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1. Introduction

This Corporate Risk Management Policy has been developed with the aim of effectively and promptly managing risks that could hinder the achievement of objectives set by the companies of the Cencosud Group (hereafter referred to as the 'Company'). The goal is to preserve the Company's value and cultivate a risk management culture.

The Corporate Risk Management Policy, together with the Corporate Risk Management Procedure, constitutes a critical component of our comprehensive risk management system. This system is designed with reference to international standards such as ISO 31,000, COSO ERM, among others.

The directives within this policy are pervasive, applying to all sectors of the Company, starting from the primary tier and permeating through all levels of business. Thus, it is crucial to underscore that every executive and staff member is expected to incorporate and exercise risk management procedures and practices within their day-to-day operations.

Aligned with the Company's ethical principles, this policy aims to bolster its aspiration, which is: *“To enhance the lives of our consumers by offering memorable shopping experiences, while concurrently fostering joy among our collaborators and generating profitability for our shareholders”*.

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2. Objective

The primary purpose of the Corporate Risk Management Policy is to delineate the guiding principles and the overarching framework directing the Company's risk management.

The specific objectives of this policy encapsulate:


- Laying down the strategic guidelines for Risk Management.
- Designating the roles and responsibilities of various stakeholders within the Company in the realm of risk management.
- Amplifying the confidence and trust within the Company's array of stakeholders.
- Adapting and aligning risk identification and management standards with strategic directives.
- Ensuring the participation of all sectors/units within the Company in managing risk.
- Integrating best practices in risk management at both the national and international levels.

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3. Scope

Risk management is executed across all divisions of the Company. It is a function that actively engages Directors, Executives, and indeed all personnel, with respect to the diverse processes and business ventures of the Company.

This policy is designed to be applicable across all business units that comprise the Company, as well as to those entities over which the Company exercises control, irrespective of their geographical location. The policy consistently prioritizes adherence to the prevailing legal norms relevant to any specific sector or country.

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4. Definitions

Corporate Risk Management Policy: A statement reflecting a company's strategic intentions and broad guidelines concerning risk management¹.

Risk: The potentiality of an event occurring that could negatively impact the attainment of the company's goals².

Effect of Uncertainty on Objectives³.

Risk Appetite: The degree of risk that a company is prepared to accept or finds comfortable⁴.

Risk Tolerance: The variance from the level of risk at which the company feels comfortable. It acts as a signal to prevent reaching the threshold of overexposure⁵.

Overexposure to Risk: Risks that surpass the uppermost level of risk that the company can sustain⁶.

Impact: The consequence of an event on the objectives⁷.

Probability: The likelihood of a particular event occurring⁸.

¹ ISO 31000: 2009 "Principles and Guidelines on Risk Management"

² COSO ERM: 2004 "Corporate Enterprise Risk Management - An Integrated Framework"

³ ISO 31000: 2009 "Principles and Guidelines on Risk Management"


⁴ Institute of Internal Auditors of Spain, "Risk Appetite: Definition and Implementation".

⁵ Institute of Internal Auditors of Spain, "Risk Appetite: Definition and Implementation".

⁶ Institute of Internal Auditors of Spain, "Risk Appetite: Definition and Implementation".

⁷ ISO 31000: 2009 "Principles and Guidelines on Risk Management"

⁸ ISO 31000: 2009 "Principles and Guidelines on Risk Management"

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5. Guidelines

In order to meet the stated objectives and the predefined risk management model, the Company has put forth the following directives:

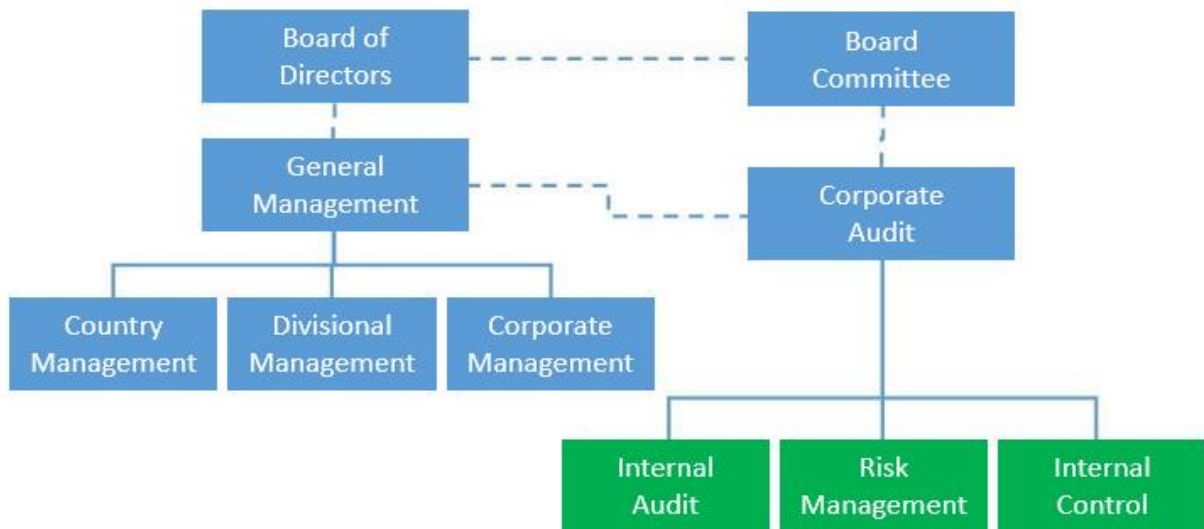
- The Company is dedicated to adopting and implementing this Corporate Risk Management Policy as a strategic tool in decision-making processes, aiming to optimize performance across all organizational functions.
- Risk management is aligned with both national and international regulations.
- This policy outlines the definitions for risk appetite, risk tolerance, and risk overexposure.
- Each significant risk is identified, prioritized, and evaluated by the management in line with risk classification and potential risk exposure.
- Risks must be identified, assessed, prioritized, and aligned with the objectives. The organization will follow the directives set out in this policy to achieve this.
- Every department is responsible for adopting risk management and developing it consistently in alignment with this policy.
- Each department will conduct routine risk reviews at least on an annual basis, depending on its risk appetite.
- The Risk Management team is committed to supporting and facilitating risk discussions, managing organizational change in relation to risks, enhancing corporate communication and risk awareness, and providing continuous risk education and training.
- The Company is committed to operating within the bounds of its risk appetite and/or taking action for risks that fall within the unacceptable risk zones (risk tolerance and overexposure).
- The Company will provide the necessary tools and resources to enable employees to minimize their risk exposure. This includes providing information, monitoring, and measurement of risk management.
- The Company will educate its departments on risk management and communicate pertinent matters in this area.


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6. Roles and Responsibilities

To foster a suitable governance environment for risk management within the Company, this policy delineates the roles and responsibilities of each participant involved in the company's risk management process.

Table 1: Organizational Structure



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6.1 Board of Directors

- Maintain an appropriate structure for risk management administration, tailored to the Company's nature and scale.
- Foster a risk management culture throughout the organization at all levels.
- Safeguard the independence of the Risk Management department from the Management.
- Receive updates on the performance of the risk management process, including corporate risks, recommendations, improvements, and action plans, through the Board of Directors and/or the Risk Management department.

6.2 Board Committee⁹ - (pertaining to its functions as the Risk Committee)

- Approve:
 - a) The organizational structure and responsibilities of the risk management function.
 - b) Risk appetite, tolerance, overexposure to risk, and limits that, if exceeded, necessitate the implementation of mitigation measures.
- Inform the Board of Directors about the Corporate Risk Management Policy, risk appetite, tolerance, and overexposure to risk for the Company.
- Report to the Board of Directors on the performance of the risk management process, corporate risks, recommendations, and improvements for enhanced management of the entity's corporate risks, including contingency plans designed to address critical events.
- Approve the Corporate Risk Management Policy and the Corporate Risk Management Procedure.
- Convene with the Risk Management department to review the functioning of the risk management process.
- Monitor the progress of the Integrated Risk Management system.
- Ensure compliance with the organization's committed action plans.
- Ensure adherence to the Corporate Risk Management Policy and the Corporate Risk Management Procedure.
- Analyze risks that have surpassed tolerance limits (overexposure to risk).


⁹ In the Company's case, the Board of Directors assumes the roles and responsibilities of the Risk Committee.

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- Ensure that the criteria outlined in the Corporate Risk Management Policy are considered in the evaluation processes of new projects and services, aiming to proactively identify potential risks the company may face and establish corresponding action plans.
- Review and approve the annual budget to allocate necessary resources for the effective functioning of the risk management model.

6.3 Corporate General Management

- Promote a "Culture of Internal Control and Risk Management" to ensure that company executives are cognizant of the fact that information originates from a well-regulated environment.
- Ensure the effective implementation and operation of the risk management system.
- Possess a comprehensive understanding of the Company's corporate risks.
- Ensure strict adherence to the Corporate Risk Management Policy and the Corporate Risk Management Procedure, along with the deployment of appropriate mitigation measures for various risk types, and establish corrective actions in the event of non-compliance, partial compliance, or erroneous compliance.
- Develop and maintain robust governance mechanisms that diligently monitor risks and their management.
- Propose to the Board of Directors the parameters for risk appetite, tolerance, and overexposure to risk.
- Direct and oversee the implementation of mitigation and control measures when risk acceptability limits are exceeded (overexposure and risk tolerance).
- Maintain a well-balanced approach between risk and profitability, taking into account the risk appetite.
- Disseminate the fundamental principles of risk management to the entire Company, as well as the general public, through channels such as the Institutional Memory, Financial Statements, institutional website, and other appropriate platforms.
- Allocate the necessary resources to ensure the smooth operation of the risk management process.
- Attain a detailed comprehension of exposure levels and facilitate the management of identified risks.
- Maintain a vigilant stance and promptly report the emergence of new risks to the Risk Management department in response to both internal and external changes.


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6.4 Corporate Managers (Divisional and Functional)

- Ensure the alignment of their respective areas' directives with the Corporate Risk Management Policy and the Corporate Risk Management Procedure established by the CENCOSUD Group Companies.
- Demonstrate awareness of the risks associated with their areas of responsibility. Identify the risks associated with each specific line of business and address them in accordance with the Corporate Risk Management Procedure.
- Systematically identify, analyze, evaluate, address, monitor, and communicate any risks that may impact the specific objectives of their area and/or the strategic objectives of the CENCOSUD Group Companies.
- Monitor key risks and the effectiveness of controls by utilizing predefined indicators and regularly report monitoring results to the Risk Management department.
- Define, evaluate, and implement the mitigation plans committed to, in accordance with the Corporate Risk Management Policy and the Corporate Risk Management Procedure outlined by the CENCOSUD Group Companies.
- Periodically review and evaluate the outcomes derived from risk management in relation to their respective processes and any associated modifications.
- Promptly inform the Risk Management department of realized risks (if any) and the existence of potential new risks as they arise.
- Validate the risk reporting processes and indicators within their area, in collaboration with the Risk Management department, as well as the information to be reported.
- Manage risk management documentation, such as flowcharts, risk matrices, or other equivalent materials, which will be furnished to the Risk Management department.

6.5 Corporate Internal Audit Management

- Authorize the annual work plan of the Risk Management department.
- Propose the budget for the Risk Management department.
- Approve the annual internal training plan of the Risk Management department.
- Review and endorse the reports to be presented by the Risk Management department to the Board of Directors.

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6.6 Risk Management Department

- Develop an annual work plan for risk management, which will be presented to the Board of Directors. This plan should consider the information and evaluation provided by the different areas involved in risk management, monitor the activities carried out by the different areas involved in risk management, update risk identification and evaluation, and include training and dissemination activities.
- Present the budget to the Corporate Internal Audit Management. Develop and propose changes and communicate risk management strategies and methodologies.
- Provide technical support to functional and support areas in the various activities required for the implementation and execution of the risk management methodology.
- Ensure the up-to-date maintenance of risk documentation and inform the Board of Directors about any changes and updates.
- Facilitate the assessment of risks in the different companies of the Company to ensure an updated understanding of the risks it faces and consider an appropriate level of risk exposure.
- Receive information about new risks reported by the areas (emerging during the year) and incorporate them into the universe of risks to be managed, facilitating their evaluation.
- Support the activities conducted by the process owners in relation to the risk management process.
- Facilitate and coordinate the identification, evaluation, analysis, monitoring, and review of critical risks with the process owners.
- Provide methodological support to the different areas involved in risk management for the implementation of the Corporate Risk Management Policy and the Corporate Risk Management Procedure.
- Monitor the effective implementation of action plans by the responsible parties for risks classified as high.
- Identify training and dissemination needs to enhance risk management in the Company.

¹⁰ In the case of the Company, the Board of Directors will assume the roles and responsibilities of the Risk Committee.


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7. Risk Appetite

The Company has diligently established its risk appetite by conducting a comprehensive analysis of its risk management strategy and the degree of risk aversion it possesses. It is of utmost significance for the organization to effectively control and mitigate risks within the predetermined tolerance thresholds to successfully attain its defined objectives.

The determination of the level of risk exposure takes into account a meticulous assessment of risk, considering the amalgamation of residual probability and impact parameters as explicitly outlined in the Corporate Risk Management Procedure.

The risk appetite established aligns precisely with the one stipulated in Chapter 6.2 (Evaluation of Corporate Risks) of the aforementioned procedure, ensuring consistent adherence and integration throughout the organization.


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8. Update

The review and update of this Corporate Risk Management Policy are carried out annually or whenever there are changes related to current regulations, the business environment, roles, and responsibilities, or any other significant factors. In such cases, the changes are made as necessary and exceptional. Furthermore, the implemented changes are presented to the Board of Directors for subsequent approval by the Company's Board.

This policy, along with any subsequent versions, is published on the intranet and made readily accessible to all company personnel.

Lastly, there is a document control section included at the end of the document, providing details of the date, position, and nature of each change made.

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9. Revision History

Effective Date	Version	Revision Nature	Section(s) Revised Page(s)	Circulated and Reviewed by (Name and Position)	Approved by (Name and Position)
01/21/2014	1	Policy Establishment	All pages	-	-
06/29/2016	2	Policy Update	-	-	-
09/28/2018	3	Policy Update	All pages	Veronica Moenne Locoz (Senior Risk Management)	CRO (Chief Risk Officer)
12/16/2019	4	Policy Update	All pages	Veronica Moenne Locoz (Senior Risk Management)	CRO (Chief Risk Officer)
12/24/2021	5	Policy Update	All pages	Karina Carrasco Aranguiz (Senior Risk and Internal Control Management)	Marcos Añazco, Risk Management Deputy Manager