# Operational Risks

In Sampo Group, operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel or from external events.

Operational risks can realize as an immediate negative impact on financial results arising from additional costs or loss of earnings. In a longer term, operational risks can materialize for instance as a loss of reputation and customers which endangers the company's ability to conduct business activities in accordance with the strategy. These immediate and longer term effects of operational risk have their general causes in external and internal drivers. The Group companies have their own specific risk sources which are causes of events that may have negative impacts on different processes, personnel or fixed assets.

## **Operational Risks**

#### **External drivers**

Natural disasters, other catastrophic events, epidemics, unauthorized or criminal acts, technological developments etc.

- Competence and integrity of human resources
- Hardware, software and data
- Work processes

### Operative processes

- Internal processes are not working as expected
- Client services are not working as expected

- Source data integrity
- Calculation procedures
- Reporting procedures
- Access to data and reports

### Data and information

• Inadequate, inaccurate or untimely information and reporting  Internal events, accidents, failures, misconduct etc.

### Resource damages

- Damage to personnel
- Damage to physical property or locations
- Damage to or loss of data

High cost or low quality of client services or internal processes

Deficiencies in decision-making and actions and non-compliance in reporting

Discontinuity of operations

Negative impact on financial results arising from immediate costs or loss of earnings
Inability to conduct business activities in accordance with strategy due to loss of
reputation and customers

In Sampo Group, the parent company Sampo plc sets the following goals of operational risk management to subsidiaries:

- To ensure simultaneously the efficiency and the quality of operations;
- To ensure that operations are compliant with laws and regulations; and
- To ensure the continuity of business operations in exceptional circumstances.

Each company is responsible for arranging its operational risk management in line with the above mentioned goals, taking also into account the specific features of its business activities.