



**OFFSHORE**

ENERGY. COMMITTED.

# ANNUAL REPORT 2021

# 1 BUSINESS ENVIRONMENT

## 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

Refusal to accept any activity breaching this risk appetite

Activities with risks for which SBM Offshore has no appetite

Risks within activities to be avoided with appropriate actions

Activities with risks with a limited appetite

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                                 |    | FINANCIAL                              |    |
|---|----|--|----|
| Climate Change                            | ↑  | Funding                                | ↑  |
| Technological developments                | == | <b>COMPLIANCE RISKS</b>                |    |
| Portfolio                                 | == | Changes in laws and regulations        | ↑  |
| Competitiveness                           | == | Governance, transparency and integrity | == |
| 3 <sup>rd</sup> 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                  | ↑  |  |    |

  

**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