



RISK MANAGEMENT POLICY

iLOQ Oy (or the “Company”)

Last Modified: December 12, 2023

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This Policy provides a framework for iLOQ's management of risks. It is aligned with iLOQ's purpose, values and strategic priorities and developed continuously and systematically taking into account the requirements of a management system.

We manage and prioritize the risks which threaten the continuity of the company business and initiate the necessary mitigation actions to reduce those risks. External providers' risks are also our part of our risk management process.

iLOQ's top management is committed to comprehensive risk management. It is part of the annual management review. The risk management process and the most significant risks are also on the Board's agenda every year.

Risks and opportunities

iLOQ's various levels of risks and opportunities are identified and evaluated systematically and regularly. Compliance requirements are identified as part of risk management. Functional and process-related risks are evaluated and analysed using the iLOQ Risk Tool.

Company level risks. The iLOQ Risk Tool, which covers all company functions, evaluates the probability, severity, effects and consequences of the risks. The impact on business continuity is also analyzed. Controls are defined for the risks, and, after that, it is evaluated whether the current controls are sufficient and whether additional measures are needed. The owner and schedule are defined for the necessary actions. Based on the risk profile, the company's most critical risks can be identified. Information security risks are taken into account in all functions and operations.

SWOT analysis is used to assess the strengths, weaknesses, opportunities and threats of operations. Based on the analysis, actions are assigned to the functions.

Sustainability risks and opportunities are analyzed and evaluated using the ESG Risk Tool. The tool evaluates the probability, severity and effects of risks related to environmental, social and governance matters. The circular economy phase is defined in environmental risks. The identified environmental aspects and effects are analyzed, and possible emergency situations are also evaluated in the tool. The tool defines controls for risks and assesses the adequacy of current controls. The impact on business continuity is also identified. A reference to the Sustainable Development Goals (SDG) has been identified. Identified climate risks are based on iLOQ materiality assessment.

Product, design and manufacturing risks. Product/design risks are analyzed by Design Failure Mode and Effect Analysis (DFMEA). DFMEA is part of the product development 'Gate' process. Manufacturing risks are also analyzed using Process Failure Mode and Effect Analysis (PFMEA) during product development.

Project Risks. iLOQ's project management model guides the systematic management of risks identified during and throughout the project. During the project, development and improvement ideas are also collected using Lessons Learnt, which will be taken into account in the following projects.

Supplier Risk Management. Supplier risks are managed as part of supplier management. The risks of information systems and external service providers are evaluated in the Service and Application register.

Business continuity

The Business Continuity Plan (BCP) defines the processes and procedures to follow for the timely and orderly restoration and recovery of iLOQ's business cycle with minimum or no interruption to daily operations. The information contained in the BCP applies to all personnel in all iLOQ sites and facilities.

In case of a crisis situation, employees must contact their supervisor, IT Manager or Crisis Management Coordinator and describe the scenario in full detail so that appropriate measures can be taken according to the BCP. The BCP is tested, audited and reviewed according to the annual plan.

The risk management policy applies to all levels and functions in the organization. This Policy will be communicated to the whole organization through employee inductions, training and informal communication methods.

Document history

Version	Date	Author(s)	Comment
0.1	20 th August 2020	H. Leskinen	1 st draft created
1.0	20 th October 2020	H. Hiltunen and Management team	Reviewed and Approved
1.1	24 th October 2023	H. Leskinen	Updated
2.0	12 th December 2023	Leadership Team E. Sankari, V. Tolvanen, H. Hiltunen, J. Klinga, J. Lampinen, M. Tuomikoski, T. Thörewik, T. Ainali, T. Pirskanen, T. Karjalainen	Reviewed and approved