

Owner
Head of CEO Office**Approval Date**
2019-03-13**No.**
T 33152-07 UEN**Version**
8**Security**
Public
Approved by
Board of Directors
Related
50087280

Group Policy - Enterprise Risk Management

BACKGROUND AND DESCRIPTION

Background

This Group Policy relates to Enterprise risk management and is a binding document for Telia Company AB and its Subsidiaries ("Telia Company").

Terms starting with a capital letter in this Group Policy are defined in the Delegation of Obligations and Authority.

Description

Enterprise risk management is the process of planning, organizing, leading, and controlling the activities of an organization in order to optimize the effects of risk on our objectives.

Risk is any uncertainty that may significantly affect Telia Company's objectives and the achievement of desired results.

In Telia Company, risk areas are categorized in four risk categories:

- Financial risks
- Strategic & emerging risks
- Operational & societal risks
- Legal & regulatory risks

PURPOSE

Enterprise risk management is essential for assuring that the desired results are achieved and for safeguarding the customers, employees, shareholders, assets and brands.

The fundamental objective is to achieve the highest possible returns within acceptable risk and cost levels. Risk management is not to avoid risk as such, and not only to focus on the negative, but to acknowledge that successful risk management is fundamental to grasping business and growth opportunities.

PRINCIPLES

The following principles shall apply for the activities under this Group Policy:

Telia Company shall have a business focused risk management process that identifies potential threats to the business and ensures plans to prevent and rectify problems in the continuity of the business.

Risk Committees (GREC) shall be established on Group and country level or where Group GREC assess it to be needed. GREC shall act as a governing body for risk management and compliance.

Enterprise risk management framework shall be developed in line with the ISO31000 standard for risk management and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework.

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The Telia Company enterprise risk management framework emphasizes the management of risks as part of daily operations and all business units shall continuously identify, assess, document, respond to, and monitor risks in their activities.

Risk management shall be fully integrated into the business planning and control processes. The risk management procedures shall be transparent, feasible and traceable. Management is responsible for fostering a personal sense of responsibility, establish a common view and awareness of risk and delegate and facilitate ownership and accountability of risks in daily decision-making.

Following roles for risk management should be applied.

The role of **Board of Directors** is to provide direction towards the risk appetite and ensure alignment towards the overall group strategy. Responsibilities include to:

- Approve the risk management strategy and set risk appetite.
- Ensure that risk management strategy is aligned to group strategy.
- Maintain own awareness and understanding of risk development.
- Provide steering and direction for management.
- Ultimately accountable for Telia Company's risk profile towards internal and external stakeholders.

The role of the group **Chief Risk Officer** (CRO) is to act as the owner of the group common enterprise risk management process. Responsibilities include to:

- Own, govern, coordinate and monitor the enterprise risk management process to ensure a structured approach towards risk management, compliance and reporting in the Group.
- Own the Group framework for enterprise risk management, Policies, Instructions and Guidelines within his/her areas of responsibility and to monitor compliance herewith and support group wide implementation.
- Oversee the operational effectiveness of the enterprise risk management processes across the Group and propose actions for improvement.
- Monitor the risk level as well as the nature of specific risk matters across the Group. As part of that responsibility, the CRO will collect and aggregate the respective reports from countries and group functions in order to give the CEO and the Board a consolidated and holistic view on the Group's risk level and individual, material risks.
- Establish a strong risk culture to foster risk-informed decision making throughout the organization
- Act as point of challenge for reported risks to ensure completeness and relevance of the risk portfolio
- Facilitate and organize the governance forum for governance, risk management, ethical and compliance (GREC).

The role of **GREC** is to act as the primary governing body for risk and compliance to evaluate risk levels and propose risk mitigation actions. Responsibilities include to:

- Consolidate risk reporting from countries.
- Assess country and group wide risks.
- Review risk levels in relation to risk appetite.
- Recommend and decide on risk mitigation actions.
- Escalate and report risks.
- Follow up on mitigation actions.
- Build risk culture.
- Monitor and respond to non-compliance to internal and external requirements.
- Inform board on risk development and exposure.

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The role of the **line organization** is to own the responsibility of managing risks. Responsibilities include to:

- Monitor and respond to non-compliance to internal and external requirements.
- Identify, analyze and evaluate risks.
- Respond to risks and execute risk mitigation activities.
- Document and report risks to GREC.
- Anchor the enterprise risk management policy and related instructions and guidelines.
- Build risk awareness throughout the line organization.
- Delegate risk appetite throughout the line organization.

These principles apply to the extent that they do not place Telia Company in violation of domestic laws and regulations.

ROLES AND RESPONSIBILITIES

This Group Policy applies to Telia Company AB and its Subsidiaries¹ and Joint Operations² as their own binding policy to all directors, members of the boards, officers and employees. In addition, Telia Company works towards promoting and adopting this Policy's principles and objectives in other associated companies where Telia Company does not have control but has significant influence.

Each Group Executive reporting to the CEO of Telia Company is responsible for ensuring that this Group Policy is duly communicated and implemented, and that the employees within his/her area of responsibility are familiar with and follow this Group Policy.

Each country CEO is responsible for ensuring that all relevant entities within the CEO's geographic location has adopted and implemented this Group Policy.

BREACHES AGAINST THE POLICY

Any Telia Company employee who suspects violations of the Code of Responsible Business Conduct or this Group Policy must speak up and raise the issue primarily to their line manager, and secondly to the Human Resources department, to the Ethics and Compliance Office, or through the Speak-Up Line. The Speak-Up Line is available on Telia Company's internal and external webpages.

Telia Company expressly forbids any form of retaliation for people who speak up. For specific requirements, please see our Group Instruction - Speak Up and Non-Retaliation.

Violations against this Group Policy can lead to disciplinary action, up to and including termination.

EXEMPTIONS

A Subsidiary-specific corresponding policy shall be compliant with this Group Policy while adapting to the concerned business activities, local laws, local circumstances and language. If a deviation or exemption from this Group Policy is deemed necessary, the Country CEO shall escalate the matter to

¹ All entities over which Telia Company AB has majority control.

² The joint operations over which Telia Company AB has joint control and management responsibility.

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the Group General Counsel.

GROUP GOVERNANCE FRAMEWORK

This Group Policy is part of the Group Governance Framework, which includes without limitation:

- a) Code of Responsible Business Conduct, Purpose and Values, Strategy, Group Policies, and Instructions for the CEO as approved by the Board of Directors;
- b) Decisions made by the CEO, the Delegation of Obligations and Authority as approved by the CEO, Group Instructions as approved by the CEO or by the responsible Head of Group Function; and
- c) Guidelines, best practices, process descriptions, templates or working routines developed within the area of responsibility of Head of Group Function.

There is a set of Group Instructions and Group Guidelines connected to this Group Policy.