

## MANAGING RISK – A SUMMARY

*We manage risks in order to optimise the quality of our asset portfolio in the long term.*

HSH takes a dynamic approach to managing risk and we continually evaluate key business risks to effectively identify, assess and mitigate risks across our operations so that they do not affect the company's ability to achieve our business objectives. Our risk management framework and its process is designed to manage and mitigate risks rather than eliminate all risks, which is never possible in any business.

We manage risks in order to optimise the quality of our asset portfolio in the long term. Our focus is on managing risks to ensure the long-term sustainability of our business, preserve a high standard of luxury, tradition of integrity and respect for our heritage as embodied in the culture of our Company.

The Board is ultimately responsible for establishing, maintaining and overseeing appropriate and effective risk management and internal control systems for the business of the Group. It has given the Audit Committee the responsibility to oversee these systems on an ongoing basis and to assess their adequacy and effectiveness semi-annually. This is done with the support from the Group Risk Committee and Audit & Risk Management (ARM).

The Group Risk Committee is responsible for setting the strategic direction for the risk management process and challenging the overall risk and control profile for HSH. The GRC consists of senior management members

representing relevant parts of the global organisation and is chaired by the Chief Financial Officer. We assess the top risks and risk treatments for each operation or project, as well as monitor the actions required for critical and major incidents, with examination of specific risks as required. Heads of Corporate Departments are invited for deep-dive presentation on selected risks.

All business activity has inherent risk. Our policy for risk management is to proactively manage risk to ensure continued growth of our business and to protect our people, assets and reputation. This means that we:

- utilise an effective and integrated risk management system while maintaining business flexibility
- identify and assess material risks associated with our business
- monitor, manage and mitigate risks.

Our risk willingness depends upon the specific category of risk:

- we take a conservative approach to the management of financial risks.
- we strive to reduce supply chain risks through proactive business continuity planning, regular inspections and back-up facilities.
- we strive to reduce any risks to people, communities and the environment related to our business activities
- we never compromise on quality and business ethics.

Our full Group Risk Committee Report can be read on pages 142-147 of this Annual Report.