

Policy Background

This Risk Management and Internal Control Policy establishes the framework by which Hemas Holdings PLC identifies, evaluates, and manages risks across its operations. It integrates both risk management and internal control processes to support the company's strategic objectives. The policy outlines the roles, responsibilities, and procedures necessary to create a risk-aware culture and ensure that risks are effectively managed, and controls are in place to mitigate them, adapting to changing conditions and maintaining organizational resilience.

Objective

- To establish a comprehensive framework that integrates risk management and internal controls across all levels of operations.
- To promote a proactive risk-aware culture by defining clear roles, responsibilities, and procedures for identifying, evaluating, and mitigating risks.
- To ensure effective implementation of internal controls that align with the company's strategic objectives.
- To enhance organizational resilience by continuously monitoring and refining risk management and internal control processes.

Scope

This policy is applicable to employees of Hemas Holdings PLC and its subsidiaries and associate companies.

Roles & Responsibilities

Board of Directors

1. Oversee the risk management and internal control frameworks, ensuring they are effectively implemented across the organization.
2. Establish and promote a culture of integrity, ethical behavior, and compliance that prioritizes effective risk management and strong internal controls.
3. Ensure that the risk management process and internal control system are aligned with the organization's strategic objectives.
4. Regularly receive and review reports on the company's risk profile, key risks, and the effectiveness of the risk management process and internal controls.
5. Ensure that a clear governance structure is in place within the internal control process.

6. Ensure effective communication of internal control information across the organization.

Group Audit Committee

1. Review the effectiveness of the company's risk management process and internal controls to ensure that significant risks are identified, assessed, and managed appropriately.
2. Provide assurance to the Board on the adequacy of risk management and internal controls.
3. Ensure that internal control processes are effectively integrated with risk management framework and strategies.
4. Review and approve internal control policies across the Group, ensuring they are comprehensive and aligned with the organization's risk management strategy.
5. Oversee the Group's internal audit function, ensuring its effectiveness and independence. This includes ensuring effective communication and coordination between the Group's internal auditors and the external auditors.

Board of Management

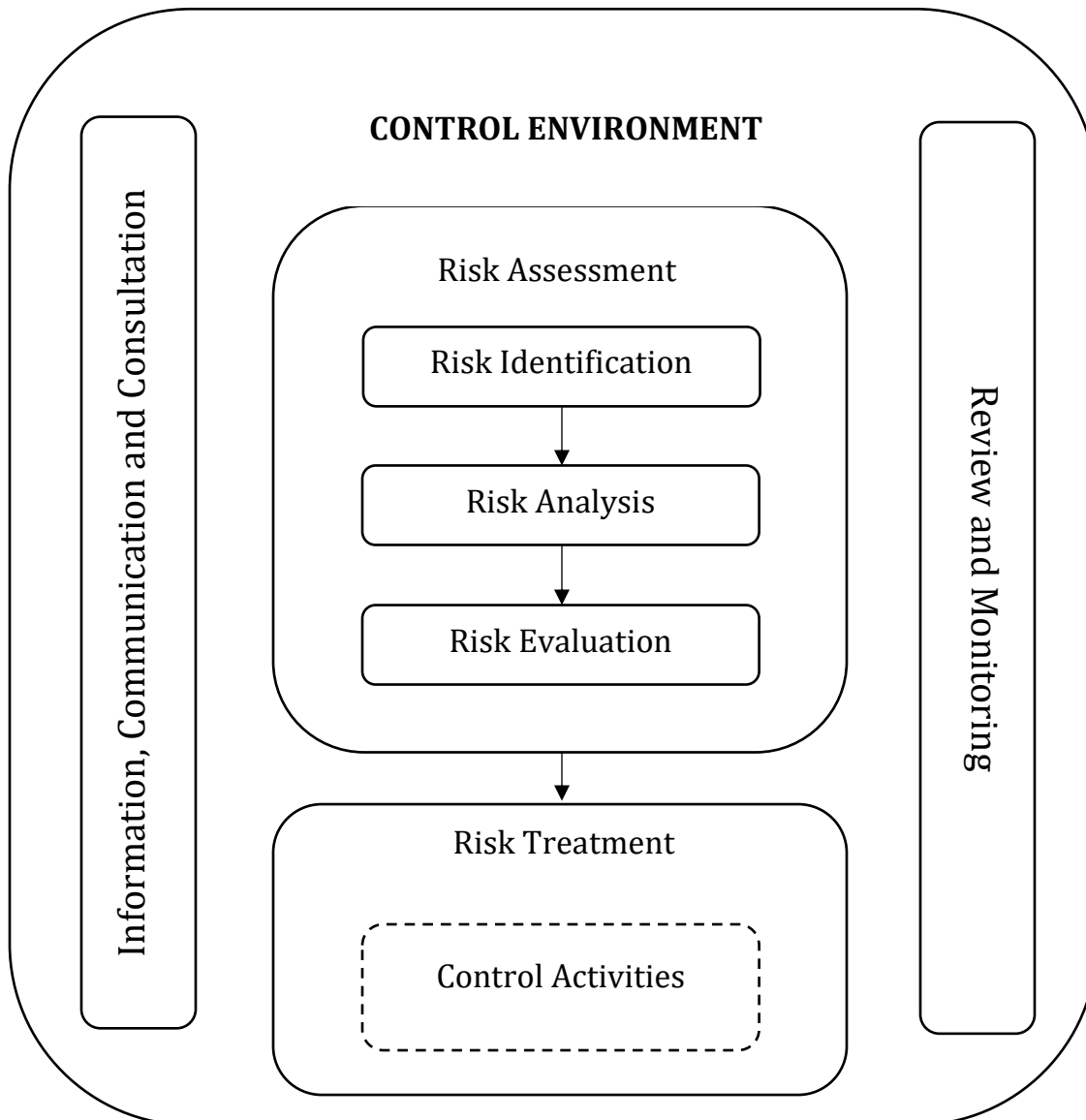
1. Identify, assess, and manage risks across all areas of the business, ensuring that risks are managed proactively and effectively.
2. Design and implement internal control policies and procedures, and regularly review them to ensure they are functioning effectively.
3. Foster a risk-aware culture within the organization, ensuring that employees at all levels understand their roles in managing risks and maintaining internal controls, while encouraging accountability throughout the organization.
4. Regularly report to the Board of Directors and the Group and Subsidiary Audit Committees on the company's key risks, and the deployment of internal controls.

Risk & Control Department

1. Facilitate the promotion of risk-aware culture throughout the organization.
2. Facilitate the risk management process across the Group by collaborating with all departments and SBUs.
3. Ensure the risk management process and control activities are aligned with company's core values and uphold the highest standards of integrity.
4. Continuously monitor internal controls to ensure adequacy and effectiveness.
5. Provide regular reports to the Board of Directors, Board of Management, Group and Subsidiary Audit Committee on the organization's risk profile, key risks, and the effectiveness of internal controls.

6. Provide training to employees on risk management practices to ensure they understand their roles in managing risks and maintaining internal controls.

Policy Framework



Control Environment

The control environment is the foundation of Hemas Holdings governance mechanism. The organization's leadership, particularly the Board of Directors and senior management, demonstrates a commitment to integrity, ethical behavior, and adherence to the organization's values. The well-



structured organizational hierarchy with clear roles and responsibilities ensures accountability at every level, including a clear segregation of duties. Hemas has implemented an internal control and risk management framework that is regularly reviewed and updated to adapt to changing business environments.

Risk Management

At Hemas, risk management is integrated into our operations through a structured approach aligned with the ISO 31000:2018 standard. This approach ensures consistent identification, evaluation, and management of risks across strategic, financial, and operational domains. Hemas follows a bottom-up approach, where risks are identified and prioritized at the SBU level and subsequently consolidated for group-level assessment, ensuring a comprehensive overview of risk across the organization.

Risk Identification:

Risks are identified through structured risk reviews, discussions, and internal assessments. This approach ensures a comprehensive evaluation of potential threats and opportunities, including Sustainability-Related Risks and Opportunities (SRRO). This process systematically identifies the changes to existing risks, as well as new and emerging risks.

Risk Analysis:

Each identified risk is analyzed to assess its potential impact and likelihood using qualitative, quantitative, or a combination of both measures, which determine the level of risk exposure and help prioritize management efforts.

Risk Evaluation:

Risks are evaluated against established criteria, including risk thresholds and benchmarks. This evaluation informs decisions on whether risks require treatment and the urgency of those treatments.

Risk Treatment:

Hemas implements risk treatment strategies to manage or mitigate identified risks, reducing their potential impact or likelihood. This involves selecting appropriate mitigation measures, executing treatment plans, and continuously assessing their effectiveness.

These measures are integrated into the company's control activities, which serve as mechanisms for systematically managing risks through established internal controls.

Control Activities

Control activities are the actions taken by the management, the Board and other parties of Hemas to mitigate risk and increase the likelihood of established objectives and goals to be achieved. Control activities are performed at all levels of Hemas, at various stages of the business processes, and over the technology environment. The governance by the policies, procedures and practices implemented ensures alignment between Hemas strategic direction and risk management. Regular monitoring, reporting, and reviews ensure that the control activities of Hemas are aligned with the governance objectives. There are several types of system and process controls followed at Hemas.

01. Preventive Controls – These are the proactive measures which are designed to minimize and avoid errors, fraud, or other undesirable events from occurring within Hemas.
02. Detective Controls - These measures are designed to identify and detect errors, irregularities, or unauthorized activities that have already occurred within Hemas.
03. Corrective Controls - These are measures implemented to address and rectify issues or irregularities that have been identified by detective controls.

Review & Monitoring

At Hemas, continuous monitoring and periodic reviews work together to ensure that the operations and controls are consistently assessed and adjusted in real time, while also undergoing thorough evaluations at scheduled intervals to maintain effectiveness and adapt to changing conditions. Hemas adopts the "Four Lines of Defense", incorporating four distinct layers that work together to monitor and review the activities of Hemas, ensuring optimal performance and effective risk management.

1. First Line of Defense: Operational Management

The first line of defense at Hemas consists of operational management and staff, who continuously oversee daily operations, perform regular checks, and ensure adherence to controls in order to identify and resolve issues before they escalate.

2. Second Line of Defense: Compliance Functions of SBUs and Group Corporate Functions

At Hemas, the relevant compliance functions within the SBUs play a crucial role in ensuring adherence to the policies, procedures and regulatory requirements. Additionally, Group corporate functions



oversee the implementation and effectiveness of these controls across the organization, ensuring consistency and alignment with Group-wide standards.

3. Third Line of Defense: Internal Audit

The Internal Audit function at Hemas delivers independent assurance by rigorously evaluating the effectiveness of internal controls and risk management processes. It ensures smooth operation of the first and second lines of defense, while also identifying opportunities for enhancement.

4. Fourth Line of Defense: External Audit

At Hemas, independent external auditors offer an additional level of assurance by performing an objective review of financial statements, regulatory compliance, and occasionally broader governance practices. They ensure that the organization's financial reporting is accurate and in compliance with relevant laws and standards, providing stakeholders with confidence in the integrity of the organization's financial information.

Information, Communication & Consultation

This is an integral component of the risk management and internal control framework at Hemas. It ensures that risk-related information is systematically communicated across all levels of the organization, facilitating informed decision-making and proactive risk management. Timely and accurate information flow, along with robust consultation processes, is essential for the effective implementation, monitoring, and enhancement of internal controls. By maintaining transparency and fostering a risk-aware culture, Hemas ensures that emerging risks are promptly identified and addressed, and that its internal control systems remain robust and responsive.

Review & Revision

Policy shall be reviewed by Group Risk & Control once in 2 years or as deemed necessary to ensure that the policy is updated and effective in addressing Risk Management and Internal Controls.