Annual REPORT

SBM OFFSHORE

2015

4.8 Company Tax Policy

SBM Offshore's tax policy is summarized as follows:

- The Company aims to minimize its overall tax burden to be cost competitive, while fully complying with local and international tax laws
- The Company aims to be a good corporate citizen in the countries it operates in, by complying with the law, and by contributing to the country's progress and prosperity through employment, training and development, local spending, and through payment of the various taxes it is subject to, including wage tax, personal income tax, withholding tax, sales tax and other state and national taxes as appropriate.

The Company operates in a global context, with global competitors, global clients, global suppliers and a global workforce. Some 60% of the Company's activities – measured by revenue – consist of large project developments, each project costing typically between US$ 0.5 and US$ 2.0 billion. A typical FPSO project sees a hull conversion in Asia, topsides construction in Asia, Africa and South America, engineering in Europe, Asia or the USA and large scale procurement from dozens of companies in as many countries across the globe. In each of these countries the Company complies with local regulations, and pays direct and indirect taxes on local value added, labor and profits, and in some cases pays a revenue based tax. To coordinate the international nature of its operations and its value flows and to consolidate its global activities, the Company created in 1969 'Single Buoy Moorings Inc', which continues to perform this function today from its offices in Marly, Switzerland.

The Company:

- complies with the OECD transfer pricing guidelines
- has welcomed the final releases from the OECD BEPS project. While it is still assessing its long term impact, the Company's review indicates that the Company practices are in line with the BEPS outcome. In respect of country-by-country reporting and transfer pricing documentation, the Company has already taken actions to comply with OECD requirements that have been implemented in the Dutch tax law and the Company will be fully ready to deploy it according to applicable regulations
- makes use of the availability of international tax treaties to avoid double taxation
- does not use intellectual property as a means to shift profits, nor does it use digital sales. Furthermore, the Company does not apply aggressive intra-company financing structures such as hybrids. The Company treats tax as a cost, which needs to be managed and optimized in order to compete effectively in the global competitive arena. In 2015, the Company had a current corporate income tax charge of US $ 32.25 million (compared to US$ 39.2 million in 2014). Due to the large losses incurred on the legacy projects, significant tax loss carry forward positions exist at the global contracting company, which are limiting the current tax payments in Switzerland.