

## **Enterprise risk management framework**

Risk identifies the possibility that an unwanted event may occur, the consequences of which may be detrimental to staff, operations, business, objectives, and the reputation of the company. Risk management seeks to identify, assess, and take corrective and/or mitigating actions when a risk is beyond the Group's risk appetite across the entirety of its activities and businesses.

Group Risk Management is supported by the Group Enterprise Risk Management Policy and the Group Risk Appetite Framework, including outlining the roles and responsibilities, a governance model, risk management processes, risk classification system, and definition of risk appetite. These documents are reviewed and approved by the Managing and by the Supervisory Board Risk Committee of the Group on an annual basis.

Group Risk Appetite is the type and amount of risk that the Group is broadly willing to accept to achieve its strategic objectives.

The Enterprise Risk Management (ERM) process consists of five steps: identification, notification, assessment, management and reporting of risks. Risk classification seeks to achieve two objectives: firstly, to create a uniform language to examine risks and, secondly, to allow newly identified risks to be assigned to an appropriate category for assessment, measurement, and monitoring.

Included in the risk identification step of the ERM process is the specific identification of risks on an ESG dimension. The Group's approach to ESG risk management is to integrate, where relevant, the ESG dimension into existing risks, to avoid duplication of risks. To achieve this the Group completes a dual analysis to first identify and classify a risk according to its principal risk category, operational, strategic or financial according to the Group taxonomy, and then apply ESG risk definitions to determine whether a risk includes an ESG dimension and identify the risk as such.

All departments and employees must perform risk management, record risks in the designated risk management tool and, when necessary, implement mitigating actions in accordance with the Group's Risk Appetite Statement. The Group has adopted a 'Three Lines of Defence' model for Risk Management in line with the generally accepted best practices in the financial services sector.

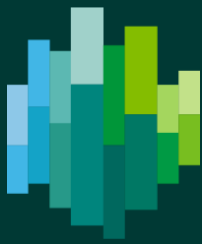
Please refer to Section 2.3 Control Framework of the Group Universal Registration document for further details on the Three Lines of Defence, the Risk Process, Risk Appetite and ESG Risk Definitions.

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