

Issuing date: 22.12.2021

Date of revision and approval: 22.12.2021

Document developed by: The Management board

Approved by the decision of the Supervisory board of AS DelfinGroup  
as of 22 December  
Minutes No. 14/2021

## RISK MANAGEMENT POLICY OF AS DELFINGROUP NO. 2PL2-0

1.	OBJECTIVES AND ROLE OF RISK MANAGEMENT .....	1
2.	PRINCIPLES OF RISK MANAGEMENT .....	1
3.	RISK MANAGEMENT DOCUMENTS .....	2
4.	RISK GROUPS AND THEIR ASSESSMENT .....	2
5.	RESPONSIBILITIES OF RISK OWNER.....	2
6.	RESPONSIBILITY OF RISK MANAGER .....	2
7.	RESPONSIBILITY OF MANAGEMENT BOARD .....	3
8.	RESPONSIBILITY OF INTERNAL AUDITOR .....	3
9.	RESPONSIBILITY OF SUPERVISORY BOARD.....	3

### 1. OBJECTIVES AND ROLE OF RISK MANAGEMENT

1.1.The objectives of risk management are to identify, assess, manage and control the risks of AS DelfinGroup (hereinafter DelfinGroup) operations, reducing the probability of their occurrence.

1.2.Risk management is an ongoing corporate governance process involving all process managers or risk owners of DelfinGroup.

1.3.Risk assessment is an integral part of strategic decision-making on all levels on of DelfinGroup.

### 2. PRINCIPLES OF RISK MANAGEMENT

2.1.Systematic risk management contributes to the more secure achievement of DelfinGroup goals, and reduces the probability of risk occurrence.

2.2.Effective risk management allows DelfinGroup to timely foresee and prevent potential damage to the reputation, financial condition and operations of DelfinGroup, as well as ensures compliance with legal requirements and good governance practices.

2.3.Risk management determines the responsibilities of each participant in the process which consists of three levels:

#### 2.3.1.Level 1:

2.3.1.1.risk identification and management of risk mitigation activities, maintained by risk owners;

2.3.1.2.maintenance and control of risk management, provided by the risk manager;

#### 2.3.2.Level 2:

2.3.2.1.risk management oversight, ensured by the Management board;

#### 2.3.3.Level 3:

2.3.3.1.an independent risk management audit, performed by the internal auditor;

2.3.3.2. risk management assessment, provided by the Supervisory board.

2.4.The distribution of responsibilities between the risk owner, the manager, the Management board and the Supervisory board is clearly defined in the risk management process

2.5.DelfinGroup provides training for responsible employees on risk management processes, promoting an understanding of risk identification and management of risk mitigation activities.

2.6.The Management Board of DelfinGroup ensures that the principles set out in this policy are observed and implemented in the subsidiaries and that the Management boards of the subsidiaries ensure the execution of these principles.

### **3. RISK MANAGEMENT DOCUMENTS**

3.1. Risk management is based on the following documents:

- 3.1.1. Risk management policy, which is developed and updated by the Management board and approved by the Supervisory board of DelfinGroup;
- 3.1.2. Risk management procedure developed and updated by the risk manager
- 3.1.3. a list of risks and a risk assessment matrix managed by the risk owners in accordance with the procedures specified by the risk manager;
- 3.1.4. the risk management plan developed and updated by the risk manager.

3.2. Update of risk documents is performed in accordance with the Risk management procedure and this policy.

### **4. RISK GROUPS AND THEIR ASSESSMENT**

4.1. Considering the business operations of DelfinGroup, the following risk groups have been identified:

- 4.1.1. Strategic risks;
- 4.1.2. Financial risks;
- 4.1.3. Compliance risks;
- 4.1.4. Operational risks;
- 4.1.5. Cyber security risks.

4.2. The risk management process involves defining preventive actions, actions during the risk occurrence and implementation of corrective actions to mitigate the effect of the risk occurrence.

4.3. All risks must be assessed on the basis of risk assessment matrix consisting of the following assessment criteria:

- 4.3.1. Ability of risk owners to influence risk, existence of corrective actions and status of their implementation.
- 4.3.2. The amount of potential loss in the event of the occurrence of a risk.

4.4. Risk assessment consists of the total sum of risk criteria multiplications and is divided into three levels, according to which the risk management and control activities are defined in the risk management procedure.

### **5. RESPONSIBILITIES OF RISK OWNER**

5.1. Within the scope of competencies, identifies, primarily evaluates and manages risk mitigating activities, which also include the implementation of self-control measures.

5.2. Informs the risk manager about the newly identified risks, updates the list of risks in accordance with the procedures specified by the risk manager.

5.3. Reports to the risk manager on the management and self-control of the risks under his/her responsibility at regular intervals specified in the procedure.

5.4. Provides recommendations to the risk manager on improving and perfecting the risk management system.

### **6. RESPONSIBILITY OF RISK MANAGER**

6.1. Provides secondary risk assessment.

6.2. Develops and updates risk management documents under his/her responsibility.

6.3. Controls risk owners in risk management activities by:

- 6.3.1. having regular follow-ups with risk owners according to the schedule and priorities specified in the risk management procedure;
- 6.3.2. performing internal process audits.

6.4. Ensures the regular exchange of information between the risk owners, hence promoting risk awareness and management thereof.

6.5. Provides risk management training for all risk owners according to the schedule specified in the risk management procedure.

6.6. At the intervals specified in the risk management procedure, reports to the Management board on the operation of the risk management system and improvements thereto.

## **7. RESPONSIBILITY OF MANAGEMENT BOARD**

7.1. Develops and updates Risk management policy as necessary, but at least every 3 years.

7.2. Appoints a risk manager and performs appraisal of the competencies of the risk manager at least once every 3 years.

7.3. Prepares an annual report to the Supervisory board on the risk assessment, the implemented risk management measures and the risk management policy.

## **8. RESPONSIBILITY OF INTERNAL AUDITOR**

8.1. In accordance with the Internal audit policy:

8.1.1. performs a comprehensive risk management audit;

8.1.2. prepares and submits a report on the results of the audit to the Supervisory board, the Audit committee, and the Management board.

## **9. RESPONSIBILITY OF SUPERVISORY BOARD**

9.1. Approves the risk management policy and amendments thereto.

9.2. Based on the reports prepared by the Management board and the Internal auditor, carries out an assessment of the risk management system.

Effective date: 22.12.2021

Approved by: The Supervisory board

**Information on revision of the document**

<b>Date of revision</b>	<b>Number of revision</b>	<b>Changes</b>
22.12.2021	0	New document