	POLICY	
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## RISK MANAGEMENT POLICY


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### 1. DEFINITION OF RISK, OBJECTIVES AND ROLE OF RISK MANAGEMENT

- 1.1. A risk is the consequence of a possible event that negatively affects the achievement of objectives of the DelfinGroup.
- 1.2. The objectives of risk management are to identify, assess, manage and control the risks of DelfinGroup operations, to identify the negative consequences of possible events, to reduce the probability and impact of their occurrence.
- 1.3. Risk management is an ongoing corporate governance process involving all structural unit and process managers of the DelfinGroup i.e., risk owners.
- 1.4. Risk assessment is an integral part of strategic decision-making at the DelfinGroup, at all levels of DelfinGroup management.

### 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 and/or impact of it.
- 2.2. Effective risk management allows one to foresee and prevent potential damage to the reputation, financial condition and operations of the DelfinGroup, as well as ensure compliance with legal requirements and good governance practices.
- 2.3. The organisational framework for risk management is designed according to the three lines of defence of the internal control system:
  - 2.3.1. First line of defence:
    - 2.3.1.1. day-to-day risk identification and management of mitigating actions by each DelfinGroup employee in their area of expertise;
    - 2.3.1.2. unit- or process-level risk management by risk owners;
  - 2.3.2. Second line of defence:
    - 2.3.2.1. maintenance, coordination and control of risk management, provided by the Risk manager;
    - 2.3.2.2. overseeing risk management, provided by the Management board;
  - 2.3.3. Third line of defence:
    - 2.3.3.1. an independent risk management audit, provided by the internal auditor;
    - 2.3.3.2. risk management assessment, provided by the Supervisory board.
- 2.4. The risk management process clearly defines the roles and responsibilities of those involved.
- 2.5. DelfinGroup provides training of responsible employees regarding the risk management processes, promoting an understanding of risk identification and management of risk mitigation activities.

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2.6. The Management Board of DelfinGroup ensures that the principles set out in the 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. The following documents are in place and maintained for risk management:

- 3.1.1. the Risk management policy, which is developed and updated by the Management board and approved by the Supervisory board of DelfinGroup;
- 3.1.2. the Risk management procedure developed and updated by the Risk manager, approved by the Management board;
- 3.1.3. a list of risks 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.

### 4. RISK GROUPS AND THEIR ASSESSMENT

4.1. Taking into account the business model of DelfinGroup, the following risk groups have been identified:

Risk group	Description	Examples of types of risks
Strategic risks	Risks associated with a missing or incorrectly defined Corporate Strategy. Risks that could have a negative impact on reputation and sustainability.	Reputation risk Sustainability risk Strategy risk
Financial risks	Risks related to the ability of business partners or customers to meet planned or committed obligations.	Credit risk Liquidity risk Tax risk <sup>1</sup>
Compliance risks	Risks related to compliance with external regulations.	AML/CFT <sup>2</sup> and the risk of sanctions Work environment risk Legal risk
Operational risks	Risks related to non-compliant or deficient internal processes, people and systems, external conditions.	Service risk Business continuity risk Personnel risk Fraud and corruption risk Security risk
Information security risks	Risks related to threats to the confidentiality, availability, integrity and resilience of DelfinGroup resources.	Unauthorised access risk Disclosure risk Hardware risk Software risk Social engineering risk Financial crime risk Cyber risk

4.2. All risks must be assigned a risk value based on the probability and impact of the risk occurring.

4.3. The value at risk is calculated as the multiplication of the probability and the impact of the risk and, depending on the value assigned, is classified into four risk grades, according to which risk management and control activities are defined in the Risk management procedure.

### 5. RESPONSIBILITIES OF THE RISK OWNER

5.1. Within their own structural unit or process, risk owners are responsible for the timely identification and assessment of risks, the implementation of mitigating activities and controls, and the everyday monitoring, including the implementation of self-control measures.

<sup>1</sup> Tax risks are managed in accordance with the Tax Risk Management and Control Policy No.2PL1

<sup>2</sup> Money laundering, proliferation and terrorist financing

- 5.2. Informs structural unit and employees involved in a process about material risks relevant to the structural unit/process and activities of the DelfinGroup as a whole in order to promote employee understanding of risk management objectives and ensure active participation in the risk management process.
- 5.3. Reports to the Risk manager risks that cannot be managed within the scope of his/her competence or where the requirements of the regulatory framework for risk management are not being met.
- 5.4. Informs the Risk manager, within the time limits set out in the Risk management procedure, of the management and self-monitoring of the risks under his/her responsibility.
- 5.5. Provides recommendations to the Risk manager on improving and perfecting the risk management system.

## **6. RESPONSIBILITIES OF THE RISK MANAGER**

- 6.1. Ensures compliance of the risk management system with the Risk management policy.
- 6.2. Develops and updates risk management documents.
- 6.3. Coordinates the risk assessment process, selecting mitigating activities and controls, and monitoring their implementation.
- 6.4. Ensures the regular exchange of information between the risk owners, promoting risk awareness and management of risks.
- 6.5. Facilitates regular risk management training for all risk owners, as set out in the Risk management procedure, and provides advice on risk management issues.
- 6.6. At the intervals specified in the Risk management procedure, informs the Management board on the operation of the risk management system and improvements to it.

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

- 7.1. Develops a risk management policy and updates it as necessary, but at least every 3 years.
- 7.2. Sets the overall direction for risk management and provides the necessary resources to implement the Risk management policy.
- 7.3. Appoints a risk manager, evaluates the competencies of the risk manager at least once every 3 years.
- 7.4. Prepares a report twice a year to the Supervisory board on the risks, the implemented risk management activities and the implementation of the Risk management policy.

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

- 8.1. The roles and responsibilities of the Internal Auditor in the area of risk management are set out in Internal Audit Policy No. 10PL2.

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

- 9.1. Approves the risk management policy and its changes.
- 9.2. Provides top-level oversight of the risk management process.
- 9.3. On the basis of the reports prepared by the Management board and the Internal auditor, carries out an assessment of the risk management system.