



2017

ANNUAL REPORT



EXPERIENCE MATTERS

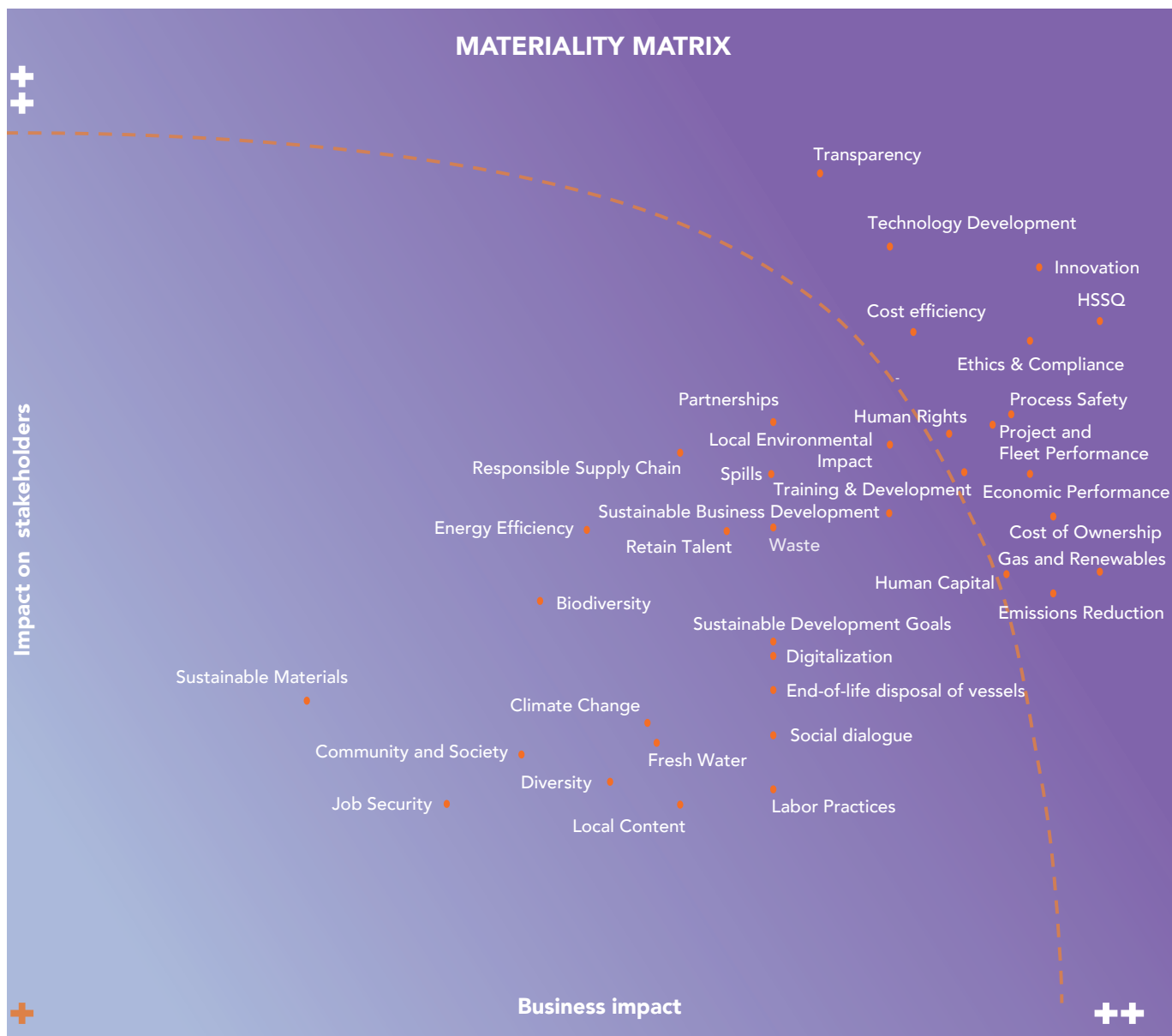
1 AT A GLANCE

1.7 MATERIALITY-BASED VALUE CREATION

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 stakeholder engagement 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.

SBM Offshore has identified industry issues, both financial and non-financial, that impact the Company's ability to create value. The results are presented in the following materiality matrix visualizing the impact the Company has on these issues and related stakeholders decisions.



MATERIAL TOPICS FOR 2017

Based on the matrix, SBM Offshore's management has validated the list below of most of the material topics for the Company. Reference is provided in terms of where further information on these topics may be found in this report.

Strategic themes	Material topic	Business impact	Reference
Health, Safety, Security & Quality	<ul style="list-style-type: none"> ■ Health, Safety, Security ■ Process safety ■ Quality 	<p>A safe and secure work environment for our employees and contractors.</p> <p>Being in full compliance with all applicable laws and regulations and to delivering products and services meeting all related regulatory requirements</p>	Sections 2.4 & 2.7
Economic performance	<ul style="list-style-type: none"> ■ Cost-efficiency ■ Project and fleet performance ■ Cost of ownership ■ Economic performance 	Economic value generated, which is distributed to stakeholders including employees, shareholders and capital providers. Project and operations performance including cost management, uptime, operational excellence.	Sections 2.2 & 2.3
Technology	<ul style="list-style-type: none"> ■ Technology development ■ Innovation ■ Gas and Renewables 	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 energy mix evolves.	Section 2.9
Compliance	<ul style="list-style-type: none"> ■ Transparency ■ Ethics & compliance 	Compliance with rules, regulations and codes of conduct, including the Company's anti-corruption policy.	Section 3.8
Talented people	<ul style="list-style-type: none"> ■ Training and development ■ Human capital 	A work environment that attracts and retains talent in order to maintain an operational workforce to execute current and future projects.	Section 2.8
Environment	<ul style="list-style-type: none"> ■ Emission reductions 	For SBM Offshore, managing environmental impact goes beyond compliance to environmental protection and refers also to environmentally friendly innovations in the operation.	Section 2.5
Sustainable business	<ul style="list-style-type: none"> ■ Human Rights 	Sustainable business is considered part of the Company's License to Operate. It covers the topics Climate Change, Local Content Development, Responsible Supply Chain and Human Rights. Sustainable business concepts are embedded in the Company's activities.	Section 2.10, 2.11 & 2.12

Value Creation

Sustainable long-term value creation for stakeholders is inherent to the Company's business model. As SBM Offshore provides long-lasting infrastructure that accounts for approximately 1% of the world oil production, the Company understands and recognizes its role in both the short and long-term for a safe, efficient, reliable and sustainable supply in the world's energy demand.

By (pro-actively) leveraging the knowledge, experience and values of our employees we are able to play a key role in the transition towards a more sustainable production of energy while providing them with a safe workplace.

Meeting the expectations of our stakeholders is therefore a critical part of our daily operation as well as of our strategy, in order to realize a long-term license to grow. SBM Offshore's value creation model visualizes this business model, explaining the importance of the

Company in the context of the changing environment and the expectations of the Company's stakeholders. It visualizes the interdependencies of the Company's performance and shows that all results are an outcome of daily activities.

The value creation model demonstrates how the Company uses the resources and expertise at its disposal to create value for its stakeholders. The model visualizes the essential inputs and output of SBM Offshore in six capitals. In this model, the outputs have been quantified and matched with some of the Company's KPIs. Outputs have been matched to the corresponding United Nations Sustainable Development Goals (SDGs). SBM Offshore prioritizes the SDGs where the Company has the most impact and will focus on seven SDGs. For more details on SBM Offshore plans with regards to the SDGs please see section 2.12.

SBM OFFSHORE VALUE CREATION MODEL

THE **INPUTS** ON WHICH WE FLOAT



FINANCIAL CAPITAL

Our financial resources to grow in fleet size and monetary value:

- Total Assets US\$ 6,915 million
- Market Capitalization US\$ 3.6 billion

PRODUCED CAPITAL

Our fleet that enables consistent reliable and safe production:

- 14 FPSOs
- 2 FSOs
- 1 MOPU
- 1 Semi-submersible unit
- Total Production Capacity: 1,600,000 bopd

INTELLECTUAL CAPITAL

Leveraging our knowledge & experience to bring new and innovative solutions to clients and society:

- + 300 years of cumulative years of operating experience
- R&D investments: US\$ 33 million

HUMAN CAPITAL

Motivated, diverse, healthy and expert colleagues to develop the best energy solutions:

- Headcount 4,810
- 68 Nationalities
- 17% Females in Permanent Workforce

SOCIAL CAPITAL

To incorporate our values wherever we operate and to operate with respect for law and regulations on ethics, safety, health, quality, labor standards, environmental standards, governance

NATURAL CAPITAL

The natural resources needed to run our operation

- 5 Locations
- 62,746,663 GJ Energy to run our operation
- Reservoirs made available by Client

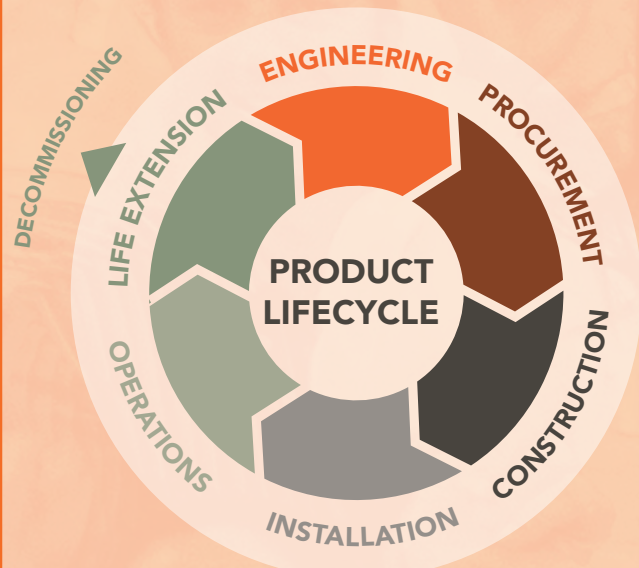
‘To be a trusted partner, delivering reliable floating production solutions that create value for the Company’s clients, by sustainably and passionately leveraging SBM Offshore’s technology and operating experience.’

Strategy

OPTIMIZE - TRANSFORM - INNOVATE

Our Values

INTEGRITY - CARE - ENTREPRENEURSHIP - OWNERSHIP



FEEDBACK

All financial figures are according to Directional reporting



GLOBAL ENVIRONMENT

Rising standards

THE **OUTPUT** REALIZED AND THE VALUE WE WANT TO ACHIEVE

RESULTS		OUTPUTS													
FINANCIAL CAPITAL															
Our economic performance needed for long-term growth: <ul style="list-style-type: none">• Operating revenue: US\$ 1,676 million• Underlying EBITDA: US\$ 806 million• Dividend per share US\$ 0.25		4% growth in underlying EBITDA													
PRODUCED CAPITAL															
What we produced to deliver on our ambition to transform and optimize: <ul style="list-style-type: none">• 98.3% Uptime• Start on Liza FPSO		29% efficiency increase GJ / bbl*													
INTELLECTUAL CAPITAL															
Our knowledge gained to innovate for future energy solutions <ul style="list-style-type: none">• FPSO Standardization: Launch of SBM Offshore's next generation Fast4Ward™• In-house R&D testing center• 16 new patent applications		2% of revenue invested in R&D													
HUMAN CAPITAL															
By caring for our colleagues we realize and fulfil our ambition <ul style="list-style-type: none">• 150,337 training hours in 2017• Injury Frequency Rate: 0.19 (per 200,000 hours)• Process safety Tier 1 incidents: 5		63% decrease in LTIF*													
		36 training hours per employee													
SOCIAL CAPITAL															
Our license to operate is essential for our license to grow <ul style="list-style-type: none">• 1,955 Ethics and Compliance Trainings• 148 signed Supply Chain Charters		97% of designated onshore employees completed the annual Compliance Certificate (See chapter 5.2.3 for details). 88% of employees covered by Collective Bargaining Agreements	 												
NATURAL CAPITAL															
A more efficient and cleaner use of resources to facilitate the energy transition for our clients & society. It enables long-term value for the Company															
<table><tr><th>SBM performance compared to IOGP average</th><th>SBM OFFSHORE</th><th>IOGP average</th></tr><tr><td>GHG emissions (1)</td><td>99.9</td><td>151</td></tr><tr><td>Energy consumption (2)</td><td>1.1</td><td>1.4</td></tr><tr><td>Oil in produced water (3)</td><td>2.6</td><td>11</td></tr></table>		SBM performance compared to IOGP average	SBM OFFSHORE	IOGP average	GHG emissions (1)	99.9	151	Energy consumption (2)	1.1	1.4	Oil in produced water (3)	2.6	11	50% Decrease in gas flared per production*	 
SBM performance compared to IOGP average	SBM OFFSHORE	IOGP average													
GHG emissions (1)	99.9	151													
Energy consumption (2)	1.1	1.4													
Oil in produced water (3)	2.6	11													
		0 spills (> 1 barrel (159 L))													
(1) tonnes of Greenhouse Gas Emissions per thousand tonnes of hydrocarbon production (2) gigajoule of energy per tonnes of hydrocarbon production (3) tonnes of oil discharged to sea per million tonnes of hydrocarbon production															

* in 2017 compared to 2016

