



2023 ANNUAL REPORT



1.4 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

SBM Offshore seeks business opportunities, whilst managing risks and adverse impacts. Sections 1.2 and 2.1 describe the impacts and section 1.3 provides detail on business activities and associated opportunities. This chapter describes the risk appetite and approach of SBM Offshore to understand and act on potential adverse impacts.

1.4.1 RISK APPETITE

The Risk Appetite Statement 2023 sets the guidance and boundaries for the activities conducted by SBM Offshore in

pursuit of its strategic objectives, aligned with its material topics. It provides guidelines in terms of the amount of risk that SBM Offshore is willing to accept in protection or pursuit of value. In line with the Dutch Corporate Governance Code, the Management Board reviews the Risk Appetite Statement annually to ensure that SBM Offshore maintains the balance between risk and opportunity while creating value for its stakeholders. Each Risk Appetite Statement has underlying metrics which are measured on a quarterly basis and results are presented to the Audit Committee.

The significant parts of SBM Offshore's Risk Appetite Statement, and their mapping against Material Topics, are displayed below.

Material Topic	Guidance	Activities guided by Risk Appetite, i.e. activities ...
Ethics and Compliance	Zero tolerance	non-compliant with the Code of Conduct and related laws and regulations
	Zero tolerance	in sanctioned jurisdictions and/or with sanctioned persons/entities or companies whose decision-makers do not share the same compliance principles
Employee Health, Safety and Security	No appetite	causing harm to people, damage to assets or the environment
Human Rights	No appetite	non-compliant with SBM Offshore's human rights standards
Operational Excellence and Quality	No appetite	extending the life of a unit beyond its design life if it does not align with SBM Offshore's Life Cycle gates, sustainability and strategic ambitions with regard to customers and JV partners
	Limited appetite	with suppliers that do not align with SBM Offshore's strategic commercial and execution performance and standards
Employee Wellbeing	Limited appetite	impacting the retention, development and health of SBM Offshore's employees
Economic Impact	No appetite	resulting in balance sheet or liquidity risk as a result of commercial opportunities for which the bankability cannot be reasonably confirmed
	Limited appetite	severely impacting profitability of SBM Offshore
Emissions	No appetite	deviating from SBM Offshore's 2030 Intensity Targets on its path to achieve Net Zero by 2050
Digitalization	No appetite	exposing SBM Offshore to cybersecurity risks
Innovation	Limited appetite	exposing SBM Offshore to damage due to application of unproven technologies
Energy Transition	Limited appetite	exposing SBM Offshore to unproven commercial models
Market Positioning	No appetite	resulting in M&A activities with high process safety risks and/or higher emissions
Decommissioning	No appetite	deviating from SBM Offshore's Responsible Recycling Policy

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 purposely conduct any activity breaching this risk appetite	Risks within activities to be avoided with appropriate actions	Risks within activities to be mitigated and monitored