
	Policy on the Comprehensive Risk Management System	Version 1
		<u>Approval Date</u> April 22, 2021

**Risk Management System Policy**  
**LATAM LOGISTIC PROPERTIES, S.A.**

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**RISK MANAGEMENT SYSTEM POLICY ON THE BOARD OF DIRECTORS OF LATAM LOGISTIC PROPERTIES  
(HEREINAFTER, “LLP”)**

**1. PURPOSE**

This Comprehensive Risk Management System Policy (hereinafter, the “Policy”) has the purpose to set out the elements and general action framework for the comprehensive management of all kinds of risks faced by Latam Logistic Properties, S.A. and its subsidiaries, (hereinafter, the “Company” and/or “LLP”). This document is part of the Comprehensive Risk Management System and is complemented by the specific risk guidelines created for certain businesses and processes.

Risk management involves the risk policy definition and the design and implementation of their identification, assessment, measuring, management, monitoring, and reporting processes.

**2. SCOPE**

This Policy applies to LLP and all its subsidiaries.

**3. ELEMENTS OF THE RISK POLICY: ROLES AND RESPONSIBILITIES**


LLP has defined the following organizational structure with instances, roles, and responsibilities to ensure an adequate implementation of the Comprehensive Risk Management System (CRMS):

- a. **Board of Directors:** it oversees the adoption and proper implementation of the CRMS. Particularly, it is in charge of approving:
  - i. the Comprehensive Risk Management System Policy;
  - ii. each organization’s risk appetite;
  - iii. the risk management responsibility matrix.

It also evaluates and monitors risks within the context of the strategic goals and plans corrective actions according to the defined tolerance levels by periodically monitoring these actions.

LLP’s Board of Directors is responsible for approving LLP’s overall risk appetite, supervising the CRMS implementation at the corporate level, and evaluating and monitoring risks under a consolidated vision, by periodically monitoring the actions plans developed for the Company and its subsidiaries, and proposing corrective and follow-up actions in case of deviations. Furthermore, the Board of Directors is responsible for setting the maximum exposure allowed for each risk identified.

- b. The **Corporate Governance, Compliance, and Risk Committee** assists the Board of Directors in all responsibilities related to the risk management supervision. For this purpose, it reviews the CRMS

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effectiveness by monitoring the risk maps, dashboard, limits and indicators, and develops initiatives they consider appropriate to align the risk profile to the strategic goals and appetite defined.


The Corporate Governance, Compliance, and Risk Committee monitors the CRMS implementation under a consolidated vision as one LLP to ensure that the corporate risk profile is aligned to the overall risk appetite defined by the Board of Directors.

- c. **LLP's Chief Executive Officer (CEO)** answers to the Board of Directors and the shareholders for the CRMS implementation; reports on LLP's risk profile, mitigation plan progress and, in general, the CRMS implementation status.
- d. **Senior Management:** The Senior Management reports on the CRMS operation and identifies, evaluates, measures, controls, monitors, and reports on any newly identified risks. They report the CRMS operation to the CEO and inform him or her about the risk status and mechanisms adopted to manage those risks by defining methodologies and ensuring that their risk management is consistent with this Policy and the maximum approved by the Board of Directors.
- e. **Internal Audit Areas:** they evaluate the CRMS efficiency and efficacy, issue recommendations to improve it, follow-up the effectiveness of the actions taken to manage the risks and evaluate the operation of the key controls. They also contribute to the identification of new risks while performing their audit activities.
- f. **Compliance and Risk Areas:** they initiate the implementation of activities to prevent and detect risks related to fraud, corruption, money laundering, and financing of terrorism. Moreover, they monitor the effective management of the compliance risks that could affect the Company and its subsidiaries and support corporate management to strengthen ethics and transparency.

Furthermore, they are responsible for designing and leading the implementation of policies, general processes, and corporate methodologies related to the CRMS that allow to permanently identify, measure, and treat the risks to which LLP is exposed. Monitoring the effective management of the risks that could affect LLP's business strategy, either individually or as a group, and promote a corporate culture of risk management is part of their role, as well. Their responsibilities include the implementation of the methodology at a strategic level and providing support to the process owners at the tactical and operating levels.

- g. **Process Owners (Senior Management):** they are responsible for implementing the comprehensive risk management of the processes under their care according to the policies and methodologies defined for this purpose. Particularly, they identify, measure, manage, and monitor risks in their processes, as well as report changes in the risk conditions, the materialization of events, and the progress of the action plans defined.


**All employees** must implement comprehensive risk management in their processes according to the policies and methodologies defined. In particular, they must be alert to potential risks that could affect their day-to-day work and report risk events that have materialized.

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#### 4. STATEMENTS OF COMMITMENT

LLP, through its Corporate Governance, Compliance, and Risk Committees, commits to:

- a. Incorporate comprehensive risk management in all of the organization's processes.
- b. Adopt a methodology to identify, measure, treat, and monitor risks according to the best practice guidelines selected.
- c. Identify relevant strategic, financial, operational, reputational, and compliance risks and their potential impact of the goals, corporate governance, sustainability, and continuity of operations.
- d. Build risk matrices for the strategic objectives, facilities, relevant projects, processes, and activities that would later allow consolidating them into a corporate risk map.
- e. Update at least once (1) a year the risk matrices taking into account the different risk sources, their events, causes, and enabling situations.
- f. Monitor the status of the organization's most important risks, as well as their mitigation plans and significant events that have materialized.
- g. Periodically analyze the internal and external environment to identify inducers and trends that could enable the materialization of a risk.
- h. Measure and control the risks identified according to the methodology defined so as to allow for a consolidation of results and their later monitoring.
- i. Review the assessment scales defined at least every two (2) years based on the events occurred and the projections of each of the Company's subsidiaries and the Company that could affect their risk tolerance.
- j. Monitor the evolution of the risks identified for the Company and the progress of the action plans implemented for their mitigation.
- k. Define clear reporting schemes to the Board of Directors and the Senior Management about the risk management performance. Continuously validate the suitability and efficacy of the CRMS performance based on the best practices on this matter.
- l. Promote a culture of risk management in order to raise self-control awareness and responsibility toward risk.
- m. Secure the independence of the area in charge of managing the CRMS from the business areas that generate and manage the risks.
- n. Provide the resources required by the CRMS to achieve its proper implementation and the Company's optimum operation.
- o. Implement information systems that allow for a periodic and transparent evaluation of the risk management monitoring results.
- p. Analyze the risks associated to the projects, merger and acquisition processes, and new projects before the operations take place by assessing their impact on the Company on both a separate and consolidated manner.
- q. Develop and implement a risk map understood as a tool to identify and monitor the financial and non-financial risks to which the Company is exposed.
- r. Implement the business continuity plans to mitigate the impact of risk materialization by keeping in mind the risk appetite approved.
- s. Inform the General Shareholders' Meeting about any concerns or questions posed by the shareholders on matters under their competency.
- t. Review and assess the integrity and proper operation of the Company's risk management.

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- u. Review the adequacy of the Company's economic and regulatory capital, as applicable, and their allocation to the various lines of business and/or products.
- v. Review the risk limits and risk reports and make pertinent recommendations to the Board of Directors and/or the Audit Committee.
- w. Systematically assess the Company's risk strategy and overall policies translated into limits per risk type and business, with the breakdown level required by the businesses, business or economic groups, clients, and areas of activity.
- x. Analyze and assess the ordinary risk management at the Company in terms of limits, risk profile (expected loss), profitability, and risk capital.
- y. Analyze and evaluate the Company's risk control systems and tools.
- z. Design the improvement initiatives considered necessary for the infrastructure and internal control system and risk management.
  - aa. Bring to the Board of Directors risk delegation proposals to approve the different types of risks that need to be assumed by it or lower levels in the organization.
  - bb. Inform the Board of Directors on the operations it needs to authorize whenever they exceed the powers granted to the Company levels.
  - cc. Upon the request of the Board of Directors, inform them about the operations that it has to authorize according to the applicable legislation, regulations, or other internal or external decisions.
  - dd. Assess and follow up the instructions sent out by the Audit Committee and the Corporate Governance, Compliance, and Risk Committee when reviewing the Company's risks.
  - ee. Promote an advanced model for the Company's adequate risk management that allows configuring risk profiles according to its strategic goals and that allows following-up the level of adequacy of the risks assigned to each profile.


## 5. RISK MANAGEMENT

The risk management goals are:

- a. Identify the risks derived from the strategy defined by the Company including but not limited to the following: brand / reputation, safety, data protection, asset protection, political and personnel risks, among others.
- b. Assess the risks and the degree of exposure to them.
- c. Effectively manage the risks, including the making of decisions about their management in order to avoid, control, mitigate, share, or accept them.
- d. Monitor the risks, understanding this as the assessment of the decisions on the risks assumed to ensure they are aligned with the risk policy approved by the Board of Directors and the maximum exposure limits defined by it.
- e. Periodically submit reports on risk management to the Board of Directors and the Senior Management.

## 6. PERSONS RESPONSIBLE FOR THIS POLICY

The Corporate Governance, Compliance, and Risk Committees will be the competent body to review and monitor compliance with this Policy on the Comprehensive Risk Management System and securing its approval by LLP's Board of Directors. On the other hand, the Corporate Governance, Compliance, and

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Risk Committees will be responsible for establishing the CRMS together with the Audit Committee for its effective implementation by the Senior Management and the Internal Auditor.

#### **7. VALIDITY AND APPROVAL**

This Policy is binding and is complemented by the provisions in LLP's corporate documents, in particular, its Code of Ethics and its Compliance Program. This Policy has been duly approved by LLP's Board of Directors.

Once approved by the Board of Directors, this Policy must be posted at the Company's website.