

## SIA RISK MANAGEMENT FRAMEWORK

### 1. RISK MANAGEMENT FRAMEWORK

In 2002, SIA formalised its Risk Management Framework, encompassing a Governance and Reporting Structure, a standardised Risk Management Process and a set of risk management principles, policies and guidelines.

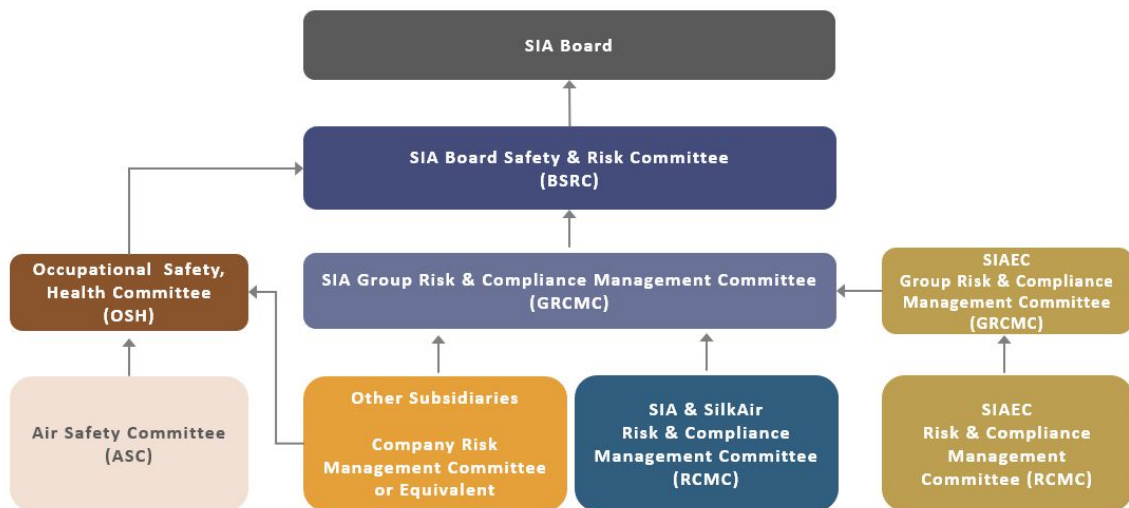
### 2. GOVERNANCE & REPORTING STRUCTURE

**2.1. Board of Directors** – Annually, SIA’s Board of Directors reviews and discusses the Strategic and other key risks of the Group.

**2.2. Board Committees** – The Board’s oversight is supported by the Board Safety & Risk Committee and other Board Committees that review and ensure that top risks are managed appropriately. The Board Safety & Risk Committee oversees the management’s implementation of the Risk Management Framework and assesses effectiveness through regular reviews.

**2.3. Risk Management Committee** – The Group Risk & Compliance Management Committee and various Company Risk Management Committees or its equivalent drive the implementation of the Risk Management Framework, through detailed reviews of risks and corresponding controls, to ensure key risks are identified, managed and surfaced to the Board Committees.

#### SIA Group Risk Governance Structure



**2.4. Risk Management Function** – A dedicated Risk Management Department provides support to the Risk Committees and the Business Units, ensuring that risks are surfaced by Business Units from the bottom-up to complement the top-down perspectives provided by the Management and Risk

Committees. Risks are structured under 5 main categories – Strategic<sup>1</sup>, Operational, Financial, Regulatory/ Compliance and Human Resource/ Industrial Relations – to facilitate the assessment and consistent categorisation of risks across business functions and SIA Group Companies.

### 3. **RISK MANAGEMENT PROCESS**

- 3.1. **Structured Process** – Within the Risk Management Framework, a 5-step “Risk Management Process” is adopted to facilitate communication, understanding and application by all levels of staff. The 5 steps – **Identify, Evaluate, Prioritise, Treat** and **Monitor** risks – form a re-iterative process to assess risks and are depicted as follows:

#### **SIA’s 5-Step Risk Management Process**



- 3.2. **Multi-pronged Strategies** – Risk appetite, risk policies and guidelines are developed and embedded in the risk management process to ensure a sound system of risk management and internal controls, in safeguarding the interests of the Company and that of shareholders. Within this process, multi-pronged risk response strategies, such as Avoidance, Prevention, Mitigation and Transference, are employed to address the identified risks. A combination of control measures adopted would serve to protect the organisation in various aspects for more effective management of risks. Crisis Management, Business Continuity and Disaster Recovery Plans are also developed to mitigate the impact on business operations and ensure business resilience.
- 3.3. **Embedded Activity** – The SIA Risk Management Framework emphasises on an iterative process of assessing risks through activities that facilitate on-going reviews of risks. In addition, on an annual basis, all identified risks are consolidated at the Company and Group Levels through a Group-wide Risk Management Review exercise, during which Business Units ensure that risk registers are kept current and the response strategies are adequate and relevant. These processes are embedded within the work schedules of the Business Units and driven by the quarterly risk review activities of the Risk Committees.

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<sup>1</sup> The sub-categories within the ‘Strategic’ Risk category include (i) Customers, (ii) Competition, (iii) Growth, (iv) Geopolitical, (v) Economic, (vi) Technology and, (vii) Sustainability risks.

#### 4. **PRINCIPLES, POLICIES AND GUIDELINES**

- 4.1. **Governing Philosophy** – The overarching philosophy is provided by the Risk Management Policy Statement as follows: -

*“SIA is to be a risk-aware organisation such that the taking of risks necessary for the achievement of its corporate objectives is carried out knowingly, and risks that represent a threat to SIA are managed so as to protect and enhance the value of the organisation in the interests of shareholders and stakeholders of SIA.”*

- 4.2. **Principles** – A set of Risk Management Principles, adapted from ISO 31000 provides the underlying basis for the scope and objectives of the risk management effort.

*Risk management should:*

- (a) Create and protect value by facilitating continual improvement of the organisation,*
- (b) Be an integral part of all organisational processes, including decision-making,*
- (c) Reduce the probability or consequence of the risk event,*
- (d) Be systematic, structured and timely,*
- (e) Be based on the best available information and reviewed regularly,*
- (f) Be customised to the needs of the organisation, including taking into account human, cultural and environmental factors,*
- (g) Be transparent and inclusive and,*
- (h) Be dynamic, iterative and responsive to change.*

- 4.3. **Corporate Risk Objectives** – A set of corporate risk objectives guides Business Units in formulating plans to manage risks. These objectives can be represented by the mnemonic ‘PEARLS’ and are:

People	- to protect People from harm or injury
Environment	- to protect the Environment from damage and pollution
Assets	- to protect the Assets of the Company
Reputation	- to protect the Reputation of the Company
Liability	- to protect against incurring Liability
Supply-Chain	- to protect the Supply-chain against critical disruptions

- 4.4. **Controls** – Written guidelines on managing specific types of risks provide the expectations and performance standards for Business Units to comply with. All risk responses are tested, where practicable, for their appropriateness and adequacy in ensuring risks are managed within the risk appetite<sup>2</sup> of the Company.

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<sup>2</sup> Please refer to the latest SIA Annual Report on [SIA's Website](#) for the Risk Appetite Statements.