SCIF SiFi Fullerton (SSF) Risk Management Policy

Document history

Version	Update	By	Comment
1.0	15 August 2019	CS	

2.0	11 September 2019	CS, PS, NK	
2.1	27 October 2020	EMA	Updated risk scoring
2.2	16 June 2021	EMA	Alignment with GRESB requirements

Contents

1. Introduction

This document defines the SSF Risk Management Policy. It establishes the organization's Risk Management Framework that includes the Risk Architecture (roles and responsibilities), Risk Strategy (appetite, attitude, and philosophy) and the Risk Management Process and Protocols that the company will follow to ensure the identification, analysis, evaluation, mitigation, and monitoring of risk.

SSF Risk Management Framework

2. Risk Architecture

2.1 Board

The Board's role focuses on risk oversight of management and corporate issues that affect risk at SSF. The Board will focus on the following:

1. Ensure that policies and procedures are developed consistent with SSF's strategy and risk appetite.

2. Consider Sustainability factors in evaluating risk and ensure decisions impacting Sustainability related risks, including but not limited to ESG factors (Environmental, Social, Governance)are in alignment with the risk appetite of SSF.

3. Review management's implementation of the risk management policies and procedures and making sure that they are resulting in the desired outcome. As part of a formal annual review, the Board will ensure risk policies and procedures remain appropriate and well implemented.

4. Encourage an organizational culture of risk mitigation that fosters appropriate risk awareness, behaviors and judgments about risk and that ensures that risk-taking beyond the company's determined risk appetite is recognized and appropriately escalated and addressed in a timely manner.

2.2 COO

The Chief Operating officer (COO) of SCIF US Holdco is ultimately responsible for the implementation and management of the Risk Management Policy and reports regularly to the Board on risk in the business. They are jointly responsible for the development of policies and procedures, as well as of the implementation, risk monitoring, and mitigation actions through the Risk Registry.

The COO will:

1. be responsible for presenting to the Board the Risk Registry as part of the board meetings, including highlighting new risks, or changes in the severity of an existing risk;

2. ensure Sustainability factors are appropriately evaluated when identifying risks and developing mitigation plans;

3. assist the Board in implementing and maintaining the Risk Culture in all SSF employees and suppliers; and,

4. will share the main outcomes of the Risk Registry on an annual basis with the main external stakeholders, prior to 30 June of each year in a dedicated session.

2.3 Service partners

In the case where Service partners and strategic suppliers are responsible for the implementation and management of the Risk Management Policy, they will report regularly to the Board on risk in the business.

Where they are responsible for the development of policies and procedures, as well as of the implementation, risk monitoring, and mitigation actions through the Risk Registry, including Sustainability related risks, the company's Manager, SiFi Networks or its assigned delegate(s) will:

1. Support the COO on reporting to the Board on the Risk Registry;
2. Build risk aware culture within the teams;
3. Agree upon risk management performance targets;
4. Confirm that Sustainability risks are included in the Risk Registry and risk monitoring processes of service partners;
5. Ensure implementation of risk improvement recommendations; and
6. Identify and report changed circumstances / risks.

Risk Management responsibilities for internal and outsourced employees:

1. Understand, accept and implement Risk Management processes;
2. Report inefficient, unnecessary, or unworkable controls;
3. Report loss events and near miss incidents; and
4. Co-operate with management on incident investigations.

3. Risk Strategy

SSF and its investors have a low appetite for risk and understand the importance of risk management for the performance of the company. The key objective of the risk strategy is to protect and build the performance of the business, following best market practices, environmental regulation and guaranteeing the health and safety of all its employees.

3.1 Types of Risks Faced by SSF

Risk is the effect of uncertainty on the achievement of SSF's objectives and is measured in terms of likelihood, and impacts. SSF understands risk as events that may have negative influence on the operation or on the company.

By establishing the Risk Management Policy, the company will be able to understand, monitor and mitigate risks to which it is exposed.

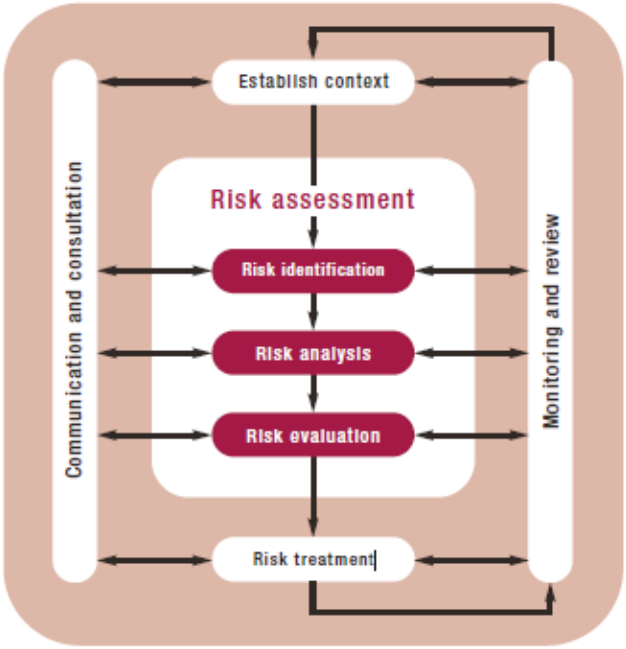
The main type of risks that SSF faces have been identified fall in the following categories:

- Operational Risks
- Technological Risks
- Cyber Risks
- Environmental Risks
- Health and Safety Risks
- Social / Community relations Risks (Public Opinion)
- Construction Risks
- Sustainability (incl ESG)
- Management
- Regulatory Risks
- Financial Risks
- Market Risks
- External Factors Risks (i.e., War, natural disasters, sabotage, personnel rotation and EMP)
- Insurance
- Planning and Permitting
- Procurement
- Project Management

4. Risk Protocols

The Risk Protocols identify the risks SSF is exposed to and put in place actions to mitigate and monitor them. The risk protocols and process are one component of our wider ISO14001, ISO9001 and ISO18001/45001 aligned ESG management system, ensuring we identify, monitor and mitigate any risks.

The figure below shows the risk management process followed at SSF. The risk management process is a live process with constant input from the different stakeholders:



4.1 Risk Process

Risk Assessment:

The company and its service partners have in place procedures for the assessment of the different risks which include identification, analysis, and evaluation. Risks will be identified and scored based on qualitative analysis of unplanned events.

Risk identification and analysis establishes the exposure of SSF to risk and uncertainty. This requires an intimate knowledge of the SSF organisation, the market in which it operates, the legal, social, political, and cultural environment in which it exists, as well as an understanding of its strategic and operational objectives.

Each risk is evaluated to understand the probability of occurrence and the impact in the business. The evaluation criteria will be explained in section 4.2 Risk Registry.

Communication and consultation

The SSF Risk Registry will be included in every board meeting pack. Updates on particular risks will be highlighted to the Board and/or stakeholders during the monitoring of the risk or the mitigation process.

Monitoring and Review

As part of the risk management process, all the risks identified will be monitored and reviewed as per the impact and likelyhood of each of them. Monitoring and reviewing may result on a risk registry

update and immediate communication to the Board in those cases where the likelihood or impact is high.

4.2 Risk Registry

The Risk registry will include a list of all the risks which SSF is exposed to. It will include the likleyhood of each Risk arrising as well as the potential impact. Each Risk will have corresponding mitigation actions and/or monitoring procedures. The Board may ask Management to report on particular risks more regularly if required. The Risk Registry will be updated and presented to the Board of Directors at every board meeting and any changes adopted and minuted by the Board.

Risk Template

The risk registry has the following structure:

Registry Item	Description
Ref. no	Risk number
Risk category	Class of risk from Section 3.1
Risk	Description of risk
Likelihood	likelihood of occurrence, see score in section 4.2
Impact – Cost, Time, Performance/Quality	Impact of occurrence, see impact score
Aggregate Risk Score	likelihood score x impact score
Risk Movement	Change of Risk evaluation status vs previous risk registry
Risk Response	Monitor / Mitigate / Accept / Transfer
Risk Response Description	Description of actions to be taken
Secondary Effects	Any perceived secondary effects of risk
Action Owner	Company / person responsible for the monitoring and/or mitigation of the risk
Action due date	Date when the risk is expected to be mitigated (if applicable)
Action Status	Open / complete
Date Raised	Date when the risk was identified

SSF - Risk Register (8.8.2019)

Ref No	Date Raised	Raised By	Risk	Risk Category	Probability	Impact	Risk Evaluation Status	Target Date	Date Complete	Development	Owner	Mitigation Plan / Action Required	Comments	Impact Description

Risk Evaluation

The Risk evaluation is a very important step in the process to understand how the different risks are affecting the organisation. Each risk will have a probability and an impact score. The scoring criteria is detailed below.

	Consequences insignificant score 1	Consequences minor score 2	Consequences moderate score 3	Consequences major score 4	Consequences catastrophic score 5
Likelihood almost certain score 5	Medium Risk value 5	High Risk value 10	Very high Risk value 15	Very high Risk value 20	Very high Risk value 25
Likelihood likely score 4	Medium Risk value 4	Medium Risk value 8	High Risk value 12	Very high Risk value 16	Very high Risk value 20
Likelihood possible score 3	Low Risk value 3	Medium Risk value 6	Medium Risk value 9	High Risk value 12	Very high Risk value 15
Likelihood unlikely score 2	Low Risk value 2	*Medium/Low Risk value 4	Medium Risk value 6	Medium Risk value 8	High Risk value 10
Likelihood rare score 1	Low Risk value 1	Low Risk value 2	Low Risk value 3	Medium Risk value 4	Medium Risk value 5

The Probability / Impact Matrix (PIM) above is a useful tool for assessing risk. A risk's likelihood can be expressed as a qualitative score (e.g. 1 through 5, where 5 is highly likely) which equates to a percentage likelihood as shown below:

Likelihood						
	Rating	***1***	**2**	**3**	**4**	**5**
	Description	Virtually Impossible	Low but not impossible	Fairly Likely to occur	More likely to occur than not	Probably will occur
	Bands	0 to 5%	5 to 20%	20 to 50%	50 to 80%	>80%

Likelihood potential ranges

A risk's impact is similarly expressed using as a 1-5 score as shown below. The principle impacts are for cost and time and the risk scores equate to bands of cost and time impact. Additional impact scores can be used as appropriate, for example quality, reputation, legal. Risks are scored according to their 'current' likelihood and impact, i.e. the team's opinion of the likelihood of occurrence and what the impact will be based on what is known now.

Impact						
	Rating	***1***	**2**	**3**	**4**	**5**
	Description	Negligible effect	Minor increase	Significant increase	Large increase	Major increase
	Cost (% Total)	0 to 5%	5 to 10%	10 to 15%	15 to 20%	>20%
	Time (% total)	0 to 5%	5 to 10%	10 to 15%	15 to 20%	>20%

Impact potential ranges

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