

RISK MANAGEMENT POLICY
ANTARCHILE



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PREAMBLE

The development of any activity is exposed to situations that might have a negative impact on and affect the objectives set. Due to the diversity of risks, more thorough, methodological and systematic knowledge is necessary to manage them.

This document contains the policy and a methodology so the company formally embraces the management of its risks, i.e., the process of identifying them, assessing them, weighing up their impact, mitigating and monitoring them to improve decision-making.

1. RISK MANAGEMENT POLICY

The company has decided to implement a policy to systematically recognize internal or external events that may pose risks for achieving the business objectives.

This requires the implementation of tools to consistently appraise such risks, determine their consequences and be able to develop mitigation action to keep them at an acceptable level.

The company's policy is to:

- Establish, formalize and put into practice comprehensive risk management methodology.
- Define and establish the acceptable level of risks.
- Have explicit approval of the risk mitigation plans.
- Make periodical assessment of the procedures being used to control risks.
- Keep the parties involved informed about the company's risk status and profile.

The policy must be applied by the entire company.

The guidelines, principles and definitions mentioned below, and the management model to be used that is explained below, underpin the application of the risk management policy.

1.1 Principles

Business risks arise from the threat of something undesired occurring and something good not occurring.

Risk is an inseparable aspect of the business and must be administered and managed suitably. It is therefore necessary to analyze and consider the presence of conditions, situations or events that can unfurl and lead to negative consequences for the company, its employees, the environment, community or its shareholders.

The principles mentioned apply to all the work areas of the company: operative, financial, projects, human resources, the health and safety of employees, legal and regulatory; and for community, reputation and social issues.

The company must have risk policies and a comprehensive risk management and control system. To such effect, it must establish the strategic business objectives, undertake high-level analysis of the strategic risks that might affect them, and allocate resources for the right execution of mitigation action according to the nature, complexity, volume of businesses, operations and activities of the company.

Management is responsible for developing and applying the policies and procedures needed for suitable risk management and control. Each unit/function and employee must implement the control or mitigation measures to keep risk exposure at an acceptable level.

2. DEFINITIONS

2.1 Risk

This is defined as the possibility of an event occurring and affecting the achievement of the strategic and business objectives.

Since it is such a broad definition, it is necessary to analyze how to identify risks in general and then limit them by type of business, company, environment, structure and organizational culture. This process necessarily leads to selecting the set of major risks for the company.

2.2 Risk Categories

2.2.1 Strategic

This concerns those that are managed by the board of directors and they are long-term, i.e., the economic cycle, changes in the market, new technologies, etc.

2.2.2 Environment

These are those that are administered by management as decided by the board of directors. They are medium-term, i.e., legal regulations, stakeholder relations, the social and cultural environment, etc.

2.2.3 Processes

These correspond to the development of usual tasks and are administered by management, i.e., management of liquidity, reports, investments, etc.

2.3 Types of Risks

2.3.1 Inherent Risk

Any activity, just for being undertaken, has in itself a related implicit risk (i.e., before applying controls). It is also called pure risk.

2.3.2 Residual Risk

Applying controls is aimed at mitigating the risks identified, which can be eliminated or continue to exist, with a lower effect on the organization. This is the so-called residual risk. The outcome of controls must result in a lower probability of occurrence, a lower impact, or both effects at the same time.

2.4 Risk Assessment

This process entails identifying a risk, associating it to the area or areas it impacts, appraising the damage it might cause called the impact, and probability of occurring. This process must be undertaken by a group of experienced people, not only seeking the contribution of individuals in their area of expertise but also as part of a team in which the decisions made by a person might impact the activities of others.

3. COMPREHENSIVE RISK MANAGEMENT METHODOLOGY

The organization has established a “risk management procedure,” which includes a series of concepts, definitions, tools and processes to identify, categorize and assess the risks of the business processes. The controls needed to mitigate them are defined, their application is monitored and the results are reported to the board of directors of the company. The conceptual framework applied is the ISO 31.000 risk management standard.

4. TRAINING

The company management shall train its key risk management personnel, including directors and senior managers. These training sessions must specifically address risk management and shall be held at least once a year.

Management may propose to the board of directors that other risk management activities and training be carried out, as deemed necessary.

5. APPROVAL AND MODIFICATIONS

This policy was approved by the board of directors of the company in a board meeting held on January 5, 2018, and modified in board meetings held on July 12 and December 3, 2021. Should any modifications be made, the date of the company board meeting approving such modification shall be stated in this section.

6. VALIDITY

This policy shall have indefinite duration, unless the board of directors reaches another decision about it.

7. DISCLOSURE MECHANISMS

The full and updated text of this policy shall be made and kept available for interested parties on the company's website (www.antarchile.cl).