The improvement of the calculations for offshore energy consumptions and emissions is qualified as a key review matter, because it led to a revision of data resulting in changes to comparative figures and changes in our review procedures thereon.

Change in density values

Through inquiry we gained an understanding of the preparation, source and frequency of the density measurement for used oil and gas in the off shore fleet.

We reconciled several oil and gas density values reported by the FPSOs with reports from test laboratories. In addition, we reconciled these density values with the actual density values used in the calculation of the 2016 offshore energy usage and emissions. We assessed whether the revisions of the offshore energy consumption and emissions of 2015 are calculated based on the new density values.

Finally we performed analytical procedures and assessed the plausibility of the difference between the revised data 2015 and the reported data in 2015.

Change in calculation system

We assessed the root cause of the inconsistencies in the manual calculation of the data reported in 2015. We reviewed the revised calculations for the prior year.

We compared the revised 2015 data with the 2015 reported data and identified the elements in the calculations that led to the inconsistencies. We reviewed whether the Company adequately disclosed these matters in the Sustainability Information in the Annual Report.

Responsibilities for the Sustainability Information and the assurance engagement**Responsibilities of the Management Board**

The Management Board of SBM Offshore is responsible for the preparation of the Sustainability Information in accordance with the Sustainability Reporting Guidelines version G4 of GRI and the internally applied reporting criteria as disclosed in section "6.1 Scope of Non-Financial Information" of the Sustainability Information, including the identification of stakeholders and the definition of material subjects. The choices made by the Management Board regarding the scope of the Sustainability Information and the reporting policy are summarized in section "6.1 Scope of Non-Financial Information". The Management Board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The Management Board is also responsible for such internal control as it determines is necessary to enable the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or errors.

6 NON-FINANCIAL DATA

Our responsibilities for the review of the Sustainability Information

Our responsibility is to plan and perform the review engagement to obtain sufficient and appropriate assurance information to provide a basis for our conclusion.

This review engagement is aimed at obtaining limited assurance. In obtaining a limited level of assurance, the performed procedures are aimed at determining the plausibility of information and are less extensive than those aimed at obtaining reasonable assurance in an audit engagement. The performed procedures in this context consisted mainly of gathering information from the Company's employees and applying analytical procedures set out in relation to the information included in the Sustainability Information. The assurance obtained in review engagements aimed at obtaining limited assurance is therefore significantly lower than the assurance obtained in assurance engagements aimed at obtaining reasonable assurance.

Misstatements may arise due to fraud or error and are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Sustainability Information. The materiality affects the nature, timing and extent of our review and the evaluation of the effect of identified misstatements on our conclusion.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our main procedures include:

- Performing an external environment analysis and obtaining insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the organization.
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates.
- Evaluating the design and implementation of the reporting systems and processes related to the information in the Sustainability Information.
- Interviewing management (or relevant staff) at corporate and business level responsible for the Sustainability strategy and policy.
- Interviewing relevant staff at corporate level, responsible for providing the information in the Sustainability Information, carrying out internal control procedures on the data and consolidating the data in the Sustainability Information.
- Visits to reporting functions in Monaco to evaluate the source data and to evaluate the design and implementation of control and validation procedures at local level.
- An analytical review of the data and trends submitted for consolidation at corporate level.
- Reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the Sustainability Information, is substantiated adequately;
- Assessing the consistency of the sustainability information and the information in the Sustainability Information not in scope for this assurance report;
- Assessing whether the sustainability information has been prepared 'in accordance' with the Sustainability Reporting Guidelines version G4 of GRI.

From the matters communicated with SBM Offshore we determine those matters that were of most significance in the review of the Sustainability Information and are therefore the key review matters. We describe these matters in our assurance report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Amsterdam, 8 February 2017

PricewaterhouseCoopers Accountants N.V.

drs E.M.W.H. van der Vleuten RA



CHAPTER 7

OTHER INFORMATION

SBM Offshore has a long history of innovation. From its shipping origins at the Gusto Shipyard in the Netherlands, IHC (as the Company was first known) secured a contract to supply its single point mooring system (SPM) for Shell's operations offshore Indonesia in 1959. Instead of the multi buoy systems used at the time, the design for this buoy was a pioneering SPM system on which Shell and SBM Offshore had first begun collaborating in 1958. It proved to be so successful that it went on to be used extensively, opening up new possibilities for the industry. Demand for Catenary Anchor Leg Mooring (CALM) buoy terminals continues today.

**FIRST ORDER
FOR A SINGLE POINT
MOORING BUOY**

1959

EXPERIENCE MATTERS

