

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 subcommittees is explained in more detail in the Governance and ESG section on pages 48 to 57.

GERMP PILLARS

- Audit Committee
- Risk management
- Internal Audit
- Insurance

AUDIT COMMITTEE

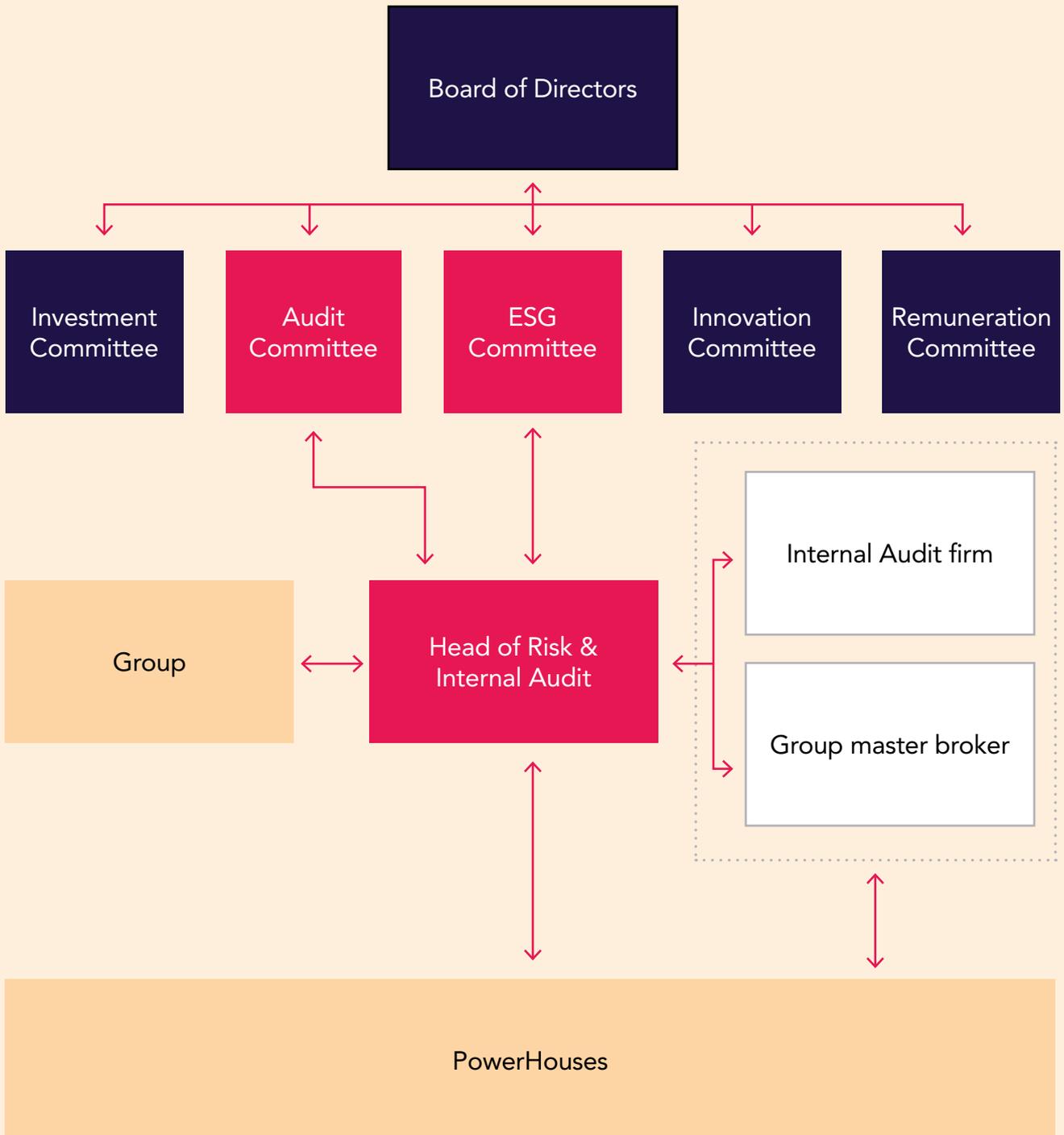
The Audit Committee Charter is inspired by the rules applicable to listed companies in Europe and especially in Belgium, by the model of the Institute of Internal Audit and by the best practices shown by listed companies.

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 70-71.

"We strongly believe that initiatives and actions related to ESG will have a positive contribution to the management of our business risks and make our Company even more resilient."

Abdel Bencheikh
Head of Risk & Internal
Audit, House of HR

Our framework for managing risk



RISK MANAGEMENT continued

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 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 for 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 below is an overview of the risk families – the bigger the area, the more severe the risk.

Risk families

The bigger the area, the more severe the risk.



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.

Group risk map, % of total number of risks

Likelihood	Combined impact				
	Very low	Low	Medium	High	Very high
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

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
- Policy against violence and harassment at work

An update of the whistle blowing policy is being drafted, in line with the new EU directive. This is expected early 2022.

In addition, our PowerHouses are responsible for several other policies related to their sector and local legislation. These include local policies on anti-corruption, anti-bribery, anti-discrimination and anti-money laundering.

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.

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 Group-wide cover, PowerHouses take out a number of standalone policies covering most operational and local risks.

Group Insurance Program



General and Professional Liability



Credit



Cyber



Director and Officer Liability



Property

RISK MANAGEMENT continued

RISK FAMILY	IMPACT	BUSINESS AREAS
<p>COMPLIANCE RISKS</p> <p>Issues related to regulatory and legal matters</p>	<p>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.</p>	<ul style="list-style-type: none"> • Labor law • General Data Protection Regulation (GDPR) • Tax
<p>PROCESS RISKS</p> <p>Issues about procedures, operations and tools</p>	<p>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.</p>	<ul style="list-style-type: none"> • Performance management • Policies and procedures
<p>IT RISKS</p> <p>Issues related to data, systems and security</p>	<p>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.</p>	<ul style="list-style-type: none"> • IT governance • Information and data security • Cyber security
<p>GOVERNANCE RISKS</p> <p>Issues related to organization and strategy</p>	<p>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.</p>	<ul style="list-style-type: none"> • Corporate values and principles • Risk and control
<p>PEOPLE RISKS</p> <p>Issues related to sourcing, managing and retaining of the workforce</p>	<p>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.</p>	<ul style="list-style-type: none"> • Employee wellbeing • Talent management • Employee engagement • Health & Safety

MITIGATION

PROGRESS

<p>Our PowerHouses put into place appropriate procedures and controls designed to ensure compliance with all relevant legislation (GDPR, labor 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 goals.</p>	<p>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.</p>
<p>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).</p>	<p>Constant improvement throughout the whole organization by continuously reinventing ourselves, investing heavily and making commitments in new technologies or approaches to our markets.</p>
<p>Implementation of various security layers with a.o. the expansion of the IT security service center and the launch of a Group-wide awareness platform.</p>	<p>Work on stronger security posture by further fine-tuning our detection capabilities, aligning our defense strategy with the best market practices, and add additional structural resilience capabilities to the core systems of our companies.</p>
<p>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.</p>	<p>Formalization of Internal control environment within all PowerHouses under the supervision of the Group Risk department.</p>
<p>Optimizing talent management by taking steps to effectively manage our ability to attract, retain and engage employees. Investing in sustainable employability by encouraging our people to learn and develop themselves and reach their full potential.</p>	<p>As an important part of our ESG-strategy, it will stay a very important focus area for House of HR. Most of the material topics of the social pillar are considered as a priority for House of HR, such as diversity, retention and wellbeing.</p>

ESG RISK MANAGEMENT – IMPROVING RESILIENCE

We note that, although sustainability risk management is still evolving, environmental, social and governance (ESG) standards and metrics have emerged that may help companies in their strategic planning and decision-making processes. An enterprise-wide approach to sustainability that incorporates opportunities and risks over the long term is one of the latest parts of this evolution.

At House of HR, we aim at aligning sustainability with risk management within the boundaries of our enterprise-wide risk management program. The result will be new ways for our Group to protect against emerging challenges and to explore new methods to capitalize on opportunities that create value and drive performance.

We see this as a key part of creating long-term sustainable value and safeguarding the continuity of House of HR. The majority of the risks identified in our yearly risk assessment can be partly mitigated by the execution of our ESG strategy. We strongly believe that initiatives and actions related to ESG will have a positive contribution to the management of our business risks and make our Company even more resilient.

For more details on our sustainability approach, objectives and performance to date, see pages 48 to 57.

 **Read more about our Risk Management in our 2021 House Results**