



**POLICY**

Comprehensive Risk  
Management Policy  
POL\_01

**Version: 03**  
**Date of issuance:**  
**June 26, 2020**

# Comprehensive Risk Management Policy

## Compañía Sud Americana de Vapores S.A.

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Date		06/25/2020	06/26/2020



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## 1 Introduction


In response to the new international standards on Comprehensive Risk Management and to preserve the value of Compañía Sud Americana de Vapores S.A., hereinafter also referred to as the "Company" or "CSAV", the Company has a Comprehensive Risk Management System. This document is an integral part of that system.

The policy and procedure are a substantial part of the Comprehensive Risk Management System, and have been prepared under international standards, such as ISO 31.000 and COSO ERM.

Comprehensive Risk Management is defined as a process that begins with the Company's top level and is applied at all levels throughout the entire business. Therefore, all executives and personnel must adhere to and apply the comprehensive risk management procedures and practices in all daily activities.

The Board of Directors has reviewed and approved this policy and has arranged for it to be updated at least once a year or when there are relevant changes in the risk management model.

This policy must be made available to all Company personnel.

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## 2 Guidelines

The objective of the Comprehensive Risk Management Policy is to establish the Company's general guidelines, which are as follows:

**The Company promotes a culture of risk and control.**

The main concern of the Board of Directors and Management is to incorporate comprehensive risk management as a fundamental part of the tasks performed by the Company's personnel, thus preserving and creating value.

**The Company defines the Comprehensive Risk Management structure.**


We aim for each of the Company's employees to understand their role and the responsibilities involved in comprehensive risk management and to take part in the continuous improvement of the processes and the Company as a whole.

**The Company manages its Risks.**

We work to instill confidence in our processes by identifying, assessing and analyzing risks affecting our customers, suppliers, employees, regulators, communities and other groups, thus contributing to the Company's decision making.

**The Company recognizes Comprehensive Risk Management in an integrated and timely manner.**

We support and seek to ensure that comprehensive risk management is carried out in each of the Company's processes and activities in a proactive and dynamic manner, anticipating critical events.


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### 3 Scope

Comprehensive Risk Management is a function that involves all personnel across CSAV's different processes.

It is applicable to all areas of the Company, as well as the companies controlled by CSAV, regardless of the country where they are located.

Subsidiaries legally required to have their own risk management policies, approved by competent entities, are excluded from the scope of the CSAV policy.

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## 4 Roles and Responsibilities

In order to develop an appropriate governance environment for administering and comprehensively managing risks within the Company, it has defined each participant's roles and responsibilities.

### 4.1 CSAV Board of Directors.


Its main responsibility is to ensure adequate Comprehensive Risk Management for risks that could affect the achievement of the Company's objectives, for which it must:

- Review and approve this policy.
- Approve the Company's risk profile.
- Approve the organizational structure and responsibilities for Comprehensive Risk Management and designate the person in charge of the Risk Management function.
- Know and understand the main risks that could impede the achievement of the Company's strategic objectives. Be particularly aware of risks that exceed the accepted risk limit.

### 4.2 Risk Committee

The members of this committee are the Chief Executive Officer, the Chief Financial Officer and the Head of Risk. The Chief Executive Officer chairs the Risk Committee.

- Conduct semi-annual meetings with the Board of Directors to report on compliance with Comprehensive Risk Management within the Company.
- Propose the Company's risk profile.
- Promote a risk management culture at all levels throughout the Company.
- Approve training requirements for Comprehensive Risk Management proposed by the Risk Management function.
- Ensure implementation of the Comprehensive Risk Management system, by supervising progress, in the manner and within the deadlines established by the Risk Committee itself.

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- Establish acceptance criteria for the risks to be managed, in accordance with its scope of activity, strategic objectives and the overall risk management policy.
- Provide the necessary resources for the proper functioning of the risk management model and execution of risk mitigation plans.

#### **4.3 Chief Executive Officer**

- Stay informed of development and implementation of mitigation plans for identified risks.
- Support the Board of Directors, Directors' Committee and other functional and support areas with the different activities necessary to implement and execute the Comprehensive Risk Management policy and procedure.

#### **4.4 Process Owners**

- Identify, analyze, assess, manage, monitor and communicate any risks that may impact their area's specific objectives and/or the Company's strategic objectives.
- Inform the Head of Risk Management of any risks that have materialized.
- Define, assess and implement mitigation plans, according to Company policies and procedures.
- Analyze the different options for addressing risk, prepare action plans and define how they will be implemented.

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#### 4.5 Audit Role (Independent Third Party)

- Verify that risk management is present across the entire organization and correctly integrated into the Company's operations.
- Validate adequate compliance with and monitoring of risk mitigation plans, as well as procedures for reviewing and updating the risk management system.
- Validate the reporting procedures for risk management information generated for the different levels of the Company.
- Consider risk management as an input to the internal audit plan.


#### 4.6 Head of Risk Management

- Define the Company's Comprehensive Risk Management strategy and policy, and propose them to the Board of Directors.
- Implement this policy and the Risk Management procedure to ensure and facilitate that areas/departments identify, assess and respond appropriately to the risks they face.
- Identify the Company's strategic risks, based on the defined strategy.
- Inform and/or report to the Risk Committee on the results obtained by the different departments in relation to the risks assumed, based on the risk management and monitoring reports generated by the Head of Risk Management.
- Ensure that Comprehensive Risk Management considers all types of risks faced by the Company within its various units, as well as the interrelation that may exist between them.
- Report semi-annually to the Risk Committee on compliance with policies, risks that have materialized and the Company's exposure (and leave evidence of this information).
- Report to the Risk Committee on the compliance activities carried out in accordance with the Comprehensive Risk Management policy and procedure.
- Update the documentation associated with Comprehensive Risk Management.



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- Keep a record of loss events over ThUSD 2,000 that have not been disclosed in public information on the Company, such as Financial Statements, Annual Report, material events, etc.
- Annually, reassess the risks of the Company's different areas in order to have an updated view of the risks to which it is exposed and a correct level of risk exposure.
- Identify training and dissemination needs to improve the Company's risk management.

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## 5 Types of Risk

CSAV classifies risks as follows based on their origin or main causes: strategic, operational, reporting or compliance.

### 5.1 Strategic Risk

Risks related to the Company's strategy, which may be internal or external to the Company. The former is related to preparing the Company's strategy, while the latter is related to external actions that prevent the strategy from being implemented.

### 5.2 Operational Risk


Risk of operating failures resulting from inadequacies or errors involving internal processes, people, systems and internal controls, or from external events (includes sustainability risks).

### 5.3 Financial Risk

Risks related to the Company's financial or economic objectives or processes. Their main consequences are financial or economic losses and distortion of the Financial Statements.

### 5.4 Compliance Risk

Risks related to compliance with all types of laws, regulations and regulatory instruments, in any field, that regulate the actions of the Company or its subsidiaries, both domestically and internationally.


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## 6 Comprehensive Risk Management Process

CSAV's Comprehensive Risk Management process is in accordance with international risk management standards. This process consists of the following stages:

- Establishing context
- Discerning risk
- Addressing risk
- Monitoring and review
- Communication and consultation

The details of these stages can be found in the document: "*Comprehensive Risk Management Procedure.*"


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## 7 Risk Profile

The objective of establishing a limit or level of accepted risk is to focus efforts on all risks that exceed this limit and to draw up action plans to reduce exposure to such risks to the acceptable risk level.

Action plans should be proposed for all residual risks above the accepted risk limit.


The Company's risk profile is established in a separate document, which must be proposed by the Risk Committee and approved by CSAV's Board of Directors.

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## 8 Review Procedures

This Comprehensive Risk Management Policy shall be reviewed and updated if there are significant changes in current regulations, business environment, roles and responsibilities. The changes made must be submitted to the Company's Board of Directors for approval.

Finally, a version control table is included at the end of this document detailing the date, position and change made.

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## 9 Version Control

### 9.1 Party Responsible for Document Update

Department	Party Responsible	Date
Risk Management Committee	Risk management role	May 29, 2020

### 9.2 Party Responsible for Document Review

Department	Party Responsible	Date
Directors' Committee	Members of the Directors' Committee	June 25, 2020
Board of Directors	Board members	June 26, 2020

### 9.3 Main Modifications to the Document

No.	Description of Modification
01	Policy updated after Company's shipping operations were terminated.