Global Policy

Risk Management

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Applies to (Geography):	All
Applies to (Functions):	Risk Management, Envu Leaders
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Signature of Approver:

Signed by:
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1 Executive Summary

This Risk Management Policy provides a systematic and disciplined approach towards the proactive identification, assessment, treatment and reporting of relevant risks which may potentially endanger the achievement of the objectives of Envu or even the existence of the company over time.

Risk Management is an early warning system that provides transparency on risks, assigns clear ownership for each relevant risk, makes the decision on risk treatment transparent, provides a continuous risk reporting as well as regularly reviews and monitors the mitigation actions status.

2 Purpose Statement

2.1 Policy Rationale

A proactive Risk Management supports Envu Senior Management in achieving the objectives of the company, in safeguarding the company assets and in fulfilling legal requirements. It also reveals new opportunities by supporting risk-based decisions and offering effective and sustainable mitigation solutions.

Envu established a Risk Management systematic and comprehensive approach based on a global Risk Management function covering all functions and risk categories (e.g. safety, cybersecurity, etc.). The globally and centrally steered Risk Management process is established to generate transparency for Envu Senior Management over the relevant risks.

Driving a transparent and proactive risk culture in the organization, Risk Management aims to create a holistic view that allows adequate focus and prioritization of risks as well as informed decision making.

This Policy has the objective to establish clear Risk Management accountabilities in the organization and to provide the methodology for an Enterprise Risk Management process.

2.2 Risks to be mitigated

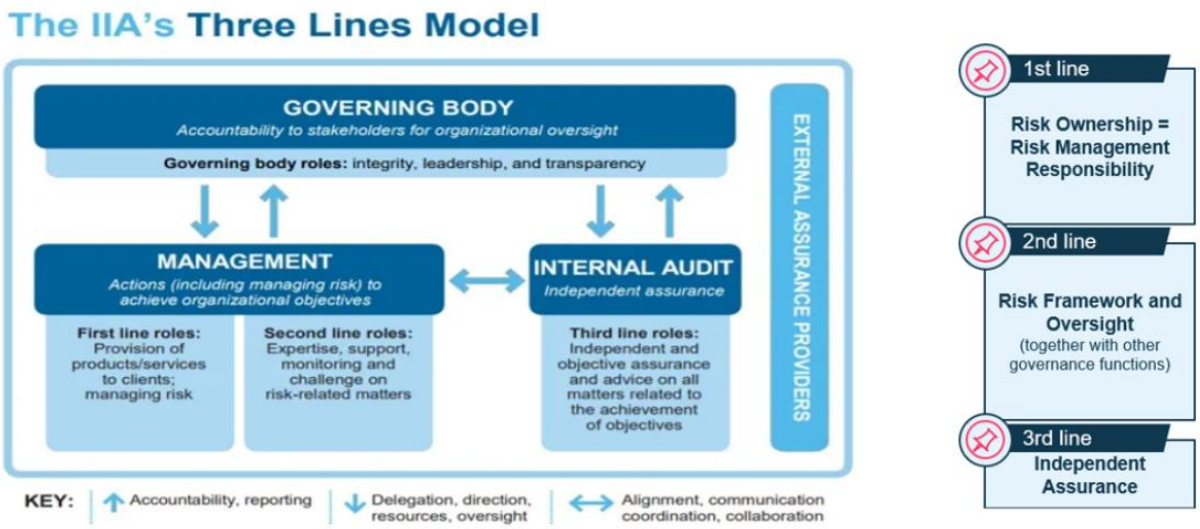
Envu considers as risks all uncertain events or conditions that, in case of occurrence, may negatively impact its existing business or future value creation and therefore potentially endanger the achievement of the company´s short- to long-term objectives.

In scope of this Policy are relevant risks with a potential impact that exceeds a defined and regularly reviewed financial threshold, or significant from a qualitative impact criterion (e.g., reputational risk).

The defined Risk Management process allows identifying, assessing, treating, and reporting any risks that are material and / or could endanger the continued existence of the company.

2.3 Groups Affected

This Policy applies to the Leadership Team and the entire line management (first line of defense, as defined by the Institute of Internal Audit). It also applies to employees who are part of the Risk Management process (e.g., Risk Owners).



The Three Lines Model is applied adaptively by Envu, considering its corporate, regional and functional setup.

3 Policy Content

3.1 Policy Statement

Risk Management follows two main principles:

- Focus on material risks to the objectives of the company
- Clear risk ownership with assigned accountability in line management

3.2 Roles and Responsibilities

The Risk Management function is responsible for establishing, deploying and continuously improving consistent and standardized risk framework and processes. It drives the risk cycle by supporting involved parties. It defines the quantitative and qualitative thresholds, and it is responsible for preparing risk reporting to the Head of Legal & Compliance, Chief Financial Officer, Chief Executive Officer, the Risk Committee, and to the TopCo Board via the Audit Committee.

The Risk Owner is the line management function accountable for identifying risks in its own area of responsibility and for managing them adequately. In particular, the Risk Owner is responsible for the identification, assessment, treatment, and reporting of its relevant risks. The Risk Owner continuously monitors the development of the risks and the effectiveness of the mitigation measures. The Risk Owner may define further responsible persons, e.g., for mitigation actions.

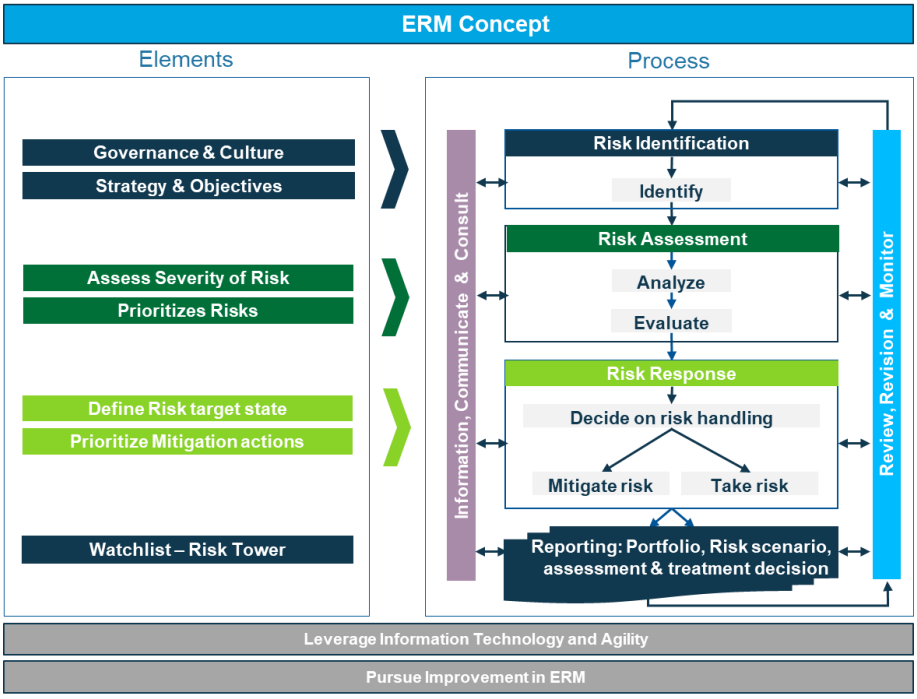
3.3 Risk Management Process

The process is based on the principles of ISO 31000 and COSO ERM, and consists of the following phases: Risk Identification, Risk Assessment and Risk Response. Further important activities of the process are Reviewing, Revising & Monitoring as well as Informing, Communicating & Consulting within the organization. The process is carried out on a global

business and functional level. The process is linked with the company's governance, culture, strategy and objectives (including Merger & Acquisition (M&A) projects and the Environment, Sustainability & Governance strategy).

An overview of the Risk Management process is showed in Figure 1.

Figure 1:



3.3.1 Risk Management Cycles

Risk Management cycles are performed at least once a year, however depending on the severity and priority of the risks, specific cycles can be determined for one or more risks.

Each cycle includes an identification of potentially new relevant risks, their assessment and the documentation of treatment plans and decisions, as well as an update for risks identified in previous cycles.

3.3.2 Risk Identification

To ensure a comprehensive identification of relevant risks, interviews are prepared by the Risk Management function. Relevant internal and external sources for potential risk information are reviewed. Independently from the annual Risk Management cycles, whenever a new risk is identified, a Risk Owner in the responsible line management function must be assigned. New relevant risks that are identified in the course of the year need to be assessed and reported *ad-hoc*, as well as M&A project risks. Whenever a new M&A project starts a specific Risk Identification process is necessary to evaluate the need of further steps (risk assessment, risk response, risk reporting, etc.).

During the risk identification phase, the company's governance, culture, strategy and objectives are assessed, to make sure Envu has identified all relevant risks aligned with the company's risk level.

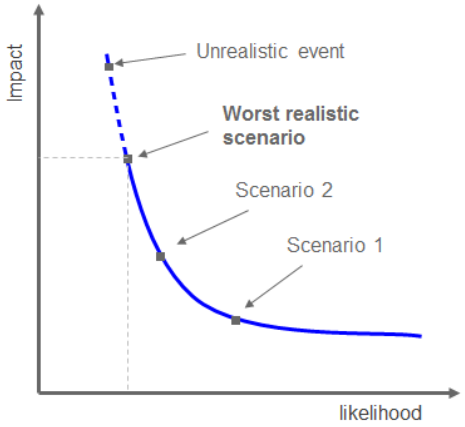
3.3.3 Risk Assessment

Risk assessment is the phase that aims to determine the severity of the risk, in general expressed in impact and likelihood. Risks are consequently calibrated allowing their prioritization. The Risk Owners are responsible for the assessment of their risks.

Risk scenario: worst realistic case

Only one specific risk scenario (i.e., a combination of source(s), event(s) and consequence(s)) linked to a specific risk has to be assessed. The scenario must describe the worst realistic case, i.e. the most severe possible outcome that can reasonably be projected to occur in a given situation.

Figure 2: Worst Realistic Scenario



Risk Impact

The Risk Impact measures the potential financial and / or qualitative (non-financial) negative consequences in case the risk materializes today. For risks where the impact is not restricted to a financial damage, or representatively expressed by the financial quantification, qualitative impact dimensions can be used.

Compliance- and Environment, Sustainability & Governance-related risks are considered severe impacts.

Risk Management annually reviews and eventually adjusts the financial impact thresholds to adequately take into account current business size and objectives.

Risk Likelihood

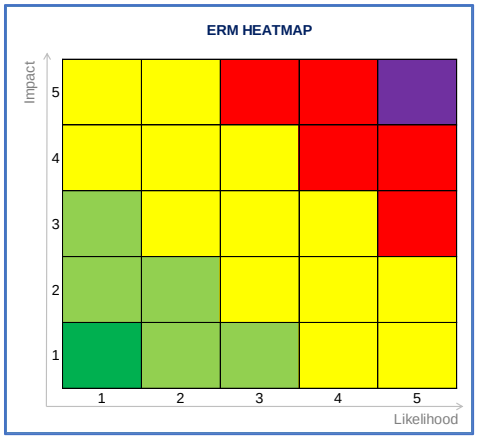
The Risk Likelihood measures the probability that the worst realistic scenario will materialize as described within a defined timeframe.

Different dimensions can be used to measure how likely the risk could materialize and are based on different approaches defined by the Risk Management function (i.e., probability of occurrence, frequency of occurrence, qualitative explanation).

Global Risk Matrix (Heatmap)

The list of identified relevant risks constitutes the Global Risk Portfolio. After the assessment of their severity, the ranking of each relevant risk within the portfolio must be established to allow their prioritization and reporting. The ranking is defined using a 5x5 Matrix (Heatmap). Figure 3 shows the Global Risk Matrix.

Figure 3:



3.3.4 Risk Response

The risk treatment strategy depends on the acceptable target risk level for the respective risk. Options are generally either “taking” the risk (accepting and monitoring a qualified and evaluated risk) or mitigating its likelihood and potential impact.

The Risk Owner decides on the target risk level in concertation with the Risk Committee and initiates an adequate risk treatment strategy. When the decision is to further mitigate the risk, the Risk Owner is also responsible for setting up the respective mitigation action plans with due dates and responsibilities, supported by the Risk Management function. The action plans shall also be prioritized in accordance with the level of influence on the target risk level. Compliance- and Environment, Sustainability & Governance-related action plans are considered high priority.

3.3.5 Risk Review, Revision & Monitoring

The Risk Owners have the responsibility to regularly monitor risks outside of the scheduled Risk Management cycles. In case of changes on impact or likelihood, the Risk Owners review and eventually modify the treatment strategy of the specific risk in concertation with the Risk Management function and, if required, the Risk Committee. Furthermore, the Risk Owners continuously monitor the risk development to detect possible risk materialization at an early stage and react immediately, informing the Risk Management function.

As a result of the review activity, a risk can be removed from the Global Risk Portfolio when it has been mitigated, materialized, becomes obsolete, or has been mitigated to a residual risk level which is below the defined thresholds. The responsible Leadership Team member, after consulting the Risk Management function and the Risk Committee, approves the removal of a risk from the Global Risk Portfolio.

3.3.6 Risk Reporting

The Risk Management function consolidates all critical risk responses in a Risk Register, updating status with the Risk Owners and reporting mitigation actions as needed. The entire risk portfolio and risk response / mitigation strategy are reviewed and discussed by the Risk Committee for approval and prioritization.

The Risk Register is reported to the Audit Committee after the cycle is completed or as needed (*ad hoc*).

3.3.7 Framework Monitoring & Review

The Risk Management function continuously monitors and reviews the company's Risk Management framework to ensure appropriate quality of process design, implementation, and outcomes.

3.4 Implementation and Training

The Risk Management function is responsible, together with the Chief Financial Officer and the Head of Legal & Compliance, of the implementation of this Policy.

It periodically provides risk awareness activities for the entire organization, driving a trustful and proactive risk culture, and provides specific onboarding / update trainings to managers that have an assigned role in the process.

Any organization of Envu that is considering implementing a local / functional Risk Management process in its area of responsibility shall align with the Risk Management function before implementation and follow the framework described in this Policy.