

RISK MANAGEMENT

EXPOSURE TO POTENTIAL TOP RISKS AND MITIGATION

Two risks, General Data Protection Regulation and Change management, are no longer included as top Group risks. Continuous efforts within Solar Group in relation to risk mitigation resulted in reducing these risks to a lower level.

Threats associated with implementation of General Data Protection Regulation were mitigated by setting adequate governance model, defining roles and responsibilities, as well as continuous trainings and communication to employees.

The risk connected with change management was successfully reduced thanks to a series of prioritised strategic initiatives, organisational changes responding to commercial needs and ensuring the right competences.

A

RISK

Cyberattack

Risk is increased

SCENARIO

Risk of exposure to IT breakdown and/or data breach due to cyberattack.

IMPACT

Business interruptions in the shape of data compromise, intellectual property theft and regulatory consequences are among the consequences of various cyber incidents, ultimately leading to financial losses and inability to run the daily business. Likelihood of the worst case scenario is medium, but the potential impact is assessed as high.

MITIGATION

Monitoring policies and procedures are in place for the main networks and systems. By ensuring new security tools and upgrading the existing ones, Solar continues to reduce vulnerabilities and monitors the network in search of unusual behaviours. External studies are performed regularly to assess the maturity level of Solar's cyber-resilience and adequate, risk-based treatment. Group IT continues to communicate appropriate internal information about IT security to uphold organisational awareness.

B

IT interruptions

Risk is unchanged

Risk of business interruption due to unforeseen events affecting IT operations.

Potential IT interruptions may have a significant impact on earnings and reputation, depending on the nature and scale of the event. However, probability of the worst case scenario is between low and medium, but the potential impact is assessed as between medium and high.

IT area is continuously monitored and evaluated. Business-critical applications are mirrored at two central data centres in order to safeguard IT operations, meaning that the business can continue to run if one centre experiences downtime. Project teams improved through anchoring risk management in the project plans and defining relevant mitigating activities.

RISK MANAGEMENT

RISK	C	D	E
Change of warehouse management system	Central warehouse breakdown	Customer migration to new webshop	
(DK, NO & NL) Risk is added to the list of top group risks this year	Risk is unchanged	Risk is unchanged and renamed from webshop transformation	
SCENARIO	Risk of increased exposure to business interruptions and short-term efficiency challenges due to implementation of new warehouse management system in the Danish, Norwegian and Dutch subsidiaries.	Risk of business interruption within central warehouses due to system or equipment failure, or due to unforeseen but inherent events such as fire, power outage, flooding and other natural or manmade disasters.	Risk of customers' negative experience and failure to harvest expected benefits from implementation of new e-commerce platform.
IMPACT	Interruptions during the implementation phase and short-term instability of efficiency once the systems are in place can lead to decreased service delivery, resulting in customers' dissatisfaction, loss of revenue and increased costs. Given the experience of the roll-out team and the mitigation actions, the likelihood of the worst case scenario is low. The potential impact is assessed as between medium and high.	Unwanted events may potentially lead to partial or complete warehouse breakdown. Accordingly, materialisation of this risk can result in financial losses as well as loss of reputation. Probability of the worst case scenario is below medium and potential impact is assessed as between medium and high.	Failure to meet customer expectations, and/or failure to transfer customers from the current platform to the new one may affect the benefits assumed by Solar, and ultimately lead to the loss of competitiveness and decrease in profitability. The likelihood of the worst case scenario is below medium. The potential impact is assessed as between medium and high.
MITIGATION	Experiences gained during implementation in two central warehouses in Sweden are included in the next projects. That entails i.e. structured risk analysis, detailed performance monitoring as well as daily communication and support during the post go-live period.	Solar continues to invest in more advanced warehouse management systems and upgrade physical equipment. Several procedures are in place in case of a potential warehouse breakdown in order to ensure business continuity. Additionally, external audits are conducted, the warehouse equipment's state is monitored regularly, and Group IT controls the overall performance.	Most of the risk mitigation is anchored in the e-business community. Customers are invited to use the new platform on a regular basis. Enhanced reporting is distributed and promoted within the sales organisation as a tool for analysing trends and behaviour of customers who have migrated to the new platform. Keeping the old webshop running remains an alternative for unsatisfied or non-migrated customers.