SBM OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

1.4 RISK MANAGEMENT

1.4.1 RISK APPETITE

The Risk Appetite Statement 2021 sets the guidance and boundaries for the activities conducted by SBM Offshore in pursuit of its strategic objectives. The Management Board reviews the Risk Appetite Statement annually to ensure that SBM Offshore maintains the balance between risk and reward, relative to potential opportunities. The measurement of the underlying metrics is done every quarter and presented to the Audit and Finance Committee.

The significant parts of SBM Offshore's Risk Appetite Statement are displayed below.

Material Topic	Activities guided by Risk Appetite, i.e. activities …	Guidance
Ethics & Compliance	which are non-compliant with the Code of Conduct and related laws and regulations	Zero tolerance
	for which a country or business partner is sanctioned, and/or whose decision makers do not share the same compliance principles	Zero tolerance
Employee Health Safety & Security	causing harm to people, damage to assets or the environment	No appetite
Human Rights	which are violations of SBM Offshore's human rights standards	No appetite
Operational Excellence & Quality	resulting in 'non-quality' before, during and after a project	Limited appetite
Retaining and developing employees	impacting the retention, development and health of SBM Offshore's employees	Limited appetite
Economic Performance	resulting in balance sheet risk as a result of commercial opportunities for which the bankability cannot be reasonably confirmed	Limited appetite
	severely impacting profitability of SBM Offshore	Limited appetite
Emissions	resulting in an increase of emissions intensity of SBM Offshore's products and deviations from net-zero ambitions	Limited appetite
Digitalization	exposing SBM Offshore considerably to cybersecurity risks	No appetite
Innovation	exposing SBM Offshore to severe damage due to application of unproven technologies	Limited appetite
Energy Transition	exposing SBM Offshore to significant, unproven commercial models	Limited appetite
Market Positioning	resulting in M&A activities with high process safety risks and/or higher emissions	No appetite

Explanation of Guidance		
Activities for which there is zero tolerance	Activities with risks for which SBM Offshore has no appetite	Activities with risks with a limited appetite
Refusal to accept any activity breaching this risk appetite	Risks within activities to be avoided with appropriate actions	Risks within activities to be mitigated and monitored

1.4.2 SIGNIFICANT RISKS TO THE BUSINESS

SIGNIFICANT RISKS TO THE BUSINESS
Assessed and mapped against Material Topics and internal risk reports

RISK OVERVIEW 2021

STRATEGIC	
Climate Change	↑
Technological developments	=
Portfolio	=
Competitiveness	=
3rd parties	=
Oil price	↓
OPERATIONAL	
Process safety events	=
Project execution	=
Transformation	↓
Cybersecurity and data protection	=
Enduring effects of the COVID-19 pandemic	=
Human capital	↑
Supply Chain constraints	↑

FINANCIAL	
Funding	↑
COMPLIANCE RISKS	
Changes in laws and regulations	↑
Governance, transparency and integrity	=

RISK EXPOSURE *

↑ RISK IS INCREASING

↓ RISK IS DIMINISHING

= RISK IS STABLE

** Management assessment of how the inherent risk exposure (i.e. excluding our mitigating measures) is expected to develop in the coming 3 years*