

RISK MANAGEMENT

We manage risks rigorously to help us achieve our strategy. We see this as a key part of creating long-term sustainable value. To this end, we aim to define our risk boundaries and steer activities to achieve our long-term targets and safeguard the continuity of House of HR.

GOVERNANCE AND ENTERPRISE RISK MANAGEMENT PROGRAM

We have a Governance and Enterprise Risk Management Program (GERMP) to ensure strong, credible, effective and sustainable enterprise risk management across the Group.

The GERMP is owned from the top and runs throughout House of HR with strong commitment and active support from Group management. Every CEO approves, actively sponsors and abides by the GERMP. Every powerhouse appoints a risk management correspondent (RMC) who is the key point of contact between the Group Head of Risk & Internal Audit and the powerhouses.

We outsource the execution of the internal audit plan to an external partner. We also work together with an external expert, the Group Insurance Broker, to handle insurance matters.

The diagram opposite provides an overview of our risk framework.

The role of the Board and its sub-committees is explained in more detail in the Governance section on pages 66 to 71.

“At House of HR, we make sure that we’ve a clear picture of what our key risks are, how severe they could be, and how best to manage and mitigate them – it’s our way of excelling in Handling Risks.”

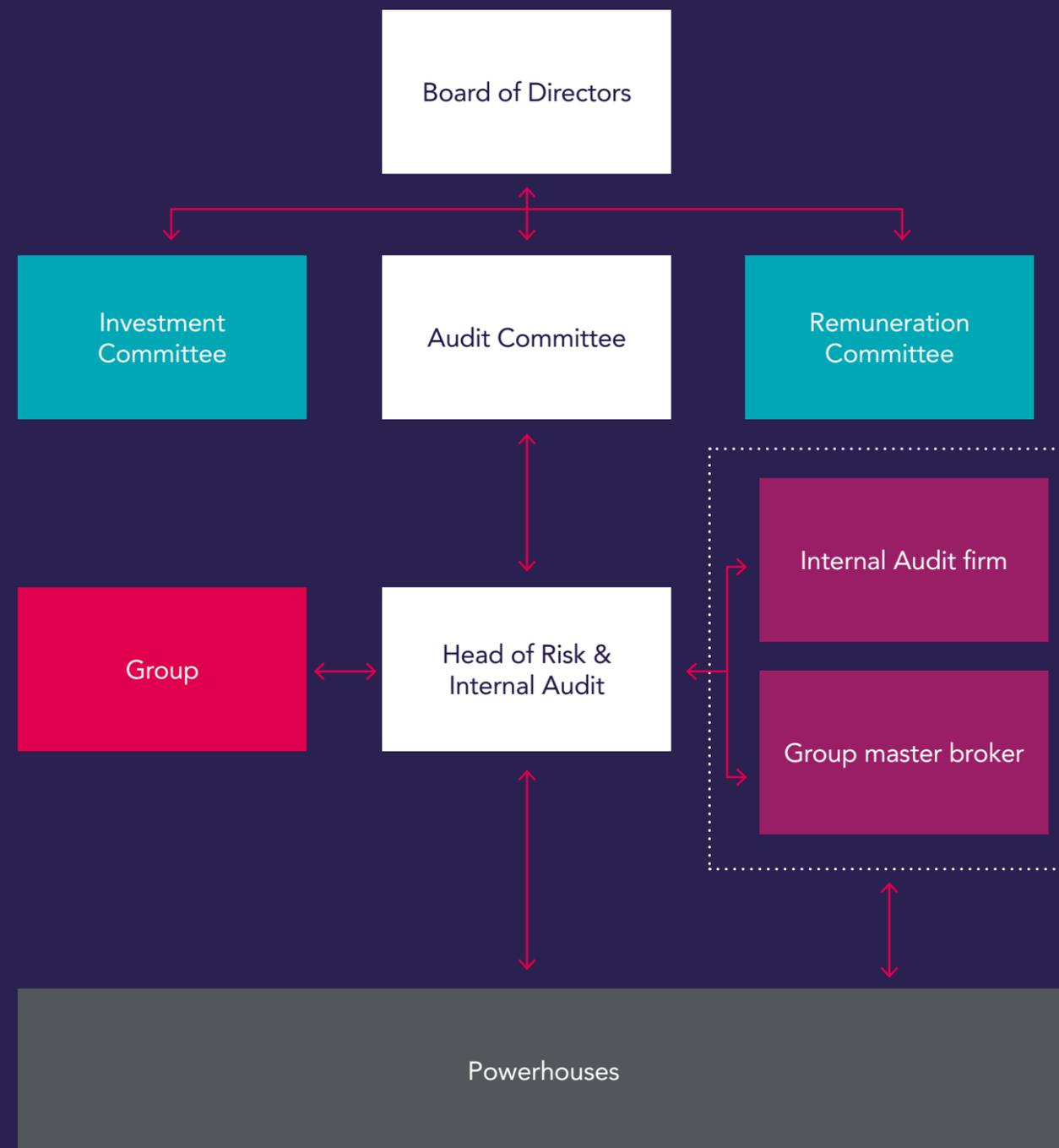
GERMP PILLARS

Our GERMP has four key pillars:

- RISK MANAGEMENT
- INTERNAL AUDIT
- AUDIT COMMITTEE
- INSURANCE



Our framework for managing risk



RISK MANAGEMENT continued

COMPLIANCE POLICIES

We have a number of core Group risk policies and standards to ensure we identify, assess, manage and report on our risks.

They include:

- Code of Conduct
- Conflict of interest policy
- Major incident policy
- Whistle blowing policy.

In addition, our powerhouses are responsible for several other policies related to their sector and local legislation. They have implemented additional local policies and procedures on anti-corruption, anti-bribery, anti-discrimination, anti-money laundering, whistle blowing and the environment.

RISK MANAGEMENT

We embed risk management in our overall governance structure. It is designed to enable us to rigorously identify, measure and assess, manage and control, monitor and report on our existing and potential risks.

Risk mapping

As part of this process, we assess and map existing and potential risks across House of HR.

The primary responsibility for identifying and managing risks rests with our powerhouse management teams. They compile a risk register annually, showing the local business risks and opportunities they may be exposed to, together with mitigating controls and action plans to address them. Supported by the House of HR Risk and Internal Audit Department, they create local risk maps reflecting potential and existing risks assessed on three aspects: finance, legal and reputational impact. From this, we compile a group risk map (see opposite).

Risk families

To gain an overarching view of group risks and their impact on House of HR, we set up a risk model introducing the maximum risk severity metric – the combined risk impact times the probability that the risk happens. In other words, how likely is it that a risk will happen, and if it does, how severe will it be on House of HR.

The risks for each powerhouse are grouped by risk family. The maximum risk severity metric per risk family is selected and then weighted based on the powerhouse turnover. We can then obtain an overall House of HR risk severity metric.

The diagram on the opposite page is an overview of the risk families – the bigger the area, the more severe the risk.

INTERNAL AUDIT

The Internal Audit Charter is set up in accordance with the Standards of the Institute of Internal Audit. The primary role of Internal Audit is to help the Board and Executive Management to protect the assets, reputation and sustainability of the Group. Internal Audit provides independent and objective assurance as to whether the quality and operational effectiveness of the Group’s framework of risk management, control and governance processes, as designed and represented by management, is adequate and contributes to the protection of the interests and reputation of the Group.

AUDIT COMMITTEE

The Audit Committee Charter is inspired by the rules applicable to listed companies in Europe and especially in Belgium, by the model of the Institute of Internal Audit and by the best practices shown by listed companies.

Group risk map, % of total number of risks

Likelihood	Very high	0	0	0	0	0
	High	0	2	4	5	0
	Medium	0	6	15	5	0
	Low	2	18	19	6	0
	Very low	4	5	5	3	0
		Very low	Low	Medium	High	Very high

Combined impact

Risk families

The bigger the area, the more severe the risk.



The role and responsibility of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control and risk management, the audit process, and the Company’s process for monitoring compliance with laws and regulations. More detail can be found in the Governance section on pages 70.

INSURANCE

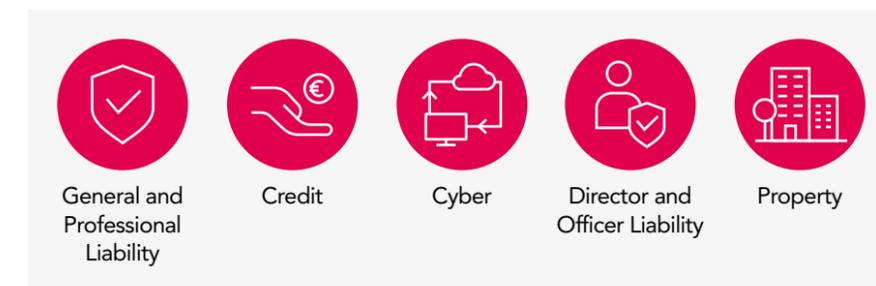
The scope of the Group Insurance Program and the subsequent completion of the plan of actions should provide reasonable assurance to management and the Board of Directors as to whether the design and operation of the Group’s framework of risk management, control and governance processes, as designed and represented by management, is adequate.

The Group’s risk management and insurance strategy is to create a program that provides adequate, fit-for-purpose coverage against the Group’s strategic objectives at optimized cost and service. A Group Insurance Broker helps us achieve our strategy.

The Group’s current insurance program includes centrally negotiated groupwide covers:

In addition to the groupwide cover, powerhouses take out a number of standalone policies covering most operational and local risks.

Group Insurance Program



RISK MANAGEMENT continued

RISK FAMILY	IMPACT	BUSINESS AREAS	MITIGATION	PROGRESS
COMPLIANCE RISKS Issues related to regulatory and legal matters	Operating in an increasingly complex environment as many of our activities and services are subject to legal and regulatory influences. New laws, changes to existing regulations and increased regulatory scrutiny could affect how we operate.	<ul style="list-style-type: none"> Labour law General Data Protection Regulation (GDPR) Tax 	Our powerhouses put into place appropriate procedures and controls designed to ensure compliance with all relevant legislation (GDPR, labour law, and Health & Safety). They also provide regular training for their employees about changes in rules and regulations on the different topics. Memberships to industry organizations such as Federgon, ABU, BAP and WEC help achieve these goods.	Improved awareness and sharing of good practice among our powerhouses help to set out our ethical culture across the organization and assist employees to understand their role in ensuring compliance. Furthermore, WEC membership started in 2020.
PROCESS RISKS Issues about procedures, operations and tools	Operational risk of loss or unintended gain from inadequate or failed processes, systems and external events, can arise through business transformation and introducing new technologies.	<ul style="list-style-type: none"> Performance management Policies and procedures 	Update our processes and services with the latest industry and sector practices which give us a better proposition in the market to help differentiate ourselves from the competition, e.g. Robotic Process Automation (RPA).	Constant improvement throughout the whole organization by continuously reinventing ourselves, investing heavily and making commitments in new technologies or approaches to our markets.
GOVERNANCE RISKS Issues related to organization and strategy	A failure to maintain high standards of corporate governance may adversely impact the Group and our customers, our candidates and our happy rebels, through poor decision making and a lack of oversight of our key risks.	<ul style="list-style-type: none"> Corporate values and principles Risk and control 	Maintain appropriate governance and oversight through Group policies and procedure, e.g. code of conduct. In addition, risk management and control requirements are set out in the GERMP.	Formalization of Internal control environment within all powerhouses under the supervision of the Group Risk department.
IT RISKS Issues related to data, systems and security	IT risks are abundant and increasing. The risks of cyber-attacks, phishing, data fraud or theft, privacy and data protection could lead to serious operational disruption, reputational damage and legal penalties.	<ul style="list-style-type: none"> IT governance Information and data security Cyber security 	Implementation of a global information security strategy, and strong visibility on all components of the IT environment through the deployment of a Security Information and Event Management solution (SIEM) and a Managed Detect and Respond (MDR) Platform.	Stronger security posture at Group level by further fine tuning our detection capabilities, aligning our defense strategy with the MITRE ATT&CK framework, and adding additional structural resilience capabilities to the companies' platforms, enable us to guarantee information security, data protection and compliance for all our core systems.
CONTRACTING RISKS Issues from contractual agreements with stakeholders	Accepting inappropriately high contractual liability while not having a robust delivery process could result in a stakeholder making a claim that would materially affect our results.	<ul style="list-style-type: none"> Authorization levels Contract review management 	We encourage the use of standard contracts. Non-standard contracts are reviewed by the local legal department, with the support of the Group's legal department or the master broker if required. Liability insurance is arranged at Group level.	Increase awareness of client contract creation in sales departments. Improve visibility and control by optimizing the contract liability arrangements.
PEOPLE RISKS Issues related to sourcing, managing and retaining of the workforce	People are our most important asset, and talent is hard to come by in a competitive market. If we cannot attract, develop, and retain the right people, we could fail in realizing our objectives.	<ul style="list-style-type: none"> Talent management Employee engagement Health & Safety 	Optimizing talent management by taking steps to effectively manage our ability to attract, develop and retain employees. In addition, our employee share option plans help to align employees' interests with the organization's long-term growth.	Facilitation of talent mobility between departments, as well as between powerhouses in the different countries.

EMERGING RISKS – NAVIGATING THE PANDEMIC

In 2020, the largest health and economic crisis in recent history forced companies across sectors into extraordinary measures to protect their people and maintain operations as much as possible. Throughout this extraordinarily challenging time, we have kept the health and safety of our employees as the primary consideration of our Covid19 response.

We implemented all required health measures to protect our people and introduced homeworking whenever possible throughout the Group. The sickness rate and Covid19 infections of internal employees stabilized throughout the year and remained low.

Our decisions and actions during the pandemic are based on protecting our people and ensuring our business remains strong. The Group and powerhouse management introduced periodic status meetings, increased communication and reporting on Covid19 topics.

Through 2020, we demonstrated strong resilience – closely monitoring trade credit and group liquidity risk and cutting operating costs as required. We remain committed to reacting quickly to mitigate the impacts of Covid19 and other risks and to stay prepared as the pandemic evolves through 2021.

 Read more about our Risk Management in our 2020 House Results