MINUTES

of the Annual General Meeting of Shareholders of SBM Offshore N.V. ("SBM" or the "Company"), held on 5 May 2011 in the Hilton Hotel in Rotterdam

86 shareholders were either present or represented at the meeting. In total, they represented a share capital of 78,111,195 ordinary shares. On a total of 168,997,250 issued ordinary shares that is 46.23% of the total issued share capital.

1. Opening

The Chairman opened the meeting and welcomed those present.

The Chairman also welcomed all the shareholders or their representatives who did not speak Dutch, and commented that as a Dutch listed AEX company most of the meeting would be conducted in Dutch, with the exception of the report of the Management Board by the CEO, Mr Mace, and the remuneration policy item, which would be handled by Mr Gugen in English. He furthermore informed the meeting that questions could be asked in English and would be answered in either Dutch or English, depending on the member of the Board of Management or Supervisory Board answering the question. Simultaneous translation facilities were available, enabling everyone to follow the meeting in either Dutch or English. The Chairman from this point on continued the meeting in Dutch.

The Chairman indicated that as chairman of the Supervisory Board he had the pleasure of chairing this annual general meeting of SBM. He stated that seated at the table were the members of the Management Board, the other members of the Board of Management, the members of the Supervisory Board, as well as the secretary of the Company. The Chairman noted that Mr. Verwilghen would act as the meeting's secretary. He furthermore stated that Mr Martin van Olffen, civil law notary at De Brauw Blackstone Westbroek, would take the minutes of the meeting.

The Chairman noted that there would be an audio recording of the meeting to facilitate taking the minutes. Simultaneous translation from and to English was also available. In accordance with the resolution of the general meeting of shareholders the Company had adopted English as the only official language for external communications. This meant that the entire annual report is published in English. The language spoken at the meeting would where possible be Dutch. The CEO of the Company, Mr Mace, would give his speech in English and Mr Gugen (chairman of the Appointment & Remuneration Committee) would give the explanation of agenda item 6.2 in English. Questions posed to the members of the Board of Management would also be answered in English, with a simultaneous translation into Dutch. The Chairman informed the meeting that, as was the case last year, the electronic voting facility would be used for those agenda items that required voting. An explanation on the use of this facility shall be given before voting.

The Chairman informed the meeting that the notice convening the meeting and the agenda with annexes had been published on 24 March 2011 in Het Financieele Dagblad, on Securities Info and on the Company's website. The agenda with annexes, including the annual report with the 2010 annual accounts, and the 2010 sustainability report, had been made available for inspection, and copies had been made available at no cost, at the Company's offices and at the offices of The Royal Bank of Scotland, and they had been sent at no cost to any shareholder requesting them. These documents had also been made available via the internet, on the Company's website.

The Chairman noted that no requests had been received to place additional items on the agenda from shareholders holding more than 1% of the ordinary shares or from shareholders representing a value in ordinary shares of at least EUR 50,000,000.

The Chairman informed the meeting that, as previously, the Management Board had opted for the possibility of setting a record date. This enabled shareholders to participate in the meeting if they were recorded as shareholder on 7 April 2011 without transfer of their shares having to be restricted until after the end of the meeting. Shareholders had been able to register for the meeting until 28 April 2011 at the latest.

The Chairman informed the meeting that, in accordance with the Corporate Governance Code, the minutes of the last AGM had been placed on the Company's website within three months of the AGM, accompanied by an invitation to submit any comments within three months. This period expired without any comments having been submitted so that the minutes with corrections were adopted. The AGM minutes as adopted were placed on the website. A copy was sent to those shareholders who had requested this, and copies were also available in the reception area.

The Chairman noted that the statutory requirements and articles of association had been complied with and that the meeting could pass valid resolutions concerning all proposals on the agenda. He informed the meeting that the total issued share capital of the Company was EUR 42,249,312.50, divided into 168,997,250 ordinary shares entitled to the same number of votes.

The Chairman drew attention to the following points to allow the meeting to run efficiently.

1. Questions would be taken after the explanation of each agenda item. As in previous years, the Chairman requested the representatives of the Dutch Investors' Association (*Vereniging van Effectenbezitters*, VEB), Eumedion, VBDO and other organisations protecting investors' interests to limit their questions per intervention to give the other shareholders the opportunity to speak.
2. The Chairman requested those wishing to ask questions to clearly indicate their intention to do so and, after they have been given the floor, to use the microphones provided. For minute-taking purposes it was important that the shareholder's name and address, and where necessary the organisation represented, was clearly stated.
3. Finally, the Chairman asked that mobile phones be switched off.

2. Report of the Management Board for the financial year 2010 (*information*)

The Chairman brought up for discussion the report of the Management Board relating to 2010 (pages 49 and following of the annual report) and requested the CEO, Mr Mace, to give a further explanation on this report.

Mr Mace: Good afternoon Mr Chairman, ladies and gentlemen. We are pleased to meet with you today to present this summary report on the performance of the Company last year and to describe the current business situation and our expectations for this year and beyond. We have achieved good results for 2010, showing a strong increase in profit compared to last year and an improved EBIT-margin specifically in the Turnkey Systems segment. Several major projects have been delivered throughout the year and our fleet of leased vessels has again performed very well, generating substantial bonus revenues. During the year we saw a significant recovery in the number of orders awarded in the FPSO sector and we were successful in obtaining a Letter of Intent for a major new lease contract. That, coupled with the sale of "smaller" projects, extensions and upgrade work on existing vessels, has placed the Company's order portfolio at a record high. Our Safety performance is well within industry standards, but slightly below that of previous years. This is partially attributable to more rigorous and improved reporting, which allows us to better identify and address problem areas and ultimately reduce the number of incidents. We have applied for and been accepted into the Dow Jones Sustainability Index Europe, which results from the Company's transparent reporting on sustainability issues. Our Sustainability Report provides detailed information on the Company's Sustainability of strategy and the results. We have strengthened the Company's financing capacity and are now in a comfortable position to meet one of our strategic objectives of growing the fleet of leased units. In this summary report we will firstly review the closing financial statements and the major operational events in 2010 followed by our expectations for 2011. Finally, we will assess the mid to long-term perspectives and describe how we see the market developing.

First of all the financials. Our net profit for 2010 was USD 276,000,000, representing a 20% increase compared to the profit in 2009. In the turnkey systems segment the EBIT-margin increased to 9.4% which shows a continued improvement from the 2008 and 2009 margins. This level was reached as newer projects provided significantly better results and older loss making projects were delivered during the year. Turnkey services showed an improved level of activity in 2010, but with slightly reduced margins compared to the prior year as a result of reduced worldwide activity in offshore contracting. Our lease-and-operate segment produced somewhat weaker results than in 2009 as we had to take impairment charges on one of the leased projects under construction, the MOPUstor for Talisman, and on the tanker inventory which we hold for future projects. Overall, however, the performance of our fleet was excellent and we obtained high bonus levels. Turnover in 2010 remained constant, just above USD 3,000,000,000. Sales performance was quite good and we were successful with the award of a Letter of Intent for a major lease contract during the year. This contributed to the total new order intake of USD 4,500,000,000 in 2010 compared to USD 3,700,000,000 in 2009. The considerable value associated with the award for Petrobras FPSO Cidade de Paraty, a 20-year Lease and Operate contract for Lula Nordeste project in Brazil, coupled with an increase in "smaller" projects, extensions and upgrade work, has placed the Company's order portfolio at a record high level at the end of the year of USD 11,500,000,000.

We have proposed to pay a dividend of USD 0.71 per share which reflects a 50% pay-out ratio of net profits attributable to shareholders. This does represent an increase compared to 2009, but it does not fully reflect increased net profit, because a larger portion of net profit for 2010 was attributable to minority interests. We have augmented our investment capabilities for leased projects with a new revolving credit facility of USD 750,000,000 and entered into a long-term cooperation agreement with Mitsubishi Corporation to jointly pursue FPSO Lease and Operate projects worldwide. We have done this to be in a strong position to support our growth strategy in the lease and operate segment. We have also secured a new project finance facility of USD 602,000,000 for the FPSO Aseng at improved conditions compared to 2009.

As regards operational performance, the Company's business includes many activities which involve significant risk, ranging from the completion and delivery risks associated with a high cost of building large complex systems we design (which sometimes exceed USD 1,000,000,000), to the hazards oil production operations with our fleet of leased vessels, as well as security and country risks in some areas in the world where we work. In addition to these inherent risks in our business is the external financial environment and support on which we depend, but which we have seen can be quite volatile. These risks have always been present in our business, with the heated market from 2005 to 2008, financial crises, the Deep Water Horizon disaster in the Gulf of Mexico, the current political turmoil in a number of countries in North Africa and the Middle East and even the Japanese earthquake, the tsunami and the Fukushima nuclear disaster have raised our awareness on the absolute importance of risk management in our business. I would like to emphasise to our shareholders that this has a high visibility in our Company.

Reviewing our operational activities during 2010. All segments had a very busy year with the following significant developments. The FPSO Capixaba was relocated to the Cachalote field offshore Brazil in February following an upgrade of the unit carried out in record time at Capital Shipyard in Singapore and first oil was achieved in May. The unit is on a lease and operate contract to Petrobras for twelve years. The relocation of the FPSO Capixaba is the first of several FPSO relocation projects which will be undertaken in the future. We also received orders for the relocation of FPSO Espadarte to the Baleia Azul field in Brazil for Petrobras and during the first months of 2011 a letter of intent for the relocation of the FPSO Xikomba to the new oil field in Angola for ENI. Both FPSO Brazil and FPSO Marlim Sul are also potential candidates for relocation in Brazil. The Yme MOPustor platform was completed in Norway at the end of the year. The unit is currently waiting for a suitable weather window for offshore installation and it is anticipated that it will start production in 2011. The construction of EnCana's Deep Panuke Production Field Centre has been completed in the yard of Abu Dhabi. The platform will be transported to Nova Scotia in Canada for offshore installation with production start-up later this year. Unfortunately, we have not been able to reach an agreement with EnCana on several major change orders related to additional work requested and have therefore filed a notice of action in the Supreme Court of Nova Scotia at the beginning of April 2011. The construction of the FPSO Aseng for Nobel Energy Equatorial Guinea and the FPSO Cidade de Paraty for Petrobras Brazil are progressing in Singapore in accordance with the schedule. The lease and operate segment continued to show excellent performance in 2010. High bonuses have been achieved where available, within individual lease contracts. The overall number of vessels in operation in the lease fleet at year-end stands at fourteen. The FPSO Falcon is in lay-up, but is being actively marketed for new contracts. Four new lease contracts, currently in the construction phase, are the Yme MOPUstor, the EnCana production field centre, the FPSO Aseng and the Cidade de Paraty FPSO.

In our turnkey systems segment, a major highlight of 2010 was the completion and delivery of the FPSO P-57 to Petrobras in Brazil. The unit was supplied two months earlier than the contractual schedule within budget and exceeded the high local content requirement with a substantial amount of work performed in Brazil. We supplied this FPSO to Petrobras on a turnkey sale basis and will operate the unit for three years on their behalf. Amongst other projects we also delivered a complex turret for BP to the FPSO construction yard in Korea, where integration works were completed for the Skarv FPSO. The FPSO Okha construction progressed well during the year and is on schedule for completion in the first half of 2011, which is slightly behind the original schedule but inline with our client's expectations. We have successfully delivered two of the three semi-submersible drilling rigs in 2010. The third rig is scheduled for completion in the first half of this year at the construction yard in Abu Dhabi. All three drilling rig projects have suffered significant cost overruns, but provisions have been fully accounted for in 2010. We continue front-end engineering and design work as part of our framework arrangement with Shell for the supply of turret mooring systems for a series of their Floating LNG production vessels (FLNG). With the Japanese engineering contractor Chiyoda we have also completed a FEED contract for an FLNG facility for Petrobras in Brazil. Recently, we received the invitation to tender to provide Petrobras with a commercial offer for supply of the system. In the turnkey services segment neither of the Company's installation vessels were fully occupied during 2010, reflecting the global downturn in the offshore construction business. However, supply and maintenance of CALM mooring systems specialized equipment, spare parts and services, showed an increase during 2010. At year-end the Turnkey Services order portfolio represents about nine months of work which is normal, given the short to medium-term nature of this business.

Daewoo Shipbuilding and Marine Engineering of South Korea signed an agreement in which they acquired a 30% share in the Angolan Paenal Yard joint venture between Sonangol and SBM. DSME will share in the investment for Phase II of the Paenal yard and they will also provide production and construction expertise to the yard. The recent CLOV FPSO order has triggered the start of Phase II of the yard development which involves the completion of the quayside to allow berthing of FPSOs, a heavy lift crane to lift modules on to the vessel and additional module fabrication facilities as well as employment and training of personnel. With the completion of Phase II, the yard will be the only yard in Angola capable of FPSO topsides, process, module fabrication and integration. The effective shareholding in the Paenal yard after the transaction is Sonangol with 40%, SBM with 30% and the remaining 30% with DSME.

A few comments on our share price performance. Our stock market performance was good with a share price increasing by 21.7% over the year and has also increased strongly in the first part of 2011. The performance was 16% above the AEX index. The share transaction turnover continued to be affected by the financial crisis and was again lower than in the prior year at about 1.6 times compared to 1.9 times in 2009. According to information provided by the largest banks and financial institutions, the shares were mainly in the hands of institutional investors of which the large majority are Anglo-US.

Moving on to the expectations for 2011. We anticipate the new order intake to be reasonably good. We have already obtained two major FPSO orders in the first months of 2011 and there still remain a number of well-developed prospects for the latter part of the year in all segments of our business. We have not given an overall profit expectation, but have advised that we expect turnover for 2011 to be in the same range as for 2010, now almost fully secured from projects in hand. Secondly, the EBIT-margin for the turnkey systems segment should be solidly in the 10 to 15% range, taking into account a robust underlying operating margin and the impact of financial lease accounting. Turnkey services EBIT-margin is expected to be in the 15 to 20% range, similar to 2009. EBIT contribution from the Lease and Operate segment is expected to be in the same range as the underlying level achieved in 2010, excluding impairment charges. Net financing costs are expected to decrease by up to 20 to 25%, compared to 2010 and capital expenditure excluding any new operating lease contracts or Variation Orders on existing contracts to be obtained in 2011, is expected to amount to around USD 400,000,000. Net gearing at year-end 2011 is expected to remain below 100% with all financial ratios well within our banking covenants. The Company has a solid financial structure, which will enable it to operate satisfactory during the year and beyond and we are confident that we will be able to support the financing needs of the Company going forward during the year. The development of new products and technology remains an important part of the Company's strategy with the main effort focussed on deep water floating production, arctic production solutions, the LNG supply chain and renewable energy systems.

Looking at the market let me outline our views on the development of the floating production sector and how this will impact our business. The current high oil price should ensure the economic viability of most oil field development projects, allowing all companies to proceed with their production plans. This is reflected in the current high level of sales and bidding activity for prospects, a number of which we have strategically targeted. We have already obtained two major orders in 2011, an FPSO for OSX in Brazil and the relocation of the FPSO Xikomba for ENI in Angola. We remain optimistic that order intake for 2011 will continue to be strong. We expect that there could be approximately fifteen to twenty FPSO project contracts awarded per year for the next few years. Not all of these projects will be strategically of interest to our Company, but we do anticipate that at least half will fit our objectives. So, we are optimistic about the future growth of this business. Likewise our specific technology specialism for turrets, tension leg platforms and semi-submersible platforms should also see good sales opportunities during the next few years. The activity in the Company's Turnkey Services segment is expected to be reasonably buoyant in the future with utilization rates of the Company's two installation vessels showing recent improvement. We expect the deep water offshore installation and construction market to grow in coming years. To capitalize on this growth and further extend our capabilities in this market we have recently ordered a new Diving Support Construction Vessel, which will be delivered in 2013. The offshore LNG sector is showing signs of further development with significant activity on several projects in which the Company has an interest. Together with Chiyoda we have concluded a FEED study for Petrobras, pre-salt FLNG development offshore Brazil, and intend to provide a commercial proposal to Petrobras later in the year. Other FLNG engineering studies are being performed for other clients mostly in the Far East region. Technology development continues to focus on the growing areas of deep water oil and gas production, offshore LNG production and the development of renewable energy initiatives, where the Company sees increasing opportunities for its product lines in the coming years.

We have announced some changes in the Board of Management recently. In 2010 we have appointed two new members to the Board of Management, Mr Wyllie as Chief Technology Officer, who already attended the Annual Meeting last year and Mr Laures, as Chief Commercial Officer. Both gentlemen are long-time employees of the Company with impressive careers and extensive knowledge of our products, our strategy and our competitive position. Their personal profiles are published on the Company's website and in the Annual Report 2010. At the end of this month one of our most experienced members of the Board of Management, Mr Blanchelande, will enter into a new phase of his life and start a well-deserved retirement. Mr Blanchelande, unfortunately, was not able to be present at this meeting. Mr Blanchelande is one of the most knowledgeable leaders in our industry today and has been in key management and leadership positions in the Company for many years, most recently as COO of the Company. We thank him for his 33 years of tireless efforts and enthusiasm, which has been instrumental in growing the Company into a global leader in our market. We could not have done this without him and we wish him and his family a long and healthy retirement. I would also like to take this opportunity to introduce Mr Chabas. Mr Chabas is a former member of the Board of Management of Acergy and has recently joined SBM and will be the new Chief Operating Officer, succeeding Mr Blanchelande. We are very pleased that Mr Chabas has joined the Company. His knowledge and experience in the oil and gas industry will be an additional asset to the Board of Management and the continuing growth of the Company.

So, in conclusion we have seen the recovery in the demand for our products and services and expect this demand will remain strong as our clients continue to develop new deep water oil and gas reserves. As a consequence, we will continue to develop further innovative technology to meet these challenges. Our medium-term aim is to continue to improve our operating performance with a steady growth and maintain our market leader position as a preferred solutions provider to our clients. The successful refinancing of the Company's revolving credit facility, the successful delivery of a number of legacy projects, such as the rigs and the finalization in 2011 of rig 3 and the MOPU platforms, coupled with the record order backlog, position the Company well to achieve its targets for growth and return for our shareholders. Thank you.

The Chairman thanked Mr Mace for this presentation and noted that some questions in writing were received of the VBDO which Mr Mace would answer first.

Mr Mace indicated that he would first outline the questions received from the VBDO and then the answers which the Company proposes.

The first question related to the sustainability report and the guidelines of the GRI (*Global Reporting Initiative*) and whether these were reviewed by an external accountant. The level on which the Company reported is level C, which is the lowest level. The question was raised whether the Company intends to raise the level to level B. **Mr Mace** indicated that, from the Company's point of view, level C of reporting was sufficient to give a good overview of the Company's key sustainability indicators and initiatives. The Company continues to improve by adding new indicators and for 2011 the Company will reassess in collaboration with its external auditor whether level B is obtainable and make a decision on this during the year.

The <u>second question</u> related to the assurance level of the external accountant's review in 2010, which was limited. VBDO asked whether the next level of assurance would be reasonable, and whether the Company would intend to change that level of review. **<u>Mr Mace</u>** replied that the Company used the sustainability data to generate trends which it tracks in indicators. The Company considered that the external accountant's review, at the limited level, is adequate for this purpose.

The <u>third question</u> was related to health and safety and the HSNS health and safety figures compared to 2009, where it appeared that an important number of figures worsened compared to the prior year and the specific quotation on the lost time incident days reported for onshore, offshore and subcontractors. The question was how SBM would explain the receded figures and would SBM be prepared to make additional efforts to improve safety for its personnel and suppliers. **<u>Mr Mace</u>** answered that the Company implemented a more robust reporting system around its operations which, together with the increase in the number of safety staff on construction sites, generated a higher reported number of incidents. This was the reason for the increase in the level of incidents. The Company placed great importance on the safety of its employees and its subcontractors, which was reflected in several initiatives which the Company implemented during the last couple of years. Some examples were (i) the total application of safety knowledge and safety training observation program and (ii) the twelve lifesaving rules, which were implemented by the Company worldwide to increase the safety and well-being of its employees and contractors. Mr Mace mentioned that the Company monitored performance on a continuous basis and implemented additional measures, such as increased auditing and training, in order to reverse the trend. The Company's HSSE performance remained generally in line with industry benchmarks, however, the Company continues to strive to improve in this area.

The <u>fourth question</u> related to supply chain responsibility. The Company was measured on a VBDO supply chain management benchmark in which it went down from the seventeenth position to the nineteenth position this year. The question was raised whether the Company recognized the conclusions drawn by the VBDO researchers and if it would take measures to increase supply chain responsibility. **<u>Mr Mace</u>** replied that the Company received the information from the VBDO benchmark and conclusions and that these would be taken into consideration in developing the sustainability strategy and initiatives on supply chain. With the current amount of reporting initiatives regarding sustainability, the Company decided to limit active participation to the Dow Jones sustainability initiative, the carbon disclosure project and the Ministry of Economic Affairs transparency benchmark. As reported in 2010, new indicators regarding value of business with developed and developing countries, as well as information on vendor audits performed, were added. The Company would intend to continue to develop the reporting in this area. It was noted that strong commitments regarding supply chain were summarised in the Company's Code of Conduct.

The <u>fifth question</u> related to the Company's operation in Myanmar. In the past the Company indicated that it would not extend its contract with Petronas past the expiry date and would exit Myanmar. The question was raised whether the Company is still committed and when the contract would expire. **<u>Mr Mace</u>** replied that SBM is still committed not to extend its existing contract past the final expiry date for as long as international sanctions against Myanmar continue to apply. The current contract runs until May 2015 with an extension option available to the client (Petronas) for up to five years. The final expiry date could be May 2020.

The <u>sixth question</u> related to biodiversity. The industry in which SBM operates is known as an industry with a relatively high impact on biodiversity. In the Sustainability Report SBM made reference to preservation of ecosystems and that it has looked at peers. A remark was made that other companies do have a more developed policy on this subject. The VBDO asked whether SBM intends to give biodiversity a more prominent place in the organization and start integrating research on the risks and possibilities of biodiversity and preservation of ecosystems in the management of the business. **<u>Mr Mace</u>** indicated that the

Company designed the production systems and operated its lease fleet within the strict environmental rules dictated by its clients, which obtained permits to operate according to national environmental requirements. These strict requirements are specific for each location which makes it redundant to have a company-wide biodiversity preservation policy. On the facilities, the Company operated all activity under strict operating procedures, for which the Company's staff is trained to minimize the effect on the ecosystem during the operations. The design of the systems is such that release to the environment is minimized and in case of accidental release containment systems are in place.

The seventh question related to diversity. The VBDO welcomed the proposal to appoint Mrs Rethy to the Supervisory Board and hoped that the AGM would support that proposal. This year the VBDO asked for attention for persons with a physical and mental handicap who have more difficulty in the labour market. The VBDO remarked that SBM does not have a policy with regard to these persons as potential employees and asked whether SBM intends to develop such policy. **Mr Mace** replied that the Company pursued an employment policy following the principles of equal opportunity preventing any discrimination on the basis of sex, age, race, religion, political or trade union affiliates, nationality or disability. The Company has not been actively pursuing a policy for recruitment of disabled people, specifically as the Company's activity has traditionally a few positions available for disabled people.

Finally the last (eighth) question which related to remuneration. The VBDO was pleased to note the proposed introduction of a CSR multiplier as a part of the variable remuneration. The multiplier is linked to CSR commitments and the VBDO asked what CSR commitments there are and whether the Company would intend to disclose, for the 2011 remuneration, which commitments were or were not realised. **Mr Mace** indicated that the Company introduced the tool in its remuneration policy to allow performance to be measured against the CSR indicators. The Company intended in 2011 to test and be comfortable with this new tool, which will be applied in a qualitative and quantitative way in the area of CSR.

The Chairman thanked Mr Mace for answering the questions of the VBDO and asked whether there were shareholders which had any questions in relation to the explanation of Mr Mace.

Mr Jorna (VEB) congratulated SBM on a record year. The results were "upgoing". Mr Jorna indicated that SBM was doing well, there were a lot of orders in the market and the Company would be busy for the coming four years. For 2011, 90% to 95% of the turnover and orders were already booked. Mr Jorna asked (first question) whether SBM saw possibilities to work faster and to increase the production, in order to gain more turnover and to put forward more turnover. Furthermore, he asked about possible obstacles in relation to this. Mr Jorna asked (second question) about the contract with Mitsubishi. He had been told that Mitsubishi's solvency position was excellent, as a consequence whereof the lease might be put forward. Mr Jorna indicated (third remark) that the Company had previously decided to allow its lease position to grow in order to create a more stable revenue stream and to be less dependent of the fluctuations of the market. He remarked that the lease position had barely increased. Mr Jorna, indicated in relation to LNG, which is SBM's showpiece, that he had not heard much news about this. He indicated that he understood that SBM had worked with Petrobas on this and that a FEED-study had been carried out. He asked (fourth question) how the market was looking, was it booming and were there more LNGs to come. He also said that he had read that SBM had a new way making underwater connections, for which it has a patent. He felt that that the rest of the offshore market remained obscure, also after the explanation. As this was a showpiece, he hoped that further steps would be taken.

Mr Jorna also remarked that the name Petrobras was one that was mentioned often. SBM had a good relationship with Petrobras in Brazil, Angola and the Far East. He asked (fifth question) whether SBM was not overly focussed on one party and whether there was enough diversity in the costumer database, so that

SBM would not be too dependent on one party. Finally, he referred to renewable energy, which everyone was in favour of. He asked (sixth question) when the first assignments for systems that take renewable energy from wave power or differences in temperature could be expected.

The Chairman thanked Mr Jorna and gave the floor to Mr Mace.

Mr Mace indicated that SBM sees quite good possibilities for future order intake in the near future, which would ensure a good backlog of work for several years ahead. SBM would take the opportunity to get the right/best projects in the order portfolio going forward. He replied to the first question that the Company developed into such a size that it can handle around about ten to twelve major projects coincidentally, not all in parallel, but in the different project stages. However, the value of the projects increased dramatically as did their complexity. The Company makes steps to outsource in areas where there are bottlenecks, such as engineering, in order to free up engineering resources. One of the key resources in the Company is the engineering teams. The Company is taking steps to outsource detailed engineering in order to try to increase the volumumetric throughput, but realistically, this will not be a dramatic increase. SBM wants to make sure that it keeps control of its operations. As regards the second question in relation to the agreement with Mitsubishi Corporation, Mr Mace that the large capex projects are increasing in size and, as announced, SBM has projects of over USD 1,000,000,000. In order to execute these type of projects, provide the equity input whilst at the same time chasing several of these projects, SBM needs financial support. SBM worked with Mitsubishi in the past on two previous contracts and knows them. This was cemented in a new cooperation agreement under which Mitsubishi will provide equity to SBM on large projects, which the Company needs to be able to develop the business. Mr Mace indicated that Mitsubishi will not be involved in the actual work of building the projects, but are there to provide financial support. Mr Mace stated that it is a good development and it helps SBM increasing the lease business. Mr Mace indicated in relation to the third remark that it is out of the control of the Company whether there are lease projects or sale projects. SBM receives both types of orders for the larger FPSO's. The Company would generally prefer a balanced order intake, with a bit more of weighting on the side of lease. SBM tries to select projects which provided that balance, but this is not in the control of the Company. In relation to the fourth question Mr Mace replied that LNG is an activity the Company entered into several years ago. The Company has gone through quite an exercise in 2007 and 2008 on developing a generic design of an LNG FPSO. Then came the economic crisis and there was no movement on any LNG project during a period of time. There now is growing momentum in LNG offshore projects and SBM would be active on several of these. SBM is taking steps to be there on the first projects and he indicated that these would be big capex projects. Mr Mace stated that the large LNG FPSO projects certainly would be in the range of USD 3,000,000,000. SBM decided to work in joint venture arrangements to share the costs on these projects with other contracting companies. SBM intends to place itself in a position to be successful with this business when it grows. SBM was one of the initiators in developing an offshore solution for LNG. One of the components, which Mr Jorna referred to, is the ability to be able to offload the LNG product offshore safely. That piece of equipment was missing in the industry and that gap needed to be filled. SBM invested in an R&D program to develop a floating hose used to transfer the cryogenic liquid from the production vessel to an LNG carrier in a configuration which is safe to take place in the ocean. The only existing experience at the moment is the LNG carriers coming into a harbour and offloading alongside a quay. Mr Mace indicated that SBM was successful in developing the hose system and the offloading system required to make this whole FLNG FPSO system viable.

Mr Mace replied in relation to Petrobras (fifth question) that SBM has a lot of business with Petrobras, but keeps track on a regular basis of the amount of risk effectively associated with the business either in Brazil or with Petrobras. SBM makes sure that the level of business which it has in that country is comfortable. Mr Mace replied to the last question (sixth question) related to renewable energy initiatives, that the Company is still a few years away from first orders, as it is still in the technical development stage, where quite some progress was made. He indicated that it should move through a series of more robust prototype testing before there is a position to really market such a product.

Ms Lindeman (MN Services and on behalf of Robeco) first of all expressed her compliments on the 2010 results. Last year there was a request for a more transparent reporting of social and environmental targets. When looking to the carbon disclosure project, in which SBM had been participating for some years, she noted that the business had not indicated any goals for 2010 in relation to lowering emissions of greenhouse gasses. She indicated that a lot of businesses do indicate such goals and pursue a progressive position on sustainability. She asked (first question) for an explanation why the goals could not be reported more transparently and requested SBM to consider doing this in the future. Furthermore, she indicated that the sustainability report referred to "stakeholder engagement" as a "corporate principle". The business holds road shows and presentations for shareholders and other interested parties. These are devoted mainly to financial results and less to sustainability. She asked (second question) whether it would be possible to focus more on Corporate Social Responsibility in relation to stakeholder engagement,. Her last question (third question) related to SBM's inclusion in the Dow Jones Sustainability Index in Europe. She indicated that this confirmed that the business had progressed in terms of sustainability. Many businesses which aim to acquire a progressive position in the sustainability area, would choose to combine the sustainability and financial reports. This would integrate strategic and sustainable ambitions better. She asked whether SBM would consider doing this in the future. The Chairman thanked Ms Lindeman and gave the floor to Mr Mace.

Mr Mace replied to the first question in relation to the transparent way in which SBM reports on emissions and whether or not SBM could set targets and report against those targets. He indicated that it is not possible for SBM to do that, as SBM is operating and producing hydrocarbons on behalf of its clients in accordance with their instructions. SBM does not control the operations offshore, in terms of the production throughput operations. This has an impact on emissions coming from power generation or from incidental flaring, which do happen from time to time. It's almost impossible for SBM to set objectives in advance. SBM could only take care and ensure that it operates in the most effective and efficient way with respect to emissions from its facilities, which it endeavours to do. On the design of new facilities SBM tried to introduce the most recent and latest technological innovations in order to minimize emissions, where possible. He replied on the question related to stakeholder engagement and Corporate Social Responsibility (second question), that it is true that most of the engagement is with financial institutions, investors and potential investors. He indicated that this question also comes up more and more often in the meetings. SBM has said that it would look where opportunities could be provided to meet relevant NGO's or other bodies to set out ideas and discuss these. He indicated that this would also be endeavoured in 2011. On the incorporation into the Dow Jones Sustainability Index (third question) and the ability to integrate the objectives of the CSR strategy into the overall strategies of the Company, Mr Mace replied that big progress was made in that area and a lot of the initiatives are taken into account in the Company to address where relevant the CSR objectives. And eventually come into the financial results of the Company.

Mr Boom had a question in relation to risks, namely in relation to what happened in Japan (seaquake followed by an enormous tsunami). This tsunami manifested itself merely in the coastal waters. He indicated that what had happened in Japan could also happen elsewhwere, perhaps even where SBM's production platforms are located. He asked what the risks were of a production platform being hit by a natural disaster. **Mr Mace** outlined that most design criteria received from the clients provide information on tsunamis where appropriate geographically. Generally speaking, in the locations where SBM operates, more offshore and not very close inshore, the impact is quite negligible but some of the CALM buoy mooring terminals, which are much closer inshore, may well be impacted by such an event. Where appropriate that design criteria is included into the design of the system. For the big production facilities this is not really significant as an impact.

Mr Jorna (VEB) said he had noticed that the operational margin with the Turnkey Systems historically was around 5%, while last year that had been 9%. Also, when he looked at the 2011 forecast, more profit would be generated than previously. His first question was what the reasons were for this. Furthermore, he referred to a discussion with a client on a contract. He indicated that certain "headache files" had been closed. He referred in particular to the Norwegian Talisman field and asked (second question) whether it had been closed and whether that would increase margins in the turnkey systems segment. Was SBM capable of asking for higher margins or was this left to market operations themselves? He also said that he had read about risks and he said that he himself considered them conceivable for the oil companies which engage SBM for services or purchase vessels, particularly as regards leasing. He asked (third question) whether oil companies were not increasingly inclined to shrug off responsibility, given the risks involved. Was SBM as leasing company responsible for what happens, and was SBM still capable of assuming risks even if markets were to take a downturn?
The Chairman indicated that Mr Jorna had interesting questions. **Mr Mace** answered in relation to the first question, on the turnkey systems margins, that there had been improvements from the prior two years and, as has been announced, these improvements continued. There are two reasons, being (i) the underlying more robust performance on execution of projects and therefore the better margins and (ii) the financial lease accounting treatment of long-term leases, which has a knock-on effect in the turn key system result. He asked Mr Miles to add something to that. **Mr Miles** indicated additionally on the first question, that SBM has a couple of long-term lease contracts, the terms of which imply that the lease contract is reported as a sale of an FPSO with a financing package attached to it. That means that part of the return which is rolled up into that lease contract is in fact reported as a turnkey systems sale during the construction phase of the project. This means that part of the lease returns are brought forward into the construction phase, earlier than they would otherwise have been recognised. That impact is giving a booster on top of the improved performance on the underlying projects. Indeed two effects: (i) better underlying performance and (ii) an addition from the financial lease accounting treatment. **Mr Mace** replied to the second question related to the Norwegian project where SBM had impairments in the past and has announced in the Trading Update Press release of earlier in the day, that it has an outstanding financial situation in the project to conclude with the client. Mr Mace indicated that he cannot say more than that at this point. Mr Jorna may have been referring to the Canadian project, where SBM has a litigation process, which started earlier this year. Again, Mr Mace indicated that he was not able to say more at this time, as he does not want to jeopardize the Company’s commercial position on those two projects. The last question (third question) related to the leasing business and whether SBM inherits risks or takes on risks with these lease contracts. Mr Mace indicated that the answer is yes, but that SBM tries to mitigate or insure to get indemnified for the risk. One of the biggest risks which SBM could be faced with is pollution and it is quite strict in always demanding and getting a full indemnity from the client for any pollution emanating from the vessel under any circumstance.

Mr Van de Roemer indicated that everything was reported in USD, but that the USD was weakening. He asked how the company covered this and what the percentage was of the costs in USD. **Mr Miles** outlined that the oil and gas business a USD business is and that probably 95% of SBM's revenues are USD based. A lot of the costs are also in USD, so that there is a natural match between those costs and revenues. There is an exposure on the costs spent in EUR, GBP or BRL or other currencies. SBM operates for a long time a policy whereby when it obtains a project it hedges its currency exposure immediately, so that, whatever price it assumed those currencies would be spent at in the project is what they will cost. SBM manages to cover exposure and overheads. For the offices in the Netherlands and elsewhere in Europe SBM basically covers itself by buying those currencies forward. 2011 was covered entirely and two thirds of the costs for next year are already covered. The fact that the USD weakened during the year doesn’t have an impact on SBM's results for this year. If the trend continues long term, then SBM would have to think of longer term measures, but this is where Mr Miles thinks SBM's policy of hedging all of the identified exposures benefits the Company. **Mr Van de Roemer** asked about the dividend. **Mr Miles** answered that the dividend is denominated in USD and the exchange rate is calculated on the day of the Annual General Meeting of Shareholders.

Mr Janssen (VBDO) thanked the Chairman for answering the written questions and complimented the Company. He indicated that he would come return with the discussions on the matter regarding the Supervisory Board. **The Chairman** thanked Mr Janssen.

Mr Jorna (VEB) stated that Mr Miles had spoken earlier about the hedge instruments SBM uses. Page 11 of the report indicates that profits could have been higher if interest had remained the same. Mr Jorna understood that in the first half year a loss of USD 21,000,000 had been sustained because of the hedging used. He asked (first question) whether that had been the cause of the reduced profits or whether there had been a similar event in the second half year which increased the amount of losses. He indicated that he was not able to determine this from the annual report. Mr Jorna also referred to another point, namely that a roadmap for the future had been drawn up, in particular for ICT systems. There was no more than an announcement of this in the annual report, but in his opinion ICT was one of the biggest risk factors. His question was (second question) if that roadmap had produced inadequacies and what the accountant had said about ICT. In addition, he asked how ICT was doing and whether there were matters that could be solved. **The Chairman** stated that this point related to the report of the Management Board, but that he would allow this question to be answered. **Mr Mace** replied to the first question that SBM did report a loss of USD 20,000,000 in the first half of the year. It is an interest rate hedge on one of SBM's lease projects. When the lease project was obtained in 2007, the assumption was made that a certain amount of money would be borrowed to finance the project. The interest rate exposure was taken out and covered on that assumed amount of debt. Then in 2008 the financial crisis happened and when the money was actually borrowed to finance the project in 2009 some of the banks were closed and it could not be managed to borrow as much as originally expected. That meant that part of the hedge contract became in accounting terms ineffective. It wasn't matched by an underlying debt and that meant that the market value on that hedge had to be written off to the profit and loss account. The impact of that was what was reported in the first half of 2010. It was an accounting entry and it wasn't a cash loss, because the hedge contract itself was reassigned to other projects where SBM needed to borrow money. Mr Mace furthermore indicated that there are always smaller items in terms of currency variances or interest and hedging differences in the profit and loss account. That happens every year and these are usually not of a large magnitude. This year there were some currency variances on projects, which were reported in financing costs. Those were matched by improvements in the project results themselves and were a wash basically in terms of net result. Mr Mace outlined in relation to the second question that Mr Jorna was correct that SBM had indeed a study going on in terms of the appropriateness of its information systems. Review has been done by outside consultants which confirmed that SBM's systems are appropriate for its types of business, but that there are some improvements which could be made. The Company is currently in a phase of going through the main processes and identifying the gap between the current status and the ideal status and making the easy improvements first whilst moving towards the ideal state. It is a long-term project and one is working on that through process-by-process within the Company. The project is on track and the goal is to improve the information systems across the board.

The Chairman stated that there were 86 shareholders or representatives present. The total shares present or represented was 77,962,165 which was 46.13% of a total of 168,997,250 issued and outstanding ordinary voting shares.

3. Report of the Supervisory Board and of its sub-committees for the financial year 2010 (*information*)

The Chairman stated that, as represented in the report of the Supervisory Board on pages 27 and following of the annual report, the Supervisory Board supervised the developments at SBM and the activities of group companies in the past year in a number of formal, scheduled meetings, in a telephone conference and following regular informal consultations. The most important subjects addressed in the meetings of the Supervisory Board with the Management Board and supervised by the Supervisory Board in 2010, are outlined in more detail on page 29 of the annual report. The Chairman mentioned as most important, the approval of the annual report and financial statements 2010, the operating plan and budget over 2011, the successful refinancing by way of a five-year Revolving Credit Facility of USD 750,000,000, the discussions of the state of affairs of new projects and investments, as well as the strategy of the business, for which, together with the discussions of the 2011 budget, a full meeting was scheduled. Matters relating to corporate sustainability belong to the remit of the Technical and Commercial Committee, which was established in 2010. This new committee was established to enable the Supervisory Board to gain insight in the exposure of the Company to technical risks and to support the Supervisory Board with its supervising role about technical- and project management matters. As regards risk management, the committee works closely with the Audit Committee, as one of the main goals is to address risks and especially technical risks.

The Supervisory Board is assisted in its work by three committees: the Audit Committee, the Audit Committee consists of Mr Cremers, as chairman and Mr Deckers; the Appointment and Remuneration Committee, consisting of Mr Gugen as chairman and the Chairman as member for remuneration matters and the Chairman as chairman and Mr Gugen as member for selection- and appointment matters. This last committee, in relation to remuneration matters, has delivered significant work with the elaboration of the proposal of a new remuneration policy which would be discussed under agenda item 6.2. As regards Selection & Appointment matters, Mr Gugen was nominated as new supervisory director, and a proposal is submitted to this meeting to appoint Mrs Rethy as new supervisory director. Furthermore, this committee has supervised the selection and appointment of a new COO. As indicated before, a Technical and Commercial Committee was instituted since 2010, with Mr Ehret as chairman and Mr Van Gelder. The Audit Committee had in 2010 special attention for the control of risks, inter alia, the three drilling rigs, the two MOPU projects and the 5000 ton crane. The Audit, the Technical and Commercial and the Appointment and Remuneration Committee reviewed in detail the matters assigned to them and came with recommendations to the Supervisory Board, which incorporated these in their decision making. Finally, the Chairman stated that earlier this year also time was used to evaluate its performance, both on the level of the most important committees as on the level of the Supervisory Board itself.

Mr Jorna (VEB) stated that the Supervisory Board's report was not easy to read. More specifically, the report stated that the Technical and Commercial Committee and the Audit Committee had given advice on a wide range of issues and provided support to the Supervisory Board. He asked if some highlights could be mentioned in evidence of the valuable advice given by the committees. **The Chairman** indicated that the Technical and Commercial Committee had been set up at the start of the year and had now completed its first year. He indicated that there had been problems with some projects and that a great deal of work had been carried out in relation to these projects. In reply to the question of whether details of that work should be included in the report stating which specific recommendations were made, he noted that this had certainly been part of the deliberations. It was a normal process and the course of the projects has to be reviewed. The reports on project management had been read and discussed and the discussion focused on the advice that had been given in relation to improvements within the Company in the field of project management. The discussion also focused on the risks and how to balance these risks. The Chairman did not believe that the details of the results of these issues should be included in the report. **Mr Cremers**

referred to page 30 of the annual report, which listed examples of the issues that were discussed. He noted that, in comparison to other companies, this was a highly detailed analysis that showed what the committees were (or were not) involved in, in preparation of the discussion within the entire Supervisory Board. For instance, the AFM (*Netherlands Authority for the Financial Markets*) report about the external accountants in the Netherlands was discussed even though it does not directly relate to SBM.

Mr Jorna (VEB) indicated that it was indeed more detailed than some other reports that merely state that the supervisory board had convened ten times and had conducted satisfactory discussions. He indicated that the chairman had a good team around him whose members are well-known to many companies and who were highly motivated, but that he would have liked to have seen the results of their work. He would like to see the link between what kind of advice was given and what was being done with it. **The Chairman** indicated that he would take this on board and that they would review in the next annual report to what extent their advice could be incorporated.

Mr Heineman expressed his appreciation of the Management Board and the Supervisory Board for the fantastic results, not just over the past year but also the years preceding last year. He indicated that the results were also due to the staff members who often had to perform their work under very difficult circumstances in faraway countries. Mr Heineman asked (first question) whether the Supervisory Board had been involved in the strategy and to how many years ahead the strategy extends: three years, five years, or perhaps ten years. He also noticed that SBM primarily performs its activities along the coast of Brazil and Angola. His second question referred to the polar seas and whether they were currently easier to navigate due to global warming. He also indicated that many mineral resources had been discovered and that SBM should examine for which clients these might be useful. In reply to the first question **the Chairman** noted that that strategy entails a three- to five-year plan. Regarding the second question, he noted that the exposure to important countries, such as Brazil and Angola, was being studied to see how to manage the exposure. The Arctic work is something that is part of the strategy, but the Chairman noted that Mr Mace would like to add a few things in that regard. **Mr Heineman** added a third question, namely to what water depth SBM can perform its activities. Up to 3000 metres or even further at some point, because this becomes increasingly dangerous due to the enormous pressure exerted by the water column above them. **Mr Mace** replied to the question (second question), relating to the Arctic regions, that there may be a start with some projects which may be developed in those regions by SBM's clients. It's a major area of interest for SBM and a major subject of SBM's R&D development program to be able to offer the right solutions to the clients for these very difficult conditions where there is a very harsh environment and very cold temperatures. SBM is developing those solutions and already has one project potentially coming up, which is an opportunity to supply systems in the north of Russia. He answered in relation to the third question in relation to water depth, that SBM's deepest system at the moment could go down to about roughly 2000-2500 meters and from the point of mooring a vessel in the ocean could go significantly deeper, up to 3000 meters or beyond. Although, at the moment there are really no opportunities or need for systems in that water depth. Oil has yet to be discovered in such deep waters even though drilling is indeed taking place. SBM is developing the deep water solutions, which is part of SBM's R&D program to address the opportunities when they will come.

4. Annual Accounts 2010

4.1 Adoption of the Annual Accounts (*resolution*)

The Chairman indicated that the principles for preparing the consolidated financial statements, the consolidated balance sheets and profit and loss accounts, the consolidated cash flow, the notes to the consolidated statements and the other information are all included in the 2010 annual report (pages 101 to

177). The 2010 financial statements were audited by KPMG Accountants N.V., the Company's accountant. The unqualified opinion in this respect is included on page 179 of the annual report. A copy of the annual report signed by the Supervisory Board, the Management Board and the external accountant can be obtained from the Company Secretary. In conformance with Article 28 of the Company's articles of association, the financial statements were approved by the Supervisory Board and were then submitted to the meeting for adoption.

The Chairman informed the meeting that voting cards would be used and explained the voting procedure.

The Chairman established that the meeting had accepted the proposal to adopt the annual accounts with 77,950,178 votes in favour, 56,685 votes opposed and 3,677 abstentions.

4.2 Dividend proposal either in cash or in ordinary shares in the share capital of the Company at the discretion of the shareholder (*resolution*)

The Chairman indicated that in conformance with the Company's normal dividend policy, a total dividend of USD 0.71 per ordinary share was proposed for the net result from continuing operations realised in the period from 1 January 2010 to 31 December 2010, to which the holders of ordinary shares are entitled. The ex-dividend date was 9 May 2011. The record date was 11 May 2011. Because the shares are listed in EUR, the cash dividend will be paid in EUR. For this purpose, the daily fixing rate of the day of the meeting would be used, as published by the European Central Bank. At 14:00 this rate was USD to EUR 1.4814, which is a dividend of EUR 0.479276.

In conformance with Article 30.3 of the Company's articles of association and subject to approval of the Supervisory Board, the Board of Management proposed a dividend of USD 0.71 per ordinary share, at the option of the shareholders to be distributed in cash or in the form of ordinary shares in the Company's share capital. Approval of this proposal included the resolution to issue such a number of shares as would be required to distribute the stock dividend and also the resolution to exclude the pre-emptive rights in respect of this issue. The shares to be issued for the stock dividend would be admitted to the listing without a prospectus pursuant to Section 5.4 (e) of the Dutch Financial Supervision Act. The Board of Management is to determine the ratio between the value of the stock dividend and the cash dividend on 30 May 2011 after market close based on the volume weighted average of the share price of the last five days of the option period, i.e. 23, 24, 25, 26 and 27 May 2011. There will be no trading of dividend rights on the NYSE Euronext Amsterdam. Both the cash dividend and the stock dividend will be made available to the shareholders on 6 June 2011. The value of the final dividend in shares will equal the value of the cash dividend, excluding rounding differences. The shares needed for the final dividend have been or will be issued by the Company. The new ordinary shares will be entitled to dividend for 2011 and the following financial years.

The Chairman established that the meeting had accepted the dividend proposal either in cash or in ordinary shares in the share capital of the Company at the discretion of the shareholder with 77,994,601 votes in favour, 16,627 votes against and 1,165 abstentions.

5. Discharge

5.1 Discharge of the Managing Directors for their management during 2010 (*resolution*)

The Chairman asked the meeting – in conformance with the articles of association- to grant discharge to the members of the Management Board for their management in 2010.

<u>The Chairman</u> established that the meeting had accepted the proposal to discharge the Managing Directors in 2010 with 77,703,008 votes in favour, 287,234 votes against and 21,370 abstentions.

<u>Mr Rus</u> (representative of certain institutions) stated that he noted that the number of votes with the voting results was much higher than the number of votes which would be present at the meeting. **<u>The Chairman</u>** thanked Mr Rus for his remark and suspended the meeting for a few minutes to verify that.

<u>The Chairman</u> continued the meeting and indicated the exact number of votes cast at the meeting would be ascertained accurately after a recounting. Given the overwhelming majority of the votes cast until that time, no differences would occur in the results of the voting procedure for the resolutions mentioned. (Note of the secretary: after recounting it appeared that the number of votes present or represented at the meeting was 78,111,195, representing 46.23% of the issued share capital).

5.2 Discharge of the Supervisory Directors for their supervision during 2010 (*resolution*)

<u>The Chairman</u> asked the meeting – in conformance with the articles of association – to grant discharge to the members of the Supervisory Board for their supervision in 2010.

<u>The Chairman</u> established that the meeting had accepted the proposal to discharge the Supervisory Directors for their supervision in 2010 with 77,701,966 votes in favour, 287,685 votes opposed and 21,272 abstentions.

6. Corporate Governance

6.1 Summary of the Corporate Governance policy (*information*)

<u>The Chairman</u> referred to the corporate governance chapter in the 2010 annual report (pp. 73 – 85), with explanatory notes on the corporate governance policy based on the best practices from the Dutch Corporate Governance Code as amended by the Monitoring Committee Corporate Governance Code on 10 December 2008 (the "**Code**").
The Chairman indicated that SBM was not fully in compliance with the best practices from the Code on two counts, namely:

- Best practice IV.1.1 that provides that the remuneration committee may not be chaired by a supervisory board member who is a CEO of a company. This non-compliance lasted no more than a few months, because Mr Van Gelder, who was the CEO of Heijmans N.V., retired as chairman of the Board of Management and as CEO at the General Shareholders' Meeting of Heijmans N.V, and Mr Gugen took over as chairman of the Appointment and Remuneration Committee for remuneration issues at the Extraordinary General Shareholders' Meeting of 6 July 2010.
- Best practice IV.1.1 provides for the appointment, suspension and dismissal of a member of the Management Board or the Supervisory Member by a resolution passed by the General Shareholders' Meeting by a simple majority of the votes, while the Company's articles of association presently prescribe a two-thirds majority of the votes cast subject to the condition that these votes represent at least a third of the issued share capital. In the discussion of item 7, amendment to the articles of association, the proposal will be made to amend the Company's articles of association in line with this best practice.

After the notarial deed of the amendment to the articles of association is executed the Company will be fully compliant with the Best Practices of the Code.

6.2 Amendment of the Remuneration Policy of the Management Board (*resolution*)

The Chairman gave the floor to Mr Gugen, the chairman of the Appointment and Remuneration Committee for remuneration issues.

Mr Gugen Good afternoon, ladies and gentlemen, as Heinz has reported I recently joined the Board and was accorded the honour of chairing the remuneration part of the Appointment and Remuneration Committee and I would like to tell you a little bit about how we have come to the RP 2011, which is being put before this meeting. And I think that the backdrop to this to understand is, that when the last remuneration report was drawn up in 2008, the Company was actually quite different than the one it is today. The Company has become a lot more international and operates not exclusively, but to a very significant degree outside the Netherlands. In fact, less than 11% of the employees are actually based in the Netherlands. More than 50% are based outside Europe. So the Company has become extremely international. And it's become really clear, that to recruit, to retain the best people which the Company needs to continue producing the sorts of results which you very kindly complimented us on, it is necessary to look to the wider world and not just the Netherlands alone. And so, in devising RP2011 we have sought to bring the remuneration practises into line with those that apply to a global peer group, which is actually the place that we do our recruiting from. That's where our competitors are most. A great number of our competitors, and thereby the skills base that we seek, are in effect outside Europe now. Hopefully what you will find that this does, and certainly the remuneration committee believes it does, is it aligns management with the shareholders for their best interests.

So how do we go about designing RP2011? The first thing we started with, which would seem very obvious, is the strategic goals. I mean what is the Company trying to achieve and thereby how can the remuneration policy support the Company achieving those goals? We set a set of principles, which were then used to drive everything that was done in terms of the remuneration policy. The sorts of principles that we set is first of all the significant one I have already talked about which is being competitive with the peer group. But the second one is: it is very important for the Company to be successful, to be able to move talent around the organisation and to have a cadre of people that all have the same ideology if you like or thought processes and the same motivations. So consistency for senior managers and consistency across regions has become vitally important to make sure we don't get pockets of knowledge just trapped in different parts of the world. We also want to make sure that remuneration is very much more geared to the delivery of performance and I come to talk about that in a little bit more detail.
We also wanted to make sure that the managers were much more closely aligned with the shareholders by making more of their remuneration based on shares rather than based on cash. We also wanted to change pension arrangements which are extremely unpredictable as things stand, because of the forward assumptions that need to be made. That was another guiding principle. And believe it or not, the RP2011 may not persuade you of this point, we did try and make it as simple as we could rather than as complicated as it could be. So those are the principles that we set down right at the beginning of the process and which have really guided everything that's actually happened from that point on. We also bolstered that thinking process with getting real market information, trends and the best practises, not just financial numbers. And the Board of Management had a set of advices, but the Supervisory Board itself also took on independent advice to make sure that it was not being just persuaded of the latest argument but had its own independent view on some of the things that were being proposed. Finally the last thing that we did is, we took the trouble to actually sit down with a number of shareholder representative bodies and asked them how they

felt about what we were doing and what we were proposing, which we did before. We published the documentation. So that's how we went about developing RP2011.

What has really changed from the past as a result of all of that? The first is that in terms of international competitiveness we really needed to develop a new labour market peer group, which we did. That replaces the previous peer group which was Dutch centric, which really didn't work, not only for the reasons I have already said. The other reason it didn't work is, in fact we don't really have a competitor at all that was in a Dutch peer group, which seems pretty strange to compare to a set of companies that are actually in different businesses from your own. We wanted to get better performance which I already touched on by looking at performance and by creating an individual performance element. So now what happens is, there is an element of the Board of Management's salary that is dictated by personal goals and the delivery of those personal goals. Those personal goals are set initially by the CEO in relation to his people and the CEO proposes in relation to himself and then the Supervisory Board or rather the Appointment and Remuneration Committee sits down and looks at that very closely, tests whether that really is inline with he strategic goals and is going to help the Company deliver to its shareholders before that gets signed off by the Supervisory Board. Then that gets reviewed at the end of the year obviously, but also will be discussed throughout the year as well.

So, we have started with 30% of performance on the STI, on the Short Term Incentive being in that category. The second thing that we wanted to do in terms of getting better shareholder alignment is actually creating a second element to theLong Term Incentive (LTI). Historically the LTI has been looking at the performance of SBM on a standalone basis. Now we are also introducing that 50% of the LTI should be on a TSR basis, i.e. compared to others for the same peer group. How are we doing by reference to them. So if we look as if we are doing great, but actually we are not doing much better than anybody else, why on earth should people be rewarded for that. That is not appropriate. Other things that we have tried to do and have changed in terms of RP2011 is to reduce the gap between the peer group median. We go for a median rather than what lots of companies do, which is to go for upper quartile. Median is where we have set things. Furthermore we try to and shift from cash to share. So on the STI for example, for everybody else and the CEO the maximum is being reduced from 200% of base salary to 150%, but correspondingly the LTI, which is obviously in a share form while the STI is mainly in cash, is being increased from a 100% to 125%.

There have been questions already raised earlier on today about Corporate Social Responsibility. We are attempting to introduce Corporate Social Responsibility in and making it part of the reward mechanism. I will freely admit that we are learning, we haven't done this before. So, we have started with the STI and we will have a plus/minus 5% that applies for the STI based on this indicator and the last thing that we wanted to do is to move from a defined benefits pension plan to a defined contribution. Obviously there is a migration path that's needed.

So I hope that what you have heard from that is, we have started with Company's goals, we have looked to align with the shareholders, we have done a lot of detailed consideration about how this Company should compare to others, both in terms of best practice and in terms of the numbers themselves. We have sought to be more share-based than cash-based. We have sought to improve performance and I would commend these recommendations or this policy to you as better serving your purposes. Thank you very much.

The Chairman thanked Mr Gugen and asked if anyone had questions about the proposals.

Ms Lindeman (MN Services and on behalf of Robeco) said she was positive about the proposal as it was presented. The comments of the shareholders in the past few years meant that positive steps had been taken in the remuneration policy and she complimented the board for doing so. The positive elements in the proposed policy are (i) the shift from short- to long-term remuneration elements, (ii) the changes in the peer group, (iii) the integration of CSR factors in the performance criteria within the remuneration policy and (iv) the incorporation of a claw-back and the power of the Supervisory Board to amend employment contracts. She noted that no extra performance criteria were attached to the share matching element. Several companies had included a share matching element in their remuneration policy, but this extra assignment of shares was linked to performance criteria. She expressed the hope that SBM would in the future consider introducing this element (first remark). Her second remark referred to the performance shares that may be assigned if SBM performs under the median of the peer group. Proper Corporate Governance implies that shares should only be assigned if SBM performs above the median. She noted that she had stated before that the implementation of CSR factors in the remuneration policy was the right choice, but there was still great uncertainty about how and what targets were involved (third remark). She hoped that this would become clearer in the future. **The Chairman** thanked Ms Lindeman and noted that these were three points that would be answered in more detail. He gave the floor to Mr Gugen. **Mr Gugen** replied, in terms of the share matching element on the STI, that it's helpful to step back and think about how the STI works. The STI is primarily a cash tool and it is a reward for the performance in the previous year. Quite a lot of thought was given to the question that was raised by Mrs Lindeman, but what has been done with the STI is that SBM could and probably, arguably, should pay all of that in cash. Because there was the intention to move and to keep the onus wherever possible on shares as opposed to cash, we have chosen to take an element of that reward for that performance in the previous year, put it into shares, hold it back and then release it later. The performance criteria for that is in fact the previous year's performance against which it is measured. It would be strange to introduce a second performance and different element in relation to something which is geared very specifically to a reward for the previous element. The future element is rewarded by the LTI in a very deliberate form. **The Chairman** added that staff retention is also an element. **Mr Gugen** indicated that by having a share-based element and by holding that share-based element back, there is an incentive that the good people have to stay with the Company rather than to be stolen away. In this industry the competition for people is not going down. It became quite fierce. In relation to performance under the median of the peer group (second remark), this is something which was given some thoughts and one of the key reasons that we ended up where we are is that remuneration is targeted by reference to the median, not the upper quartile. Particularly for the TSR it seemed a little anomalous to have a threshold that was already at median and above and to reward on median overall as well. He indicated that the Committee will continue to study, because the TSR is only introduced. He indicated that the Committee wants to see how it works and wants to make sure that it does what it should do, which is to align the managers with the shareholders and that they are only getting rewarded in fact if the shareholders would get rewarded. In terms of CSR and lack of clarity (third remark) he indicated that it's deliberately lack of clarity, because the Committee is trying to learn and will get into more detail going forwards. He stated that he will see how CSR could migrate further through the remuneration mechanisms going forwards.

Mr Heineman noted (first remark) that the Company would like to look more closely at other countries in terms of remuneration, principally the United States. In addition (second remark), it was much easier to dismiss employees in the United States than in the Netherlands. He therefore questioned this point. He also noted (third remark) that he believed that remuneration in shares would induce managers to take high-risk decisions whose effect may not transpire until years later. Decisions that may at first have advantages may ultimately prove catastrophic. **Mr Gugen** answered that Mr Heineman asked about looking abroad and if looking abroad meant looking to the United States of America (first remark). Inevitably most of SBM's competitors are in the United States of America, but looking at the 18 companies that make up the peer group, which is in the documentation, one can see that only roughly half are American. SBM deliberately worked at that to not make it a completely US-centric approach, but one shouldn't lose sight of the fact that the principle competition for a lot of the top quality people that SBM has is inevitably coming from the United

States of America. In terms of the dismissal of employees (<u>second remark</u>), Mr Gugen answered that when it comes to the Board of Management level, if performance is not happening, dismissal would happen. There was a history of change in the past, but he indicated that he could assure that monitoring performance of the Company and of the senior managers who are responsible for it, is something that the Remuneration Committee takes extremely serious. Finally, in terms of taking risky decisions (<u>third remark</u>), he replied that it could happen and that his thoughts are that if one doesn't structure the remuneration policy correctly one could get people going for the quick buck and moving on. By weighting more towards the LTI than the STI SBM has gone longer, because it is three years plus two years it has to be held. If the numbers are actually worked out and if people are on target and once they have been in the Company for a while, on average, they would have seven times their base salary held in shares. Mr Gugen argued that that brings them quite a lot in alignment with the shareholders rather than going for the quick buck just in one year. He hoped that gave Mr Heineman some feeling that SBM is conscious of the issues he raised and has tried to structure the RP 2011 such that it doesn't fall into the trap of short termism.

<u>Mr Heineman</u> noted that the bonus system did not exist 30 or 40 years ago. If you performed well, you were promoted and eventually you might even end up on the Board of Management. Nowadays there is a base salary which is on the high side and almost seems like an attendance fee. He noted that he was aware that SBM was not the only company that paid bonuses, but he wondered whether bonuses were necessary and why they should not be awarded at the end of someone's career. He asked if everyone who enjoyed working and performing for SBM only looked at the money. Didn't people also look at their prospects, as they did 30 or 40 years ago? **<u>The Chairman</u>** noted that this was a discussion about the principles of an ideal remuneration policy. At the end of the 1980s and early 1990s - when remuneration was usually limited to base salary - every company was expected to introduce performance rewards. In the meantime people had learned more about the risks of performance remuneration. The Chairman noted that the proposed policy took account of these risks and that the Supervisory Board's proposal had struck a fair balance between the different factors that must be incorporated into the development of a remuneration policy. Looking at the development of SBM's remuneration policy, he concluded that it had become much more detailed since 2005. The 2011 remuneration policy had also sought to remove some of the shortcomings of the 2008 policy. The Chairman unfortunately had to note that the policy would probably have to be amended once more in two years' time. SBM aligned its policy to the expected developments in our society. As stated earlier by Ms Lindeman, there were many expectations surrounding remuneration. He noted that the tabled proposal was a reasonable reflection of what can be expected. **<u>Mr Heineman</u>** asked whether the lower echelons immediately below the Management Board also receive a fairly high bonus. **<u>The Chairman</u>** replied that this is the case, they do also get a bonus, but that this subject was not part of this meeting. An attempt has been made, however, to integrate the remuneration policy throughout the entire Company.

<u>Mr Jorna</u> (VEB) said he agreed that matching shares should be linked to performance objectives (<u>first remark</u>). In his opinion it could not be the case that if someone remained employed for just three years he or she would receive matching shares as a kind of stay-on premium. Those matching shares also have a fairly aggressive form of one-on-one conversion. Mr Gugen had explained that this was actually a way of shifting cash now to shares in the future. Mr Jorna said he would prefer it if these shares, once acquired, were also linked to performance criteria. They would then have a more long-term character, which was what was envisaged. After all, there was an attempt to shift from the short term to the long term. He said he had a <u>second point</u>, which he did not require answering, about the multiplier. Mr Mace had indicated in his introduction that it was linked to qualitative and quantitative elements. He asked whether the multiplier was for example linked to a particular ranking in the Dow Jones Sustainability Index, thus enabling it to be measured objectively at least to a modest extent, or whether they were other company specific items. He said he wanted to keep a distance from the Shell scenario, where when going down in the index the policy itself is adjusted because the index is not good. He hoped that this would not happen at SBM. In addition, he referred to the term “economic profit”. SBM had a number of learned men in that field on the Supervisory Board, but economic profit was explained in various different ways and calculated differently as well. His question (third point) was therefore whether SBM, in measuring that, would also take it upon itself to state the calculation method and the result of calculation method in the annual report. In general these criteria were lacking, but he asked whether these could be defined as extensively as possible. He also said he detected leap-frog behaviour at SBM, in the sense that SBM was becoming increasingly international. The same had happened at Heineken, Akzo and Unilever, with an accompanying increase in matching shares. He regretted the fact that that argument was also being used, that SBM felt compelled to compare itself with international companies. Often the result of this kind of thinking is that remuneration of the board rises excessively. He therefore asked (fourth point) whether the scenario analyses had included any reflection on the salary rises of the Management Board, and the levels to which salaries would rise. In response to the first point, to what extent there were shares that are not linked to any performance criteria, **the Chairman** said that Mr Gugen had already answered this question. The alternative was simply to pay cash and then there would be no more questions. He said that that had indeed been considered and that the current system is a very good one. It determines an STI, part of which is not paid directly but rather 80% of what is due in cash as an STI, and the rest comes later. It is not a system in which people think they do not get paid, but rather a way of introducing a long-term element. The elements Mr Jorna refers to have all been incorporated in the LTI, in which allocation of shares is fully dependent on performance. The same discussion was conducted with Eumedion, as well as with ISS. Mr Jorna was therefore saying nothing new, but the Chairman did maintain that between paying simply in cash, with no questions asked, and building in a long-term element by paying part of the STI in shares as well, the second was in fact preferable. He gave the floor to Mr Gugen to answer the other questions. **Mr Gugen** replied to the second remark, the point about the CSR-multiplier, that SBM would look to make it as clear as possible over time. The only other thing he added to his earlier remarks is that SBM would like to, as part of that, make management much more conscious about CSR. The Committee felt it was better to start with something small, make it work properly and go on and build from there. He indicated that he thinks that one will see over the years that the sorts of questions that they have hopefully won’t be questions any more. In relation to the EP (third remark), he assured that there is clarity within the Company on how it is calculated, but some of that clarity is also about making sure that anomalies are properly dealt with so that it can’t be used as a scheme for leaning too far into the wind one way or the other. There is a process around that internally. Not only does the Appointment and Remuneration Committee look at that, but it also asked the Audit Committee to validate the calculation methodology. He indicated that they would look at whether there is anything else that they could do to make that sensibly clear in the Annual Report. In terms of a quick buck Mr Jorna was asking about scenario analysis (fourth point). Mr Gugen indicated that they looked at scenario analyses and that they don’t expect any dramatically peculiar things to happen. On the whole he is not expecting substantial differences. **Mr Jorna** indicated that what was dramatic to Mr Gugen might not be or might in fact be dramatic to him. He wondered whether Mr Gugen could specify a resulting percentage. **Mr Gugen** indicated that it is probably inappropriate to discuss future years at this year’s Annual General Meeting. He sufficed it to say, as he already did, that he is not expecting anything that is going to create any surprise.

The Chairman said that the number of registered shares was 78,129,763 (78,111,195 of which were present or represented at the meeting following a recount).

The Chairman established that the meeting had accepted the proposal to modify the remuneration policy of the Management Board, with 77,721,280 votes in favour, 131,171 against, and 152,222 abstentions.

7. Amendment of the Articles of Association

The Chairman referred to the proposal to amend the articles of association as described in the explanatory notes, the full text of which is given in the three-column document. In accordance with the Code, the proposed amendment of the articles of association was divided into three categories, each of which was put to the vote separately.

7.1 Amendments on capital structure (*resolution*)

The Chairman said that the proposal had been made to raise the authorised capital of EUR 100,000,000 to EUR 200,000,000 (two hundred million euro) by raising the authorised number of ordinary shares, each with a nominal value of EUR 0.25, from 200,000,000 to 400,000,000. The proposal had also been made to bring in line the nominal value of the protective preference shares, now EUR 1 per share, with the nominal value of the ordinary shares. Each share – ordinary or protective preference – confers the right to cast one vote. The number of protective preference shares would therefore be equal to that of ordinary shares, which is 400,000,000. In amending the articles concerned, the proposal was to do so in line with the text in the triptych. The Chairman asked if any questions had arisen in this item of the agenda.

Mr Jorna (VEB) said that he found this curious because there did not seem to be any financial necessity for the amendment. He would understand it if SBM were intent on making some acquisitions. He asked for an explanation. Was he right in supposing that the Company wanted leeway to be able to take the desired action if the possibility of an acquisition presented itself? **Mr Cremers** said he found Mr Jorna's question quite understandable. For the sake of clarity, he said this was not a proposal to issue shares. The number of the Company's outstanding shares meant that there was only a sixteen per cent headroom for issuing additional shares in order to equal its authorised capital. Our flexibility has decreased over the years, also due to the stock dividend paid out of share premium. All the Company wanted was the flexibility to issue shares should that be necessary in the future. If that exceeded 10% plus 10%, then obviously the Company would have to consult the general shareholders' meeting again. Aside from this, the Company did not want an authorised capital that was so small that it limited its room to manoeuvre.

The Chairman asked whether there were any more questions and called for voting.

The Chairman established that the meeting had accepted the proposal to amend the articles of association with regard to the capital structure, with 72,146,986 votes in favour, 5,839,135 against, and 20,321 abstentions.

7.2 Amendments on profit and loss (*resolution*)

The Chairman said that the second category of amendments related to profit and loss provisions. Dividend payable on the protection preference shares was now fixed at Euribor plus 200 basic points. In the given market conditions this would allow the foundation too little manoeuvring room to meet its financial obligations if it were to have exercised its call-option on protection preference shares. The proposal was made to raise the dividend payable on protection preference shares to Euribor plus 300 basic points and to amend the provisions concerned in line with the text in the triptych.

Ms Lindeman (Mn Services and on behalf of Robeco) noted with satisfaction that the Company had chosen to vote separately on the various amendments to the articles of association. She understood the reasons for raising the dividend on the protection preference shares as well as the choice to have the protection preference shares as an option. She did express her expectation, however, that certain conditions would be met if use were to be made of these shares. If the Company were to consider it necessary to issue these shares, a disproportional balance would exist between the holders of ordinary shares and those of protection preference shares. As a representative of holders of ordinary shares, she expected the Company to remain transparent about the status of her situation if these protection preference shares were to be issued. This could be made possible by convening an extraordinary general shareholders' meeting. The articles of association do not include a notice period for calling an extraordinary meeting, but she said that no later than six months after the shares in question are issued was considered best practice. Ms Lindeman asked whether SBM could undertake to convening an extraordinary meeting no later than six months after the shares in question are issued, in order to provide information about the situation. **Mr Cremers** gave the undertaking that SBM would convene an extraordinary meeting within six months, for the purpose of providing information. He said that the reason for this proposal was to give the protective foundation every possibility to perform its role. If the 200 basic points, or 2% above Euribor, were to be maintained, the board members of the Foundation would be unsure whether they would be able to exercise the option. The Foundation is obliged on the one hand to pay the bank interest on its loan from the bank, and it is with that money that it exercises its option. The Foundation must therefore receive sufficient dividend on the protection preference shares in order to pay that interest, because if the dividend is insufficient and the Foundation is unable to pay the bank, then as a Foundation board member you would never be able to exercise the option because that would constitute mismanagement. If the Company did not do this, it would run the risk of not giving the protective foundation sufficient manoeuvring room to use or exercise it at some point.

Ms Lindeman said she understand the reason for making this choice and that she had no objection to it. She did, however, expect the Company to provide transparent information to the ordinary shareholders. **Mr Cremers** said he could not have been clearer than he was by undertaking to do so, and that this would also be included in the minutes. **Ms Lindeman** thanked Mr Cremers.

The Chairman established that the meeting had rejected the proposal to amend the articles of association regarding profit and loss by 64,597,442 against, 12,903,775 in favour and 509,715 abstentions.

The Chairman asked whether Mr Cremers wished to comment on this. **Mr Cremers** said it was clear that if SBM was ever in a situation which made it imperative for the protective foundation to take action, the probability of the Foundation using the option effectively would perhaps be lower than if the proposal had been approved. He said he regretted this, but the situation would have to be accepted as it was now and in the future. He added that there may be shareholders – this being speculation – who as a matter of principle were not in agreement with the actual concept of the protective foundation. These could be foreign shareholders that might take such a view. He said he did not know if that was the case. The effect on the profit per share would be extremely negligible for the ordinary shareholder, because that was EUR 50,000 per annum. That was evidently not where the fear lay of those who had voted against the proposal. The reasons were obviously more ones of principle.

Ms Lindeman said that the Chairman had indicated at the beginning that most of SBM's shareholders were Anglo-American. She also said that Anglo-Americans are against protective constructions of this type, which is probably why the proposal was rejected.

Mr Rus added that 90% of the foreign institutional shareholders he represented had voted against the proposal.

7.3 Amendments in Dutch law and technical amendments (*resolution*)

The Chairman said that the third category of amendments related to amendments in Dutch corporate legislation and amendments of a technical nature.

The Chairman established that the meeting had accepted the proposal to amend the articles of association regarding amendments in Dutch legislation and technical amendments with 71,875,520 votes in favour, 5,840,514 against and 291,928 abstentions.

8. Appointment of accountant:

Re-appointment of KPMG Accountants N.V. as the external auditor (*resolution*)

The Chairman stated that pursuant to a recommendation of the Audit Committee, it was proposed to appoint KPMG Accountants N.V. as the external accountant of the Company for a term that expires at the closing of the 2012 financial year. KPMG Accountans N.V. was represented for this engagement by Mr Smorenburg, who will succeed Mr Van Rooijen as responsible partner, in accordance with the policy of KPMG Accountants N.V. to change the responsible partner every seven years.

Mr Janssen stated that the appointment commences now, but that the accountants is already performing from the beginning of this year. **Mr Cremers** indicated that it relates to an appointment for the financial year 2012.

The Chairman established that the meeting had accepted the proposal to re-appoint KPMG Accountants N.V. as the external accountant with 77,541,533 votes in favour, 166,964 votes opposed and 302,679 abstentions.

9. Authorisation to issue ordinary shares and to restrict or to exclude pre-emption rights:

9.1 Designation of the Management Board as the corporate body authorised – subject to the approval of the Supervisory Board - to issue ordinary shares and to grant rights to subscribe for ordinary shares as provided for in article 4 of the Company's Articles of Association for a period of 18 months (*resolution*)

The Chairman stated that in accordance with Article 4 of the Company's articles of association, the meeting was being asked to designate the Management Board – subject to approval from the Supervisory Board – as the corporate body authorised to resolve to issue ordinary shares and to grant rights to subscribe for ordinary shares. The authority is limited to 10% of the ordinary shares outstanding at the time of the authorisation, which percentage is increased to 20% in the event of a merger or acquisition. This designation was also asked to allow the Management Board to respond flexibly and in time regarding the funding of the Company. The duration of the requested designation is 18 months in conformance with the present Corporate Governance practice, commencing after the resolution is adopted. This would supersede the designation as granted by the general meeting of shareholders in 2010.

The Chairman established that the meeting had accepted the proposal to designate the Management Board– subject to approval from the Supervisory Board – as the corporate body authorised to resolve to issue ordinary shares and to grant rights to subscribe for ordinary shares as referred to

in article 4 of the Company’s Articles of Association for a duration of 18 months, with 70,438,078 votes in favour, 7,556,105 votes against and 206 abstentions.

9.2 Designation of the Management Board as the corporate body authorised – subject to the approval of the Supervisory Board – to restrict or to exclude pre-emption rights as provided for in article 6 of the Company’s Articles of Association for a period of 18 months (*resolution*)

The Chairman informed the meeting that in accordance with Article 6 of the Company’s articles of association, the meeting was being asked to designate the Management Board – subject to approval from the Supervisory Board – as the corporate body authorised to limit or exclude the pre-emption right in share issues or granting rights to subscribe for shares in conformance with Section 96 of Book 2 of the Dutch Civil Code. In accordance with the proposal under 9.1, the designation is to be limited to a period of 18 months, commencing after the proposed resolution is adopted. This would supersede the designation granted by the general meeting of shareholders in 2010.

The Chairman mentioned another additional element. The proposal requires a majority of at least two-thirds of the votes cast if less than 50% of the issued share capital was represented at the meeting. If half or more is represented, an ordinary majority is sufficient.

The Chairman established that the meeting had accepted the proposal to designate the Management Board – subject to approval from the Supervisory Board – as the corporate body authorised to resolve to exclude or limit the pre-emption right as referred to in article 6 of the Company’s Articles of Association for a duration of 18 months, with 57,963,835 votes in favour, 20,024,462 votes against and 22,164 abstentions.

10. Authorisation to repurchase ordinary shares:
Authorisation of the Management Board – subject to the approval of the Supervisory Board – to repurchase the Company's own ordinary shares as specified in article 7 of the Company’s Articles of Association for a period of 18 months (*resolution*)

The Chairman explained to the meeting that in accordance with Article 7 of the Company’s articles of association, the meeting was being asked to authorise the Management Board – subject to approval from the Supervisory Board and without prejudice to the provisions of Section 98 of Book 2 of the Dutch Civil Code – to repurchase ordinary shares, representing no more than 10% of the issued share capital of the Company. Authorisation was being requested to repurchase ordinary shares at a price per ordinary share that is between the nominal value of the ordinary shares and 110% of the average price of the ordinary shares on the NYSE Euronext Amsterdam, for five trading days prior to the repurchase. This repurchase authorisation – subject to approval from the Supervisory Board – would provide the Management Board the flexibility to fulfil obligations regarding share-related remuneration plans or otherwise. The duration of the requested authorisation is 18 months, commencing after the proposed resolution is adopted. This would supersede the authorisation as granted by the general meeting of shareholders in 2010.

The Chairman established that the meeting had accepted the proposal to authorise the Management Board – subject to approval from the Supervisory Board – to buy back ordinary shares by the Company in its share capital as referred to in article 7 of the Company’s articles of association, for a duration of 18 months, with 77,666,636 votes in favour, 71,092 votes against and 273,232 abstentions.

11. Composition of the Supervisory Board

The Chairman gave the floor to Mr Van Gelder, vice-chairman, as the discussions in relation to this agenda item have to do with himself.

11.1 Re-appointment of Mr H.C. Rothermund as the Chairman and member of the Supervisory Board (*resolution*)

Mr Van Gelder outlined that Mr Rothermund, chairman and member of the Supervisory Board of the Company, would step down at this Annual General Meeting of Shareholders as member of the Supervisory Board as a consequence of the expiry of his second four-year-term, of which the last five years as chairman of the Supervisory Board. Mr Rothermund indicated that he was available for re-appointment. It was proposed to re-appoint Mr Rothermund for his third and last four-year-period as Supervisory Director. If this meeting would re-appoint Mr Rothermund, Mr Rothermund would be appointed by the Supervisory Board as chairman.

Mr Van Gelder established that the meeting had accepted the proposal to re-appoint Mr H.C. Rothermund as chairman and member of the Supervisory Board of the Company with 77,667,270 votes in favour, 159,304 votes against and 184,605 abstentions.

The Chairman thanked everyone.

11.2 Appointment of Mrs K.A. Rethy as a member of the Supervisory Board (*resolution*)

The Chairman informed the meeting that - in accordance with Articles 23 of the articles of association - the Supervisory Board had decided to make a non-binding recommendation to appoint Mrs Rethy as supervisory director of the Company for a term of four years, expiring at the time of the annual general meeting of shareholders of 2015. If the meeting appointed Mrs Rethy as supervisory director, the Supervisory Board would also appoint Mrs Rethy as chairman of the Technical and Commercial Committee.

The Chairman outlined that there were certain elements to appoint Mrs Rethy. Mrs Rethy has management experience with important businesses in the chemical industry and mining industry. The Supervisory Board believes that Mrs Rethy's knowledge and experience in the field of sustainability will be an excellent supplement to the Supervisory Board. Mrs Rethy will furthermore bring diversity in the Supervisory Board, both because she is a woman and because of her nationality. The recommendation was fully supported by the Management Board.

Mr Janssen (VBDO) indicated that he was pleased with the appointment of Mrs Rethy, as she will increase the diversity and given her background. He asked how Mrs Rethy would use her knowledge of sustainability. **Mrs Rethy** thanked Mr Janssen and the Board of Management for their warm welcome. She answered the only truly legitimate thing she could say is that she will do it the best she is able. She indicated that she is keenly concerned in sustainability and that she is currently studying in that field. She comes from almost 25 years in companies that have a significant impact upon the environment around the globe and therefore has sensitivity to both sides of the coin.

The Chairman established that the meeting had accepted the proposal to appoint Mrs K.A. Rethy as Supervisory Director of the Company with 77,938,994 votes in favour, 32,353 votes opposed and 36,676 abstentions.

12. Communications and questions

The Chairman indicated that a card was available at the information desk on which attendees could specify whether they wished to receive a copy of the minutes of the meeting.

13. Closing

The Chairman established that there were no more questions. He thanked those present for their participation and closed the meeting.

H.C. ROTHERMUND
16 March 2012