

ENTERPRISE RISK MANAGEMENT POLICY

August 2020

Adapteo Group

Adapteo.

APPROVED BY ADAPTEO BOARD OF DIRECTORS

6th of August 2020

KEY DISTRIBUTION

Board of Directors

Group Management

Group Finance & Control

General Managers

Adapteo's auditors

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1. Definition of the framework

1.1 Background and purpose

The purpose of this policy is to define the framework, processes, governance and responsibilities of risk management in Adapteo Group. The primary objective of risk management in Adapteo Group is to support the Company's strategy execution, continuity of operations and realization of business objectives by anticipating any risks involved in the Group's operations and managing them in a proactive manner. Enterprise risk management emphasizes the role of corporate culture and is an integrated part of operations, planning and decision-making in Adapteo Group.

1.2 Applicability

The principles defined in this document must be followed by all Adapteo Group subsidiary companies, business units, management and employees taking into consideration regulation and other requirements for listed companies, local legislations and separate instructions relating to risk management processes, methodology and tools. This policy supplements Adapteo's Operating Principles.

1.3 Status and relationship to other policies

This document has been approved by the Board of Directors and is a part of Adapteo Group policies. Other instructions relating to risk management within Adapteo Group shall be in line with the content of this document.

1.4 Ownership and changes to the policy

The Head of Treasury and Risk Management is the owner of this document and oversees that other policies and other operational guidelines are aligned with this document and shall propose any necessary changes to them.

Any changes to this document shall be approved by the Board.

1.5 Effectiveness

This document is effective as of 6th of August 2020 until further notice.

2. Risk management framework and objectives of risk management

Adapteo applies principles introduced in COSO Enterprise Risk Management – Integrating with Strategy and Performance – Framework. Leveraging risk management practices throughout the organization improves decision-making in governance, objective-setting, and day-to-day operations. It helps to enhance performance by more closely linking strategy and business objectives to risk. When accomplished, it provides Adapteo a clear path to creating, preserving and realizing value.

Risk management framework in Adapteo Group is based on two main elements:

1. Enterprise Risk Management Policy (this document) which outlines risk management principles applied in Adapteo Group;
2. Enterprise risk management process which brings a systematic approach to the whole Group to identify, assess and manage risks relating to Adapteo strategy and operations.

Risk affects Adapteo's ability to achieve its strategy and business objectives. The key challenge for Adapteo management is to determine the amount of risk that Adapteo is prepared and able to accept. The Adapteo Enterprise Risk Management Process ("ERM"), helps the Adapteo Board and the management in all levels to properly address all risks and opportunities the company is facing, and as result enhance capabilities to create, preserve and ultimately realize value.

Adapteo Group's objectives in risk management are to:

- Emphasize risk awareness and proactive management of risks within the Group;
- Increase opportunities and reduce threats with the aim to gain competitive advantage;
- Ensure sufficient risk management throughout the organization;
- Manage risks as an integrated part of operations, planning and decision-making with defined roles and responsibilities.

3. Risk management governance, roles and responsibilities

Adapteo Group's enterprise risk management governance is based on a three line of defence model as follows:

1. Business units and operating companies manage risks as a part of their day-to-day business operations
2. Head of Treasury and Risk Management controls, supports, develops and facilitates risk management processes
3. Board and Audit Committee assures the effectiveness of risk management

The roles and responsibilities of various organizational bodies are described in the pertinent documents of Adapteo, such as charters and job descriptions. The overview of the roles and responsibilities of the most relevant bodies with regards to risk management are described in the following sub-sections.

3.1 Board of Directors and Audit Committee

The Board of Directors and Board Audit Committee monitors and is responsible for ensuring that the Adapteo Group's risk management process functions and is comprehensive. The Board defines the risk bearing tolerance continuously, according to the current conditions. The Board of Directors is also responsible for approving enterprise risk management related group policies.

3.2 Operative Management

Operative management of the corporation including the Group Management Team (GMT), OpCo Management Teams and Business Unit Management Teams are responsible for achieving the set objectives and controlling, managing and mitigating risks that threaten them. The operative management is also responsible for the risk management work, and for ensuring the performance of the risk management process and the availability of sufficient resources.

3.3 Head of Treasury and Risk Management

The Head of Treasury and Risk Management is responsible for instructions and advice to the units concerning enterprise risk management, and for monitoring the practical implementation of the process. Risk management assessments are coordinated by the Head of Treasury and Risk Management, which supports the management, business units and other supportive functions in the risk management work. The Head of Treasury and Risk Management reports key risks to the Board of Directors and Audit Committee on biannually.

3.4 Corporate functions

Corporate functions identify, assess and manage risks within their area of responsibility, as well as report in agreed manner.

3.5 Internal Audit

Internal audit assists in identifying new risks and/or proposing mitigation strategies and contingency plans, and proposing process and control improvements to the risk management plan and processes.

3.6 All employees

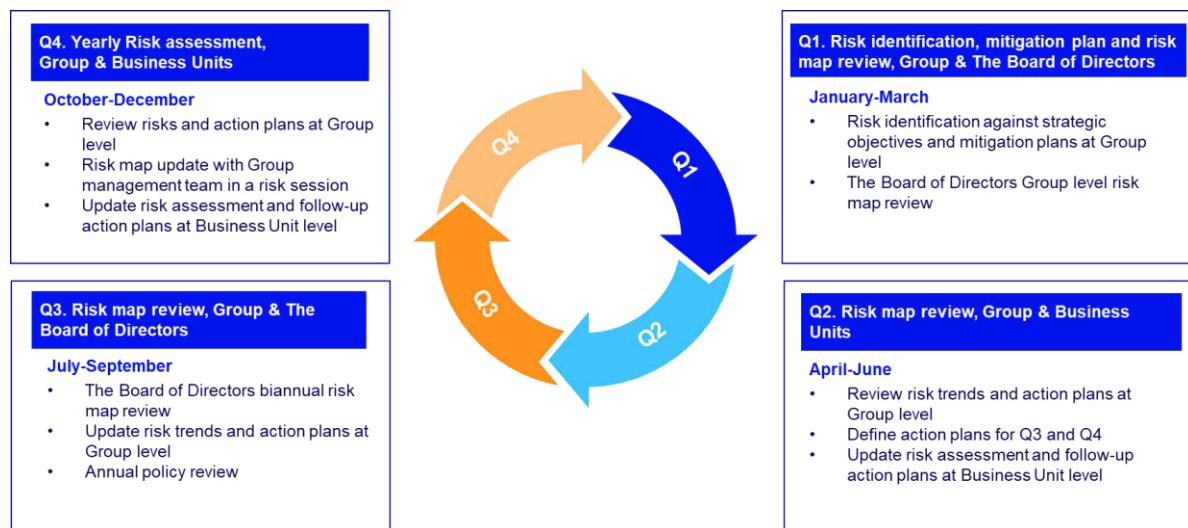
All employees are responsible for managing risks in his/her own work and shall notify their superior and/or management if any issues would be detected.

4. Enterprise risk management process and yearly clock

Group risk management process includes the following steps:

1. Risk identification – Identification of risks against business plan objectives on OpCo and Adapteo Group level (bottom-up);
2. Risk assessment – Assessment of identified risks with regards to impact, likelihood and current state of control on OpCo and Adapteo Group level;
3. Risk management – Management of key risks through risk mitigation plans on OpCo and Adapteo Group level;
4. Risk monitoring – Monitoring of risks, risk levels and mitigation plans throughout the year to enable ongoing risk management and monitoring;
5. Risk reporting – Risk reporting to Group Management Team (GMT) and Board of Directors / Audit Committee. Risk reporting supports also annual process to report risks externally in the interim reports and the financial statements.

The yearly risk management clock and components have been summarized in the below picture.



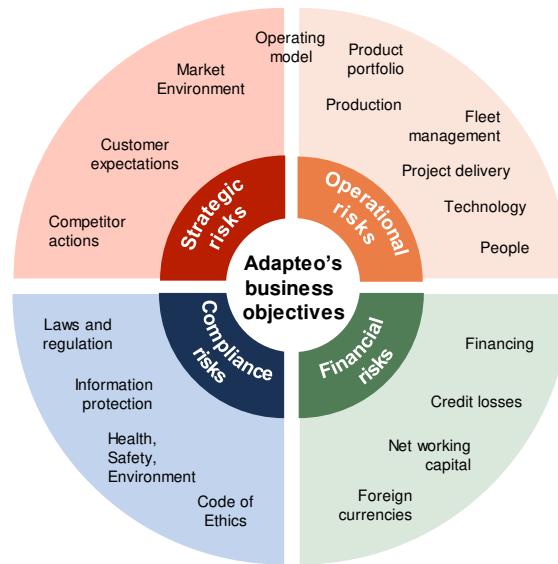
The methods and tools for these process steps are maintained by the Head of Treasury and Risk Management. The Head of Treasury and Risk Management also facilitates enterprise risk management in business units and functions. The risk management process fosters an awareness of risk and control throughout the organization and supports informed decision-making.

Ongoing communication and training in risk management are necessary to promote risk awareness throughout the Group and to ensure successful integration of risk management into the strategic planning, budgeting processes, daily decision-making and operations.

5. Risk universe and risk definitions

5.1 Risk universe

Adapteo's risks are divided into the following main categories: strategic risks, operational risks, financial risks and compliance risks. The main categories include, but are not limited to the subcategories shown below:



5.2 Risk definitions

5.2.1 Risk

Risk is defined as an uncertain event, caused by external or internal factors, which may be either a threat or a lost opportunity. Risks that may affect Adapteo Group are categorized as strategic risks, operational risks, financial risks and compliance risks.

5.2.2 Risk management

Risk management is defined as the culture, capabilities, and practices, integrated with strategy setting and its execution, that Adapteo relies on to manage risk in creating, preserving, and realizing value.

5.2.3 Strategic risks

Strategic risks are uncertainties mainly related to changes in the operating environment and Adapteo's ability to leverage these changes or to prepare for them. The changes can be related to the general economic situation, individual consumption behavior, competitors, legislation, or technological development.

5.2.4 Operational risks

Operational risks are circumstances or events which can prevent or hinder the attainment of objectives or cause damage to people, property, business, information or any other operations of the company.

5.2.5 Financial risks

Financial risks are risks related to Adapteo's financial position. These include risks concerning the availability and cost of financing, changes in foreign exchange rates, and investments.

5.2.6 Compliance risks

Compliance risks are risks related to exposure to legal penalties, financial forfeiture and material loss an organization faces when it fails to act in accordance with industry laws and regulations or internal policies.