

Vereniging VEB NCVB
Postbus 240
2501 CE DEN HAAG

Monaco, 26 May 2015

Dear Messrs Keyner and Koster,

SBM Offshore N.V. ("**SBM Offshore**" or the "**Company**") confirms receipt of your letter dated 1 May 2015. We apologize for the slight delay in response.

Set out below is the Company's response to both the questions and concerns you raise in said letter. Sections 1 to 4 set out the manner in which the internal investigation was conducted as well as the actions taken at each stage of that investigation. We believe this background information could be helpful in properly assessing our responses to your questions, which are set out in Section 5.

1 The internal investigation

General

1. In 2011, the Company embarked on a review of its compliance practices. This initiative was still ongoing when in January 2012, the Company learnt from the external counsel representing one of the Company's customers, Noble Energy, that one of the Company's agents, Mr Hanny Tagher, had stated during an interview with Noble Energy's external counsel that he had given certain items of value to certain government officials in Equatorial Guinea.
2. The Company immediately took the following measures:
 - it started an internal investigation into possible irregularities involving third parties;
 - it suspended all payments to sales agents globally, irrespective of whether or not any possible irregularity was suspected; and
 - it set-up a Compliance Task Force team to conduct a thorough review of all of its sales agents worldwide, including a review of their contracts, practices and fees.

In addition, in April 2012, the Supervisory Board proposed to appoint a member of the Management Board dedicated to Corporate Governance and Compliance, who would oversee and guide the actions initiated as well as the further compliance enhancements to be implemented within the Company.

3. In the first week of February 2012, the Company retained external counsel Paul Hastings LLP ("**Paul Hastings**") in order to conduct an objective review of the facts and to advise on the U.S. angle the internal investigation may take. The Company further engaged De Brauw Blackstone Westbroek N.V. ("**De Brauw**") (together with Paul Hastings the "**External Counsels**") to advise on matters of Dutch law. Paul Hastings in turn appointed PricewaterhouseCoopers LLP as forensic accountants ("**PwC Forensics**").
4. The newly created Compliance Task Force team was composed of internal legal, audit, finance and compliance staff, and was to assist the External Counsels and PwC Forensics with their work. The internal investigation looked back five years from the moment the Company became aware of the possible irregularities, and thus covered the period 2007-2011.
5. As we reported in our press release of 2 April 2014, the internal investigation was not restricted to any particular countries but was evidence-based, meaning that the investigators (i.e. Paul Hastings and, to the extent of their involvement, PwC Forensics) and the Company, together with De Brauw, at each stage reviewed the sum of the information found before deciding on next steps in the investigation. Legal considerations also played a role in deciding next steps, in the sense that the internal investigation prioritized countries with clear indications of possible wrongdoing over countries where indications were less apparent. As a consequence, the internal investigation took place in stages, with initial focus on Equatorial Guinea and Angola, where clear indications of possible wrongdoing were identified, and where the same sales agent (among other sales agents) was active at the time. Other countries were reviewed at a later stage, and where the information collected so warranted, the investigators would undertake an additional investigation into a country, as they did for Brazil. As further discussed in paragraph 8 et seq. below, Brazil was reviewed twice by the investigators, first during an initial high level review in the last quarter of 2012, and later in depth from December 2013 until March 2014.
6. At this point it also seems appropriate to recall that at the time the internal investigation started, the Company was in a critical position that required extraordinary discipline and focus from all involved to retain control. In light of the threatening character of the Yme and Deep Panuke projects, for which in 2011, it had taken significant impairments and which were ongoing at the time, the Company needed to set priorities. As the Management Board stressed from the beginning, it also considered it essential to conduct a thorough investigation into the Company's sales agents' practices. To achieve its various objectives (preservation of the Company whilst dealing with all legacy issues on the one hand, and conducting a thorough investigation on the other), the Management Board opted for the approach outlined in the previous paragraph. For good order we recall that the Company embarked on that approach only after it had suspended all payments to sales agents globally, so that it could be sure that any wrongdoing it might find would at least not be repeated.



Equatorial Guinea and Angola

7. The internal investigation into Equatorial Guinea and Angola was extensive and, including verification of findings and follow-up reviews, lasted until the end of March 2014. The initial stages of the internal investigation into these two countries can be summarized as follows:
 - (i) During the period February to May 2012, PwC Forensics and Paul Hastings collected raw data, both in digital form and hard copy, at several locations (Monaco, Switzerland and Houston) from more than 30 former and current employees as well as from the relevant departments within SBM Offshore (such as the Legal, Finance and Sales & Marketing departments).
 - (ii) Simultaneously, both Paul Hastings and PwC Forensics conducted scoping interviews with employees of SBM Offshore, including (former) members of the Company's Management Board, and former and current employees in the Legal Department, Sales & Marketing Department, Accounting and Finance Departments and relevant project teams.
 - (iii) From May 2012 to September 2012, Paul Hastings and PwC Forensics created a specific database containing all hard copy and electronic raw data retrieved in relation to Equatorial Guinea and Angola, and applied search terms to find evidence of possible improper practices. Approximately 200,000 electronic files were reviewed. Based on the results of this exercise, further interviews were conducted in order to confirm or clarify certain of the findings. In total, for the internal investigation into Equatorial Guinea and Angola, Paul Hastings interviewed 39 current and former employees.
 - (iv) In June 2012 and June 2013, PwC Forensics reviewed the forensic accounting work of the Compliance Task Force in relation to sales agents in Equatorial Guinea and Angola. The first of these reviews led PwC Forensics to make two sets of recommendations, one to ensure the completeness of this work and a second to enhance the Company's internal controls. These recommendations were implemented by the Company. During the second review by PwC Forensics in June 2013, PwC Forensics acknowledged that SBM Offshore had appropriately implemented both sets of recommendations.

Brazil

8. Certain information pertaining to Brazil collected in the context of Compliance Task Force team's parallel review of payments to sales agents as referenced in paragraph 2 above, raised concerns within the Compliance Task Force team. That information included comments made by Mr Tagher, the absolute amounts paid to the Company's main sales agent in Brazil in the period under investigation and the fact that payments were made to offshore companies. This information prompted the Compliance Task Force team to



conduct a first review of the Company's relationship with the main Brazilian sales agent, Mr Faerman, and his companies. That review started in 2012 and lasted well into 2013.

9. The Compliance Task Force team started this review by (i) conducting due diligence on Mr Faerman's companies (with the assistance of Paul Hastings), (ii) collecting all contracts and invoices, and (iii) reconciling these to quantify the amounts paid to Mr Faerman's companies. It further held a number of meetings with Mr Faerman in order to analyze the structure, role and ownership of his companies and review the data provided by him. In interviews Company representatives had with him in 2012, Mr Faerman denied having made any payments to government officials, client representatives or Company staff. When asked on these occasions about the reason for his instruction to make payments to his offshore companies, Mr Faerman consistently responded that his use of offshore companies served tax reasons. When asked, Mr Faerman refused to grant Company representatives access to his offshore bank accounts, citing privacy reasons.
10. SBM Offshore further requested Paul Hastings to conduct an initial high level review of the information on Brazil collected as part of the internal investigation into Equatorial Guinea and Angola. That review took place in the last quarter of 2012. Specific Brazil search terms were applied to the raw data already retrieved at that time, leading to the identification of an additional 12,300 documents to be reviewed for Brazil. Following the review of these documents, Paul Hastings conducted scoping interviews with both current and former staff. In 2012, interviews with 22 persons conducted in the context of the internal investigation into Equatorial Guinea and Angola included questions related to the Company's sales practices in Brazil.
11. In the last quarter of 2013, with the data review for Equatorial Guinea and Angola and ancillary work nearing completion, SBM Offshore requested that Paul Hastings and PwC Forensics conduct a further review of data retrieved in relation to Brazil. This second review started in December 2013. In the context of that review, between January and March 2014, approximately 274,000 additional documents were reviewed. In addition, Paul Hastings conducted a further 18 interviews with 15 employees. Another interview was held with Mr Faerman by telephone in March 2014. In that interview, Mr Faerman was again explicitly asked whether he or his companies had ever made payments to government officials, client representatives or Company staff. On that occasion, Mr Faerman again denied that he or his companies had ever made such payments.
12. From 2012 to February 2014, the Compliance Task Force team performed forensic accounting work on payments to sales agents in Brazil. Once this exercise was completed, PwC Forensics reviewed the methodology applied by SBM Offshore's Internal Audit team in identifying and quantifying payments to the Brazilian sales agents, like it had done for the payments to sales agents in Equatorial Guinea and Angola. In March 2014, PwC Forensics completed its review and acknowledged that SBM Offshore had appropriately implemented PwC Forensics' recommendations.
13. In spite of these very significant efforts, which lasted until the end of March 2014, the

internal investigation yielded no credible evidence of bribery or other improper payments in relation to Brazil. It did identify a number of 'red flags' (i.e. certain information that warranted further investigation), which the Company duly investigated, but did not yield evidence that payments may have been made directly or indirectly to government officials, client representatives or Company staff. The 'red flags' that prompted further investigation have been set out in paragraph 8 above. The investigation into Brazil itself yielded another 'red flag', namely the discovery of certain documents indicating the sales agent had knowledge of confidential information about a Brazilian client.

14. The Company published the findings of its internal investigation in its press release of 2 April 2014. In respect of Angola and Equatorial Guinea, the Company reported that the internal investigation yielded some evidence that payments may have been made directly or indirectly to government officials. As for Brazil, the press release stated that there were certain red flags but that the investigators did not find any credible evidence that the Company's main sales agent made improper payments to government officials (including state-owned company employees). The press release also mentioned that new information could surface in the context of the review by the authorities or otherwise which had not come up in the internal investigation to date; and that at the time of issuance of its press release, the Company was still not in a position to estimate the ultimate consequences, financial or otherwise, if any, of a review by the Dutch Public Prosecutor ("**Openbaar Ministerie**") and the U.S. Department of Justice ("**DoJ**").

2 Investigation by the Openbaar Ministerie, FIOD and DoJ

15. As the Company reported in various press releases and public statements throughout the course of its internal investigation, SBM Offshore, through De Brauw and Paul Hastings, regularly updated the Openbaar Ministerie and the DoJ on the internal investigation.
16. Following the publication of the results of the internal investigation on 2 April 2014, SBM Offshore filed a criminal complaint with the Openbaar Ministerie to facilitate (further) investigation by the Dutch Fiscal Intelligence and Investigation Service (*Fiscale Inlichtingen- en Opsporingsdienst*; "**FIOD**"). SBM Offshore fully cooperated with that investigation.
17. As the Openbaar Ministerie reported in its press release of 12 November 2014, the investigation conducted by the FIOD established that payments were made from the Company's Brazilian sales agent to Brazilian government officials. As the press release notes, these findings resulted from a mutual legal assistance request by the FIOD to criminal authorities in other jurisdictions in the context of its investigation. Police and prosecuting authorities have investigative means that are not available to private entities like SBM Offshore, such as the inspection of bank accounts and the identification of account owners. As noted above, SBM Offshore tried to obtain access to the accounts of Mr Faerman and his companies, but was refused access.
18. On 12 November 2014, the Company accepted a settlement offer from the Openbaar

Ministerie. As the Company reported in its press release of 12 November 2014, the DoJ notified the Company that it is not prosecuting the Company and that it had closed its inquiry into the matter.

3 Investigations by Brazilian authorities

19. As the Company reported, most recently in its press release of 4 February 2015, SBM Offshore is currently a party in a number of investigations in Brazil, notably by the Federal Prosecutor, the Federal Accounts Tribunal and the Comptroller General's Office ("**CGU**"). As it announced in its press release of 17 March 2015, SBM Offshore on that date signed a memorandum of understanding with the CGU and the Attorney General's Office ("**AGU**") that sets a framework between the Company, the CGU and the AGU for discussions on a potential mutually acceptable settlement and for the disclosure by SBM Offshore of information relevant to the CGU's investigation.

4 Public reporting

20. The Company, at its own initiative, and supported by its External Counsels, publicly announced the start of the internal investigation in its press release of 10 April 2012. Throughout the course of the internal investigation, and also after completion thereof, the Company continuously informed the market of the progress of that internal investigation. In that context, the Company refers to:
- (i) its various press releases relating to the internal investigation;
 - (ii) its annual reports for the years 2012, 2013 and 2014 and the quarterly updates issued during that period;
 - (iii) the general meetings of shareholders of 16 May 2012, 27 June 2012, 2 April 2013, 17 April 2014, and 15 April 2015;
 - (iv) the chronological list of 'key events' published on its website on 21 February 2014; and
 - (v) the news items published following recent media reports and developments in Brazil.
21. In this context, it seems appropriate to recall that the Company's internal investigation was not restricted to particular countries but was evidence based, lasted over two years, and generated vast amounts of data: the investigators collected over 12.5 terabytes (12,500 gigabytes) of data, and over 450,000 documents were reviewed. As is usual in such cases, those involved in the investigation (External Counsels, PwC Forensics and a limited number of employees of SBM Offshore group companies) at any given time during the internal investigation will have possessed significant amounts of information of varying quality and maturity.
22. The Company was briefed on interim results of the internal investigation at various points during the internal investigation. The Company did not consider such interim results - which, as the internal investigation into Brazil well demonstrates, are tentative in nature - to

be price sensitive information requiring disclosure by law. The same holds true for the detailed scope of its internal investigation (including identification of specific countries under investigation at various points in time). Whenever the Company found itself in possession of information that was sufficiently specific, coherent and conclusive and that otherwise qualified as price sensitive information, it duly disclosed it to the market. Additionally, whenever the Company considered it appropriate to inform the market about the progress of the investigation and the data available was sufficiently firm to permit it to do so, the Company informed the market at its own initiative.

23. With respect to Brazil, specifically, it seems appropriate to recall here that, as the Company reported in its press release of 2 April 2014, the internal investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees). Prior to the conclusion of its internal investigation into Brazil at the end of March 2014, the Company did not have any specific or conclusive information in relation to Brazil which qualified as price sensitive information it would have had to disclose. Any information which the Company might have chosen to disclose prior to that date would at best have been incomplete, and would at worst have been misleading, especially in retrospect. In this context, we also refer to our answers to questions (xvi) and (xvii) of your letter.

5 Answers to VEB questions

24. For ease of reference, we include a (non-official) translation of the questions raised by you. To avoid repetition, we have taken the liberty of grouping some of your questions where we felt they were best addressed through one comprehensive response.
25. We believe that the foregoing guides most of the answers to the questions you raised in your letter. Turning to these questions, our answers are as follows.
- (i) *Question: the correctness of what is set out above and has been placed in square brackets above cannot be established by the VEB. The VEB would like to be informed by SBM whether what has been placed between square brackets is factually correct.*

Our answer to your question is set out below. We have also commented on some of the dates that are not placed between brackets where we felt that information or conclusions set out against such dates were incorrect or required more context. For good order, we note that this does not imply that the Company agrees with the VEB's interpretation of the events that took place on the dates we have not commented on.

- **31 January 2012** – Incorrect. As noted in item 1 above, on 31 January 2012, SBM Offshore received a phone call from the external counsel of one of its customers, Noble Energy, about possible irregularities regarding one of SBM Offshore's projects in Equatorial Guinea. More specifically, Noble Energy's external counsel indicated that Mr Tagher, SBM Offshore's sales agent for Equatorial Guinea, stated during an interview

with Noble Energy's external counsel that he had given certain items of value (cars and buildings) to government officials in Equatorial Guinea. Immediately after this phone call, SBM Offshore started an internal investigation. In that context, it retrieved data related to Mr Tagher, including documentation relating to Mr Tagher's agreement with SBM Offshore as well as a summary of payments made by Mr Tagher's company.

- **24 March 2012** – Confronted with the bracketed wording in your letter, Mr Chabas commented: *"It is difficult to answer this question in the sense that I don't recall saying this but it does not mean that I've not said it. What I recall are the two following points: 1. From the beginning I wanted to know the facts, take the appropriate actions, do it in a transparent manner and put in place the right culture in the company. This led in my support to Jay [Printz] with his proposal of starting the investigation with external counsels and doing everything according to the established standard. This also explains my desire to disclose the internal investigation to the public eyes in April 2012 while nothing was forcing us to do so. 2. At the time given the number of issues facing the company through what has been described as legacy issues, I was rather worried about the company survival. I did not want actions to be taken on the spur of the moment without having a full picture and the necessary proof. It was also not clear to me what the motives were of the people involved in the investigation: were they genuine or were they in fact motivated by a personal crusade, more generally it was not clear whom I can genuinely trust during this transition period."*

Any comments made by Mr Chabas, including the one you refer to, should be read in this context. Moreover, in interpreting the comment discussed here, it is important to bear in mind that Messrs Chabas and Rothermund met with Mr Printz around this date regarding his employment situation because Mr Printz had expressed his disagreement with the fact that he was not selected for the position of Chief Governance and Compliance Officer, but rather was expected to report to that position. For further detail we refer to our answer to question (ii) regarding Attachment 1 enclosed with your letter below.

- **5 April 2012** – On 5 April 2012 (Maundy Thursday, *Witte Donderdag* in Dutch), a meeting of the Supervisory Board took place. The meeting was attended by the full Supervisory Board, with the exception of Mr Van Gelder. Management Board members Messrs Chabas (for the entire meeting) and Miles (for part of the meeting only) also attended. Messrs Taylor (Legal Director for Sales and Marketing) and Verwilghen (Company Secretary) attended as well, and so did Mr Hepkema, who attended on invitation of the Supervisory Board. Messrs Dickinson (Paul Hastings), Somsen (De Brauw), and De Beaufort (Clifford Chance LLP, advisor to the Supervisory Board) were also in attendance.

During the meeting, the progress of the internal investigation and next steps were discussed. Messrs Chabas and Taylor presented to the Supervisory Board a summary of the actions taken since February 2012, as well as an explanation of the objectives of the Compliance Task Force team that was set up at the outset of the internal

investigation. As the review and reconciliation of payments to sales agents was still ongoing, only preliminary results were presented, including a table of payments made to sales agents in the period 2005-2011 and a breakdown for five sales agents that provided services in Equatorial Guinea, Angola, and Brazil.

In your letter you included text taken from what you refer to as a 'verbatim transcript' of part of the Supervisory Board meeting. It is not clear to us what that 'verbatim transcript' is based on, or who prepared it. We do not record Supervisory Board meetings and only have access to a (partly inaudible) recording Mr Taylor illegally made of the 5 April 2012 meeting, and which he provided to us in the context of his attempted blackmail.

We have been unable to verify the statements you made regarding possible misconduct in Greece, India, Nigeria and Vietnam on the basis of the recording available to us. When checked against that recording, it is clear that the 'verbatim transcript' of statements made by Mr Chabas at that meeting as set out in your letter is not fully accurate (it differs from the actual discussion on minor points), and in any event reflects only a part of the discussion regarding Mr Faerman and his companies.

At the meeting, the Supervisory Board approved the following actions:

- self-reporting of the internal investigation to the relevant authorities, and
- issuance of a public disclosure on the internal investigation mentioning the finding of practices involving third parties which may have been improper and including an announcement on the appointment of a Chief Governance and Compliance Officer.

This in turn led to the publication of the Company's press release of Tuesday 10 April 2012, the first business day following Good Friday and Easter.

- **11 April 2012** – Mr Printz did not resign on 11 April 2012 and your reading of the events of that date does not reflect the Company's understanding. We refer to our answer to question (ii) regarding Attachment 1 enclosed with your letter below.
- **17 April 2012** – As part of the internal investigation, SBM Offshore's Internal Audit team reviewed all payments to sales agents in the period 2007-2011. On 17 April 2012, it briefed Mr Chabas on the state of play of its review. The document you refer to was prepared for that briefing and, as the title suggests, contains an overview of payments made to sales agents globally in the period 2005-2011 as reviewed by Internal Audit up to that date. As noted in the document, the 13 "red flagged" sales agents listed in that document were to be reviewed with priority over the 9 that were not red flagged. Mr Faerman's companies were listed as high priority because of the size of the payments made to these companies and because payments had been made to Mr Faerman's offshore companies. Mr Faerman and his companies also featured in the report because it served as preparation for a discussion Mr Chabas and Mrs Taylor-Jones of SBM Offshore's Compliance Department were to have with Mr Faerman on 23 April

2012 to enquire about the relationship Mr Faerman and his companies had with SBM Offshore and Petrobras.

As set out in detail in section 1 of this letter, the relationship with Mr Faerman and his companies was subsequently duly investigated. As the Company reported in its press release of 2 April 2014, that internal investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees).

- **4 May 2012** – As you will have read in our news item of 14 April 2015, Mr Hepkema's e-mail to Paul Hastings of 4 May 2012 (written on the third day of his new assignment and one of many communications on the topic) was aimed at keeping the investigation on an orderly track, with initial focus on the two countries for which the Company had clear indications of possible wrongdoing.

At the time the internal investigation started, the Company was in a very difficult position that threatened the Company's survival. The ongoing exposures on the Yme and Deep Panuke projects compelled it to set priorities. At the same time, the concerns raised in relation to Equatorial Guinea warranted a thorough, encompassing review of the group's sales agents. Under these circumstances, the Company opted to conduct a structured internal investigation as outlined in more detail in section 1 above.

As set out in detail in section 1 of this letter, Brazil was duly investigated as part of that internal investigation. The investigation into Brazil found certain red flags, but no credible evidence of improper payments to government officials (including state-owned company employees).

- **16 May 2012** – Based on the sources available to us, we do not believe that the quote contained in your letter is accurate. According to the transcript of the AGM of 16 May 2012, Mr Chabas provided background on the internal investigation during the discussion on the 'strategic change' at the beginning of the AGM, and stated in that context: *"Earlier this year, we became aware of certain sales practices which, as we have said, may have been improper. We did not conclude that they were unlawful, but we knew immediately that the right thing to do was to investigate. We moved swiftly, and immediately appointed third party investigators namely, Paul Hastings and De Brauw Blackstone Westbroek and the accounting firm PwC. Our advisors confirmed that this was the correct decision. We took the steps which are customary in these circumstances. Our advisors were satisfied with the speed and extent of the measures we took. I'm afraid I cannot give you a timescale or conclusion of this investigation nor can I say anymore pending its outcome."* Also, Messrs Chabas and Ehret answered investors' questions about the internal investigation. Their statements and answers reflected the state of the internal investigation at that time.
- **29 May 2012** – On 29 May 2012 Messrs Hepkema and Taylor had the conversation about the role of Mr Taylor in the internal investigation on which the Company has

commented in its news item of 14 April 2015, and which Mr Hepkema explained in the AGM of 15 April 2015.

The audio fragment posted on the website of Quote is incomplete and ends midsentence. The missing part of the conversation is critical to a proper understanding of the position Mr Hepkema took in the discussion.

As Mr Hepkema explained in the AGM of 15 April 2015, prior to the meeting with Mr Taylor, Mr Hepkema had received complaints from the internal audit department that Mr Taylor was instructing them to assist him on his personal investigation into Brazil at a time when they were supposed to support both Paul Hastings and PwC Forenics in their work on Equatorial Guinea and Angola, the countries on which the investigation was then focussed. In their meeting of 29 May 2012, Mr Hepkema asked Mr Taylor to stop interfering with the investigation of outside counsel and SBM Offshore's internal investigation team for his own private purposes. Mr Taylor refused. Since, in light of earlier complaints, Mr Hepkema had warned Mr Taylor about this before, Mr Hepkema informed Mr Taylor that he could not continue to assist on the internal investigation but that he could stay on as Legal Director of Sales and Marketing. Mr Taylor declined and instead asked for terms of departure. The parties subsequently agreed terms, and Mr Taylor left SBM Offshore's group on 6 June 2012.

We refer to our answer to question (ii) regarding Attachment 4 enclosed with your letter below for an outline of Mr Taylor's subsequent actions and the Company's reactions thereto.

- **20 December 2012** – The press release of 20 December 2012 announces a 9.95% private placement with HAL Investments B.V. ("**HAL**") at EUR 8.50 per ordinary share raising USD 193 million. The private placement as such was not conditional upon reaching a settlement with Talisman: rather, subject to the Company reaching a settlement with Talisman in respect of the Yme project within an agreed period, HAL agreed to (i) pay an additional sum to reflect a higher valuation for the aforementioned private placement shares and (ii) underwrite in full an approximate 10% rights offering at the final private placement price.

- (ii) *Question: if some of this information is not based in truth, are the documents inserted in annexes 1, 2 and 3 falsified, or taken out of context (and if so, what is their context?) and how should they be qualified?*

Regarding the documents attached to your letter of 1 May 2015, we would like to highlight the following:

Attachment 1 (draft "*notice of intention to resign*" of J. Printz of 11 April 2011) – SBM Offshore is not familiar with this document and the SBM Offshore company that employed Mr Printz never received a formal resignation letter from him. Mr Chabas and Mr Rothermund, then chairman of the Supervisory Board, met with Mr Printz on 21, 22 and 23

March 2012 regarding his employment situation because Mr Printz had expressed disagreement with the fact that he was not selected for the position of Chief Governance and Compliance Officer, but rather was expected to report to that position.

On 13 April 2012 Mr Printz communicated with SBM Offshore's HR director to confirm that it had been agreed to terminate Mr Printz' employment agreement. The e-mail reads: "*[Name of HR Director], As you may have heard, I have had separate meetings with Bruno Chabas and Heinz Rothermund on the 21st, 22nd, and 23rd of March 2012 about my employment situation. I have formally objected to certain events that have taken place following my report to Bruno Chabas and the Supervisory Board of widespread corruption at SBM. I have also objected to the recent proposal by Bruno Chabas and the Supervisory Board to hire a lawyer to 'sit on top of me' for the next two or three years. In view of these objections, it seems that we are all agreed that the best way forward is to promptly agree my terms of departure including severance package. I have retained [name of law firm] to represent me. They will contact you tomorrow. Please govern yourself accordingly and in any event please let me know if [name of external counsel advising Mr Printz] should liaise directly with you or a company appointed law firm. I would also ask that you advise me of my 2011 bonus during the course of today. Sincerely, Jay*".

Attachment 2 (SBM Report for internal use "payments to agents") – As part of the internal investigation, SBM Offshore's Internal Audit team reviewed all payments to sales agents made in the period 2007-2011. On 17 April 2012, it briefed Mr Chabas on the state of play of its review. The document enclosed with your letter as Attachment 2 was prepared for that briefing and, as the title suggests, contains an overview of payments to sales agents globally in the period 2005-2011 as reviewed by Internal Audit up to that date. As noted in the document, the 13 "red flagged" sales agents listed in that document were to be reviewed with priority over the 9 that were not red flagged. Mr Faerman's companies were listed as high priority because of the size of the payments made to these companies and because payments had been made to Mr Faerman's offshore companies. Mr Faerman and his companies also featured in the report because it served as preparation for a discussion Mr Chabas and Mrs Taylor-Jones of SBM Offshore's Compliance Department were to have with Mr Faerman on 23 April 2012 to enquire about the relationship of Mr Faerman and his companies had with SBM Offshore and Petrobras.

As set out in detail in section 1 of this letter, the relationship with Mr Faerman and his companies was subsequently duly investigated. As the Company reported in its press release of 2 April 2014, that investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees).

Attachment 3 (E-mail from Mr Hepkema to Paul Hastings of 4 May 2012) – As set out in our news item of 14 April 2015, Mr Hepkema's e-mail to Paul Hastings of 4 May 2012 (written on the third day of his new assignment, and one of many communications on the topic) was aimed at keeping the investigation on an orderly track, with initial focus on the two countries for which the Company had clear indications of possible wrongdoing. As set

out in detail in section 1 of this letter, Brazil was duly investigated as part of the internal investigation. That investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees).

Although not listed by you, **Attachment 4** (Article posted on Wikipedia on 18 October 2013) should also be judged in its proper context.

Like most of the information you base yourself on, Attachment 4 stems from Mr Taylor, who posted it on Wikipedia on 18 October 2013.¹ It differs from some of the other documents provided by you in that it is not a Company produced document, but rather a document that was prepared by Mr Taylor in the context of his attempted blackmail of the Company. As such, the document should be approached with more, not less, caution than the documents contained in Attachments 1-3 enclosed with your letter.

Mr Taylor was involved in the early stages of the internal investigation, and in that position collected certain information, mostly at his own initiative. Mr Taylor left the Company in early June 2012, some four months after the investigation had started. Later, Mr Taylor used the information gathered by him in an attempt to blackmail the Company, offering not to disclose that information if the Company would pay him a substantial amount of money (first EUR 3 million, later more than EUR 4 million). The Company filed charges against Mr. Taylor, who in spite of various invitations to disclose his whereabouts, has chosen to remain in hiding.

A non-anonymized version of Attachment 4 was shown by a representative of Mr Taylor to representatives of his former employing company on 10 October 2013, and was subsequently attached to an e-mail from Mr Taylor addressed to Messrs Chabas and Hepkema of 17 October 2013. In that e-mail, Mr Taylor notes: "(...) *Should you wish to settle my claim then you have until 6pm Monaco time tomorrow, Friday 18 October to do so through our respective lawyers. Any failure to make contact by them or any contact that is anything other than a sensible attempt to settle – and I would be prepared to consider a proposal incorporating installments – will be considered as indicative of your not wanting to settle my claim on a private basis.*" The reply to that e-mail is attached to this letter as **Annex 1**.

Five minutes after the expiry of the 6.00 pm deadline imposed by him, Mr Taylor posted the document contained in Attachment 4 enclosed with your letter on Wikipedia. The entry was immediately removed by Wikipedia's automatic 'redaction-robot', but remained accessible through the history page of Wikipedia. When the page was first brought to the public's attention by Quote on 7 February 2014, the Company issued its press release of the same date.

¹ SBM Offshore has good reason to believe that Mr Taylor published the article. In his interview with Vrij Nederland of 4 February 2015 Mr Taylor indicated that he published the information on SBM Offshore's Wikipedia page. Moreover, the time of publication is consistent with the threat made by Mr Taylor in his e-mail to Messrs Chabas and Hepkema of 17 October 2013.

(iii) *Question: is it correct that on 5 April 2012 an (informal) meeting of the Supervisory Board / Management Board took place?*

The meeting on 5 April 2012 (Maundy Thursday, *Witte Donderdag* in Dutch) was a formal Supervisory Board meeting, dedicated to the internal investigation. The meeting was attended by the full Supervisory Board, with the exception of Mr Van Gelder. Management Board members Messrs Chabas (for the entire meeting) and Miles (for a part of the meeting only) also attended. Messrs Taylor (Legal Director for Sales and Marketing and, following the departure of Mr Printz, acting General Counsel) and Verwilghen (Company Secretary) attended as well, and so did Mr Hepkema, who attended on invitation of the Supervisory Board. Messrs Dickinson (Paul Hastings), Somsen (De Brauw) and De Beaufort (Clifford Chance LLP, advisor to the Supervisory Board) were also in attendance.

During the meeting, the progress of the internal investigation and next steps were discussed. Messrs Chabas and Taylor presented to the Supervisory Board a summary of the actions taken since February 2012, as well as an explanation of the objectives of the Compliance Task Force team that was set up at the outset of the internal investigation. As the review and reconciliation of payments to sales agents was still ongoing, only preliminary results were presented, including a table of payments to sales agents in the period 2005-2011 and a breakdown for five sales agents that provided services in Equatorial Guinea, Angola, and Brazil.

At the meeting, the Supervisory Board approved the following actions:

- o self-reporting of the internal investigation to the relevant authorities, and
- o issuance of a public disclosure on the internal investigation mentioning the finding of practices involving third parties which may have been improper and including an announcement on the appointment of a Chief Governance and Compliance Officer.

This in turn led to the publication of the Company's press release of Tuesday 10 April 2012, the first business day following Good Friday and Easter.

(iv) *Question: is it correct that during the meeting of 5 April 2012 the (possible) corruption in Equatorial Guinea, Angola and Brazil was discussed?*

That is correct. During the meeting, the progress of the internal investigation and next steps were discussed. Messrs Chabas and Taylor presented to the Supervisory Board a summary of the actions taken since February 2012, as well as an explanation of the objectives of the Compliance Task Force team that was set up at the outset of the internal investigation. As the review and reconciliation of payments to sales agents was still ongoing, only preliminary results were presented, including a table of payments to sales agents in the period 2005-2011 and a breakdown for five sales agents that provided services in Equatorial Guinea, Angola, and Brazil.

Since your question refers to '(possible) corruption', for good order we note that payments

to sales agents do not equate or indicate (possible) corruption, and that at the time and throughout 2012, 2013 and the first three months of 2014, the Company sought to establish the occurrence, size and form of possible occurrences of corruption. Collecting and analyzing data related to payments to sales agents was merely a first step in that process.

- (v) *Question: according to the verbatim transcript, payments to (the companies of) Julio Faerman of around USD 143 million were also discussed. Is this correct?*

An amount of USD 142.7 million (orally rounded by Mr Chabas to USD 143 million) was indeed mentioned as a best first estimate of payments made to Mr Faerman's companies in the period 2005-2011.

During the meeting, the progress of the internal investigation and next steps were discussed. Messrs Chabas and Taylor presented to the Supervisory Board a summary of the actions taken since February 2012, as well as an explanation of the objectives of the Compliance Task Force team that was set up at the outset of the internal investigation. As the review and reconciliation of payments to sales agents was still ongoing, only preliminary results were presented, including a table of payments to sales agents in the period 2005-2011 and a breakdown for five sales agents that provided services in Equatorial Guinea, Angola, and Brazil.

For good order we note that payments to sales agents do not equate or indicate '(possible) corruption', and that at the time and throughout 2012, 2013 and the first three months of 2014, the Company sought to establish the occurrence, size and form of possible occurrences of corruption. Collecting and analyzing data related to payment to sales agents was merely a first step in that process.

As reported in our press release of 2 April 2014, the final amount of payments made to Mr Faerman's companies for the period from 2007-2011 was established at USD 123.7 million. As also reported in that press release, in relation to Brazil, the investigation found certain red flags, but no credible evidence of improper payments to government officials (including state-owned company employees).

- (vi) *Question: the verbatim transcript printout of the presentation of Chabas shows that Julio Faerman exercised a considerable part of the actual control at SBM, or that he at least that he held a very important position within SBM without holding a formal position within SBM. Is this correct? If so, could you clarify his role in the company?*

- (vii) *Question: during this meeting, Mr Chabas literally called these payments to agents a shamble. Is this correct?*

Mr Faerman's position and role within the Company was not a separate topic of discussion in the Supervisory Board meeting of 5 April 2012. Rather, he was one of the five sales agents for whom a detailed breakdown of payments identified at the time of the meeting

was presented. In the discussion that took place during that presentation, Mr Chabas expressed dismay over the extent to which SBM Offshore had come to rely on Mr Faerman. Mr Chabas also noted that the administration of contracts with, and payments to, Mr Faerman's companies were what Mr Chabas referred to 'a shamble', requiring extensive work for a proper reconciliation.

At the time Mr Chabas made these statements, the Company, at Mr Chabas' instruction, had already suspended all payments to sales agents, including all payments to Mr Faerman's companies. Moreover, as publicly communicated, SBM Offshore in parallel took extensive action to expand its organization in Brazil, thus obviating the need for involvement of sales agents in its Brazilian operations.

Mr Faerman never was an employee of SBM Offshore, nor did he hold any (formal or informal) executive or non-executive position at (any group company of) SBM Offshore. He was the group's main sales representative for the Brazilian market, a market that was important to the SBM Offshore group and in which, until 2012, SBM Offshore's permanent non-operational presence was very limited.

(viii) *Question: could the VEB obtain access to the presentations given by Chabas and others during the meeting of 5 April 2012?*

The Company does not disclose any agendas or minutes of, or presentations given during, meetings of the Management Board or the Supervisory Board. However, to assist the VEB, we provided an extensive explanation of the Supervisory Board meeting of 5 April 2012 in our response to question (i) above.

For completeness' sake we note that the factual information contained in the presentation is very similar to that contained in the payments to sales agents overview set out in Attachment 2 enclosed with your letter, and that the presentation emphasizes in several instances the preliminary nature of the review conducted by the Compliance Task Force team up to that date and of the overview of payments as included in the slides.

(ix) *Question: is it true that Mr Hepkema attended the meeting of 5 April 2012? In what capacity did he attend this meeting?*

Yes, Mr Hepkema attended the Supervisory Board meeting of 5 April 2012 at the invitation of the Supervisory Board as the envisaged candidate for Chief Governance and Compliance Officer.

(x) *Question: is it true that the head of legal affairs Jay Printz resigned on or around 11 April 2012? What caused his departure?*

Mr Printz effectively left SBM Offshore's group on 13 April 2012. His employment agreement was formally terminated on 16 April 2012. The reasons for his departure he outlined in an e-mail dated 13 April 2012 are as follows: "[Name of HR Director], As you

may have heard, I have had separate meetings with Bruno Chabas and Heinz Rothermund on the 21st, 22nd, and 23rd of March 2012 about my employment situation. I have formally objected to certain events that have taken place following my report to Bruno Chabas and the Supervisory Board of widespread corruption at SBM. I have also objected to the recent proposal by Bruno Chabas and the Supervisory Board to hire a lawyer to 'sit on top of me' for the next two or three years. In view of these objections, it seems that we are all agreed that the best way forward is to promptly agree my terms of departure including severance package. I have retained [name of law firm] to represent me. They will contact you tomorrow. Please govern yourself accordingly and in any event please let me know if [name of external counsel advising Mr Printz] should liaise directly with you or a company appointed law firm. I would also ask that you advise me of my 2011 bonus during the course of today. Sincerely, Jay".

- (xi) *Question: is it true that on or around 17 April 2012 SBM received an internal report from its own internal audit service (Group Internal Audit dept.) about "payments to agents" (see attachment 2) on or around 17 April 2012?*

Yes, this is correct. As part of the internal investigation, SBM Offshore's Internal Audit team reviewed all payments made to sales agents in the period 2007-2011 and briefed Mr Chabas about its preliminary findings on 17 April 2012. The document enclosed with your letter as Attachment 2 was prepared for that briefing and, as the title suggests, contains an overview of payments made to sales agents globally in the period 2005-2011 as they had been reviewed by Internal Audit up to that date.

As noted in the document, the 13 "red flagged" sales agents listed in that document were to be reviewed with priority over the 9 that were not red flagged. Mr Faerman's companies were listed as high priority because of size of the payments made to these companies and because payments had been made to Mr Faerman's offshore companies. Mr Faerman and his companies also featured in the report because the report served as preparation for a discussion Mr Chabas and Mrs Taylor-Jones of SBM Offshore's compliance department were to have with Mr Faerman on 23 April 2012 to enquire about the relationship of Mr Faerman and his companies had with SBM Offshore and Petrobras.

As set out in detail in section 1 of this letter, the relationship with Mr Faerman and his companies was subsequently duly investigated. As the Company reported in its press release of 2 April 2014, that investigation found certain red flags, but no credible evidence of improper payments to government officials (including state-owned company employees).

- (xii) *Question: Is it true that a "detailed analysis related to J Faerman's Group of Companies (JF GC)" is a part of this report?*

As you will have seen, two out of the seven slides of the report relate to Mr Faerman and his companies. As noted above, these two slides served as preparation for a discussion Mr Chabas and Mrs Taylor-Jones were to have with Mr Faerman on 23 April 2012 to enquire about the relationship of Mr Faerman and his companies had with SBM Offshore and

Petrobras.

- (xiii) *Question: is it true that this report mentioned the payment of commissions in the amount of USD 139.2 million to Julio Faerman (Brazil)?*

Yes, this is correct. As you will have seen, that amount is referenced on slide 5 in the upper right corner. The same amount features on the bottom of slide 6 of that same report. The report also makes it clear that at the time it was prepared, the Compliance Task Force team was still in the process of collecting data.

As noted above, the Compliance Task Force team performed forensic accounting work on payments to sales agents in Brazil throughout 2012 and 2013, and until February 2014. Once this exercise was completed in February 2014, PwC Forensics reviewed the methodology applied by SBM Offshore's Internal Audit team in identifying and quantifying these payments, in the same way it had done for the review of payments of sales agents in Equatorial Guinea and Angola. In March 2014, PwC Forensics completed its review and acknowledged that SBM Offshore had appropriately implemented PwC Forensics' recommendations.

- (xiv) *Question: is it true that Mr Hepkema sent an e-mail (attachment 3) on 4 May 2012 to the American attorneys of Paul Hastings with – in brief - the request to suspend the investigation into Faerman and Brazil?*
- (xv) *Question: why did Hepkema / SBM do this while: (i) Chabas had pointed out at the meeting of 5 April 2012 that Faerman had "effective" control at SBM; (ii) the report of Group Internal Audit of 17 April 2012 made clear that USD 139,216 million was paid to (the companies of) Faerman; and (iii) the turnover of SBM for the greater part originates from Brazil, which once more underlines its importance.*

Mr Hepkema did indeed send the e-mail to Paul Hastings set out in Attachment 3 to your letter. As you will have read in our news item of 14 April 2015, the purpose of that e-mail was to keep the investigation on an orderly track, with initial focus on the two countries for which the Company had clear indications of possible wrongdoing (i.e. Equatorial Guinea and Angola).

The e-mail should be understood in its proper context. When Mr Hepkema sent the e-mail, the Company was in a very difficult position that threatened its survival. The threat posed by the Yme (settled in March 2013) and Deep Panuke (operational since December 2013) projects compelled it to set priorities. At the same time, the concerns initially raised in relation to Equatorial Guinea warranted a thorough, encompassing review of the group's sales agents' practices. Under these circumstances, the Company opted to conduct a structured internal investigation, with initial focus on the two countries for which the Company had clear indications of possible wrongdoing.

Similar, clear indications of possible wrongdoing did not exist in relation to Brazil. The fact that Mr Chabas expressed his dismay about the extent of which SBM Offshore had come to

rely on Mr Faerman over the years does not indicate wrongdoing, and neither does the fact that a great part of SBM Offshore's turnover originates from Brazil. The total amount of the payments made (once confirmed) and the fact that payments were made to offshore companies were duly recognized as (possible) 'red flags' (i.e. certain information that warranted further investigation), but neither by themselves nor combined formed clear indications of possible wrongdoing.

As set out in detail in section 1 of this letter, Brazil was duly investigated as part of the internal investigation. This investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees).

(xvi) *Question: why did the press release of 28 March 2013 refer to "alleged payments involving sales intermediaries in certain African countries"?*

(xvii) *Question: why was "Brazil" not mentioned explicitly on 28 March 2013?*

The press release of 28 March 2013 tracks the initial feedback on the internal investigation provided by Paul Hastings up to that date. This initial feedback was to be reported on in the prospectus the Company was to publish in connection with its rights issue on 3 April 2013. Even though it was not under any legal obligation to disclose such information, the Company considered it appropriate to inform the market of the fact that the initial feedback provided by Paul Hastings suggested possible irregularities in relation to the two western African countries under investigation. Whilst the press release of 28 March 2013 for the first time references these western African countries, it also includes wording that underlines that the investigation was not restricted to particular countries and that accurately reflects the state of the internal investigation outside the western African countries at that date: *"In the course of the investigation allegations were made of improper payments in countries outside Africa but to date no conclusive proof of such allegations has been established."*

At the time, the internal investigation into Brazil was not nearly at the same level of maturity as that into Angola and Equatorial Guinea, and certainly had not yielded any evidence of possible irregularities (as later reported, it never found such evidence in relation to Brazil). To voluntarily mention Brazil would have been premature in light of the high level nature of the review conducted up to that date, would have resulted in significant uncertainty and speculation in the market and would have been (potentially) misleading, especially in retrospect.

As set out in detail in section 1 above, Brazil was subsequently duly investigated as part of the internal investigation. That investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees).

(xviii) *Question: Why did SBM not respond to the extensive article that appeared on its Wikipedia page on 18 October 2013 (attachment 4)?*

As noted in its press release of 7 February 2014, SBM Offshore first learnt about the entry on its Wikipedia page in the week before the Quote publication of 6 February 2014. When the page was first brought to the public's attention by Quote on 6 February 2014, the Company issued its aforementioned press release, which noted that "(t)he document published on the internet is not a Company produced document." and that "(s)ince the investigation is still ongoing, SBM Offshore cannot comment on its contents, however it is safe to note that it is partial, taken out of context and to the extent factually correct, is outdated. As such, it is not representative of the facts as the Company understood them then, or understands them now. The Company denies any allegations of containment."

In addition to that, following other publications based on Mr Taylor's statements, the Company issued a press release on 15 October 2014 ("*Statement on recent Quote article*"), a news item on 26 November 2014 ("*Update following media reports on Brazil*"), a news item on 4 February 2015 ("*Company statement further to article published by Dutch magazine Vrij Nederland on February 4th*") and a news item on 14 April 2015 ("*Statement on recent Quote and Folha de S. Paulo articles*").

As noted above, Attachment 4 was prepared by Mr Taylor in the context of his attempted blackmail of the Company. As such, the document should be approached with more, not less, caution than the documents contained in Attachments 1-3 enclosed with your letter.

(xix) *Question: what was the reason for the dismissal of COO Jean-Philippe Laures on 7 November 2013? Why was Mr Laures only dismissed on 7 November 2013 whereas he had apparently destroyed several files at the beginning of 2012? What did Mr Laures do or was he allowed/able to do within SBM during the intervening period?*

You will appreciate that for reasons of privacy, we cannot publicly discuss the reasons for termination of Mr Laures' employment contract. Generally speaking, the Company follows due process in taking disciplinary action against employees, and seeks to ensure equal treatment.

With respect to Mr Laures the process to terminate his employment contract was initiated in October 2013, and the contract was terminated on 6 November 2013. The fact that SBM Offshore followed due process in this case now supports its position in the litigation Mr Laures has since initiated against his former employer.

Mr Laures' actions in early 2012 prompted the Management Board to place Mr Laures under close supervision by members of the Company's statutory board, particularly the Chief Governance and Compliance Officer and the CEO. This arrangement lasted until Mr Laures' departure in November 2013.

(xx) *Question: why did SBM not announce the dismissal of a managing director (which should be qualified as price-sensitive information) in an adequate manner (i.e. by*



press release before the stock exchange opened)?

Mr Lares was not a member of SBM Offshore's statutory board. When weighing the pros and cons of announcing Mr Lares' departure, the Company had no indication that the market would consider a departure of Mr Lares as indicative of possible operational performance issues, and generally assessed market interest in Mr Lares' departure as low. It therefore allowed privacy concerns to prevail in its decision not to disclose his termination to the market. When, following reports in the online 'Upstream magazine' in the morning of 7 November 2013, the Company noticed that its share price was responding to market speculations that Mr Lares' dismissal was related to the operational performance of the Company, the Company immediately issued its press release of 7 November 2013 to contradict those market speculations.

(xxi) *Question: why did SBM not announce until 2 April 2014 that payments were made of "approximately US\$200 million in commissions to agents during that period of which the majority relate to three countries: US\$18.8 million to Equatorial Guinea, US\$22.7 million to Angola and US\$139.1 million to Brazil"?*

As set out above, the internal investigation was only finalized at the end of March 2014. Only after that completion could we confirm and announce the amounts paid to sales agents. We did so in our press release of 2 April 2014.

(xxii) *Question: could you explain in detail the difference between the data known to SBM at the beginning of 2012 and the data publicly disclosed on 2 April 2014? This is particularly interesting because the report of SBM's internal audit service of 17 April 2012 shows that payments of USD 139.2 million were made to Faerman; an amount almost identical to the amount mentioned in the press release of 2 April 2014.*

The data on payment to sales agents collected by Internal Audit at the outset of the internal investigation, such as that reported in the report of 17 April 2012 set out in Attachment 2 to your letter, had at that time not been reconciled with the underlying documents. Following that reconciliation, PwC Forensics reviewed the methodology applied by SBM Offshore's Internal Audit team in identifying and quantifying payments to sales agents related to Brazil.

As reported in our press release of 2 April 2014, aggregate payments to sales agents in relation to Brazil in the years 2007 through 2011 totaled USD 139.1 million, of which USD 123.7 million was paid to Mr Faerman's companies. These numbers are not the same (and are certainly not of the same quality) as those that were internally reported at the beginning of 2012.

For good order we note that payments to sales agents do not equate or indicate (possible) corruption. Throughout 2012, 2013 and the first three months of 2014, the Company sought to establish the occurrence, size and form of possible occurrences of (possible) corruption. Collecting and analyzing data related to payments to sales agents was (merely) a first step

in that process.

- (xxiii) *Question: on which considerations is the following statement based, which was made in the press release of 2 April 2014 and during the GM of 17 April 2014 (in Chabas' presentation): "There were certain red flags in Brazil, but no credible evidence of improper payments to government officials."*
- (xxiv) *Question: is SBM trying to distinguish between public bribery and private bribery? And if so, to what extent does SBM think this distinction should be made?*

The wording between quotation marks in question (xxiii) reflects the findings of our internal investigation. It does not seek to distinguish between public and private bribery, as the internal investigation covered both types of bribery. The same holds true for the investigations conducted by the Openbaar Ministerie that subsequently led to the settlement of 12 November 2014.

The term "red flag" refers to information that may be indicative of possible wrongdoing, and warrants further investigation. The term is used to distinguish such information from evidence or proof. The red flags referenced in the Company's press release of 2 April 2014 were:

- i) the allegations made by Mr Tagher,
- ii) the high amounts (in absolute terms) of commission that were paid to Mr Faerman's companies;
- iii) a split between commissions paid between Mr Faerman's Brazilian and offshore entities; and
- iv) documents indicating the sales agent had knowledge of confidential information about a Brazilian client.

The red flags set out in items (ii) to (iv) above were specifically identified by the Openbaar Ministerie in its press release of 12 November 2014.

As set out in detail in section 1 above, the red flags in relation to Brazil were duly investigated as part of the internal investigation. That investigation did not find credible evidence of improper payments to government officials (including state-owned company employees).

- (xxv) *Question: the press release of 15 October 2014 contains the following clause: "Because in the course of the investigation red flags with respect to Brazil were identified, in the second part of 2013, a full investigation was launched with respect to Brazil. This was finalized early in 2014." How should this clause be interpreted given (i) the statements Chabas made during the meeting of 5 April 2012; (ii) the information from the report of the internal audit service of 17 April 2012 and (iii) the e-mail from Hepkema to Paul Hastings of 4 May 2012?*

As explained at the outset of this letter, the internal investigation took place in stages, and



prioritized Equatorial Guinea and Angola, for which we had clear indications of possible wrongdoing. Brazil followed later.

As noted in paragraph 8 above, certain information collected in the context of the review of payments to sales agents conducted by the Compliance Task Force team raised concerns within the Compliance Task Force team. That information included comments made by Mr Tagher, the absolute amounts paid to the Company's main agent in Brazil in the period under investigation, and the fact that payments were made to offshore companies.

This information prompted the Compliance Task Force team to conduct a first review of the relationship with Mr Faerman and his companies. That review started in 2012 and lasted well into 2013. Furthermore, at the request of SBM Offshore Paul Hastings conducted an initial high level review of the information on Brazil collected as part of the internal investigation into Equatorial Guinea and Angola in the last quarter of 2012.

In the final quarter of 2013, with the data review for Equatorial Guinea and Angola and ancillary work nearing completion, SBM Offshore requested Paul Hastings and PwC Forensics to conduct a further review of data retrieved in relation to Brazil. This started in December 2013. In the context of that review, between January and March 2014, approximately 274,000 additional documents were reviewed. In addition, Paul Hastings conducted a further 18 interviews with 15 employees. Interviews were held with Mr Faerman in 2012, and again in March 2014. In those interviews, Mr Faerman was explicitly asked whether he or his companies had ever made payments to government officials, client representatives or Company staff. As noted, Mr Faerman denied that he or his companies ever made such payments. In the interviews, Mr Faerman cited tax reasons as the reason for his instruction to pay part of the commissions to his offshore companies.

From 2012 to February 2014, the Compliance Task Force team performed forensic accounting work on payments to sales agents in Brazil. Once this exercise was completed, PwC Forensics reviewed the methodology applied by SBM Offshore's Internal Audit team in identifying and quantifying payments to the Brazilian sales agents, like it did for the review of payments of sales agents in Equatorial Guinea and Angola. In March 2014, PwC Forensics completed its review and acknowledged that SBM Offshore had appropriately implemented PwC Forensics' recommendations.

In spite of these very significant efforts, which lasted until the end of March 2014, the internal investigation yielded no credible evidence of improper payments in relation to Brazil. It did identify a number of red flags, which the Company duly investigated, but unlike the reviews into sales practices in Equatorial Guinea and Angola, the internal investigation did not yield evidence that payments may have been made directly or indirectly to government officials (including state-owned company employees).

The term "red flag" refers to information that may be indicative of possible wrongdoing, and warrants further investigation. The term is used to distinguish such information from evidence or proof. The red flags referenced in the Company's press release of 2 April 2014

were:

- i) the allegations made by Mr Tagher,
- ii) the high amounts (in absolute terms) of commission that were paid to Mr Faerman's companies;
- iii) a split between commissions paid between Mr Faerman's Brazilian and offshore entities; and
- iv) documents indicating the sales agent had knowledge of confidential information about a Brazilian client.

The red flags set out in items (ii) to (iv) above were specifically identified by the Openbaar Ministerie in its press release of 12 November 2014.

The Company's dependence on Mr Faerman that prompted some of Mr Chabas comments in the Supervisory Board meeting of 5 April 2012 was not a 'red flag' *per se* that prompted further investigation into Brazil. It did however lead the Management Board to strengthen the group's sales capability in Brazil, and to cease the use of sales agents in that country.

(xxvi) *Question: with reference to the statements of Hepkema in NRC of 13 December 2014: which (former) directors has SBM called to account for the corruption practices? Which actions has SBM taken?*

During the AGM of 15 April 2015, Mr Hepkema noted that the Company looked at the Company's entire position, including whether the Company has reason to take action against former employees, but that in view of the privacy of the individuals concerned, the Company will not discuss individuals. That view remains unchanged.

(xxvii) *Question: why did SBM not inform the market before 2 April 2014 about the practices discovered in Brazil?*

(xxviii) *Question: why were the practices discovered in Brazil not mentioned in the annual accounts for 2012 and 2013 (for example in the risk section)?*

Because at those times, no 'practices' (by which we presume you mean to refer to 'corruption') had been discovered that required disclosure.

As noted in our press release of 2 April 2014, in relation to Brazil, our internal investigation found certain red flags, but did not find credible evidence of improper payments to government officials (including state-owned company employees). This reflected the Company's knowledge at the time. The press release also mentioned that new information could surface in the context of the review by the authorities or otherwise which had not come up in the internal investigation to date, and that at the time of issuance of its press release, the Company was still not in a position to estimate the ultimate consequences, financial or otherwise, if any, of a review by the Openbaar Ministerie and the DoJ.

An investigation conducted by the FIOD under the direction of the Openbaar Ministerie

subsequently established that payments were made from the Company's Brazilian sales agent to Brazilian government officials. As the Openbaar Ministerie notes in its press release of 12 November 2014, these findings resulted from a mutual legal assistance request by the FIOD to criminal authorities in other jurisdictions in the context of its investigation. Police and prosecuting authorities have investigative means that are not available to private entities like SBM Offshore, such as the right to inspect bank accounts, or means to identify account owners. As noted above, SBM Offshore tried to obtain access to the accounts of Mr Faerman and his companies, but was refused access.

For sake of completeness, we note that in our annual report of 2012, the internal investigation is mentioned several times, including in the risk section (see page 80 of the annual report 2012) and in the contingent liabilities (see page 196 of the annual report 2012). In our annual report of 2013 the internal investigation is also mentioned several times, including in the risk section (see page 99 of the annual report 2013), the contingent liabilities (see page 181 of the annual report 2013) and the notes to the financial accounts (see page 203 et seq. of the annual report 2013).

(xxix) *Question: was the auditor of the 2012 and 2013 annual accounts aware of the aforementioned internal investigations and the Group Internal Audit report of 17 April 2012?*

Yes, the Company's external statutory auditors, both KPMG Accountants N.V. and, as of 13 November 2013, PricewaterhouseCoopers LLP, were informed of the internal investigation and regularly updated on it. KPMG Accountants N.V. was aware of the review conducted by Internal Audit and its (preliminary) findings, including the ones set out in the report of 17 April 2012.

(xxx) *Question: why did SBM initially fail to give the highest priority to a thorough investigation into Brazil, while the relevance to the company of this investigation is much higher than Angola or Equatorial Guinea?*

Because of the clear indications of possible wrongdoing that existed for Angola and Equatorial Guinea and which did not exist for Brazil, and because at the time the internal investigation started, the Company was in a critical position that required extraordinary discipline and focus from all involved to retain control. Please recall that in early 2012, the Company was facing significant issues over Yme (settled in March 2013) and Deep Panuke (which only became operational in December 2013). The threatening nature of these legacy issues compelled the Company to set priorities. At the same time, the concerns raised in relation to Equatorial Guinea warranted a thorough, encompassing review of the group's sales agents' practices. Under these circumstances, the Company opted to conduct a structured internal investigation, with initial focus on the two countries for which the Company had clear indications of possible wrongdoing.

As set out in detail in section 1 of this letter, Brazil was duly investigated as part of the internal investigation. That investigation found certain red flags, but found no credible



evidence of improper payments to government officials (including state-owned company employees).

We trust the above answers your questions and removes the concerns expressed in your letter of 1 May 2015.

We will publish a copy of this our letter on our website.

Yours sincerely,
SBM Offshore N.V.

A handwritten signature in blue ink, appearing to read 'Bruno Chabas', written over a horizontal line.

Bruno Chabas
Chief Executive Officer