Alianza Team

Integrated Risk Management System

RISK PROFILE REPORT- 2024

CORPORATE AFFAIRS VICE PRESIDENCY

CORPORATE RISK MANAGEMENT

CONTENTS

RISK PROFILE REPORT

ALIANZA TEAM®

2024

GLOSSARY

Alianza Team, hereinafter referred to as the "Organization", presents the following glossary to provide clear and simple explanation of the relevant terms used in this report, with the aim of facilitating understanding of the data presented.

Risk: Possibility that an event materializes and generates an impact or a negative effect on the Organization.

Risk by process: Risks identified and valued in a process or an area of the organization.

Macro risk: Grouping of Risks by process or area, in sets that share characteristics or things in common. The grouping assigns the risk of a higher valuation as the risk level of said group.

Process: Section or department within the Organization with specific functions and sequential activities to achieve a result.

Probability: Possibility of something happening.

Impact: Effect that can be generated in the case that a Risk materializes.

Risk Appetite: Level of risk tolerated by the organization on the identified Risks.

Inherent Risk (IR): Risk valued without considering the existing control measures.

Control (control activity): The measures are implemented by each process or area to control that the activities are executed and carried out correctly to mitigate a risk from materializing.

Residual Risk (RR): Risk valued after the measures implemented to mitigate a Risk from materializing.

Risk Profile: Evaluation of the Risk and the Risk Appetite of the organization.

IRMS: A dynamic process composed of several defined stages which, when managed sequentially, support the effective administration of risks. It provides a comprehensive view of risks and their potential impact, enabling informed decision-making aimed at increasing the Organization's value in the short, medium, and long term.

PROBABILITY SCALE	VERY HIGH	HIGH	MEDIUM	LOW
IMPACT SCALE	CATASTROPHIC	MAJOR	MEDIUM	MINOR

Residual Risk Level			
Extreme	High	Moderate	Low
The Organization estimates that this level of Risk is far beyond its normal Risk appetite. Any Risk found in this band could trigger an immediate response.	Indicates an elevated risk that exceeds the acceptable risk appetite. The organization may accept it as a matter of policy, but it requires proper mitigation or a response to be defined within a set timeframe.	Risk that normally does not require any special action, except for the maintenance of current controls or other responses.	Risk where cost savings from opportunities can be found by decreasing the degree of control or where opportunities to assume more risks may arise.

Control Soundness			
Unsatisfactory	Needs Improvement	Adequate	Strong
1. The Control does not exist. 2. The Control exists, but it is poorly designed and is not effective at covering the Risk. (It does not cover the causes that generate the risk), generating a risk event with high losses or findings.	A Control that is either in the process of being implemented or is poorly designed (outdated procedures, corrective, manual, non-permanent). It is not executed properly and allows risk events to occur.	A consistent Control that functions adequately to mitigate the Risk, but require minor improvements in design and/or execution. It partially addresses the root causes of the Risk, helping to prevent its materialization.	A documented, updated, and formalized control. It is preventive, automated, permanent, and integrated into operational timelines. It covers the root causes of the Risk and ensures the non-occurrence of events.

Integrated Risk Management System (IRMS)

At Alianza Team, we have an Integrated Risk Management System (IRMS) that enables effective risk management at both the corporate level and throughout the value chain. The IRMS supports processes by facilitating the identification, measurement, control, and monitoring of the risks to which the businesses are exposed. This allows the organization to mitigate internal and external factors, as well as uncertainties that could disrupt normal business operations, thus ensuring continuity.

The IRMS guidelines establish the necessary framework for addressing various types of risks, keeping them within the Organization's risk appetite and enabling their proper management and treatment. Self-management, self-regulation, and self-control are fundamental components of both the IRMS and the internal control system, empowering all employees to manage their risks in a timely and responsible manner.

Through its different stages, the IRMS interacts with the entire value chain via interdisciplinary teams, strengthening control activities, generating risk management strategies, and identifying opportunities for improvement.

Types of Risks

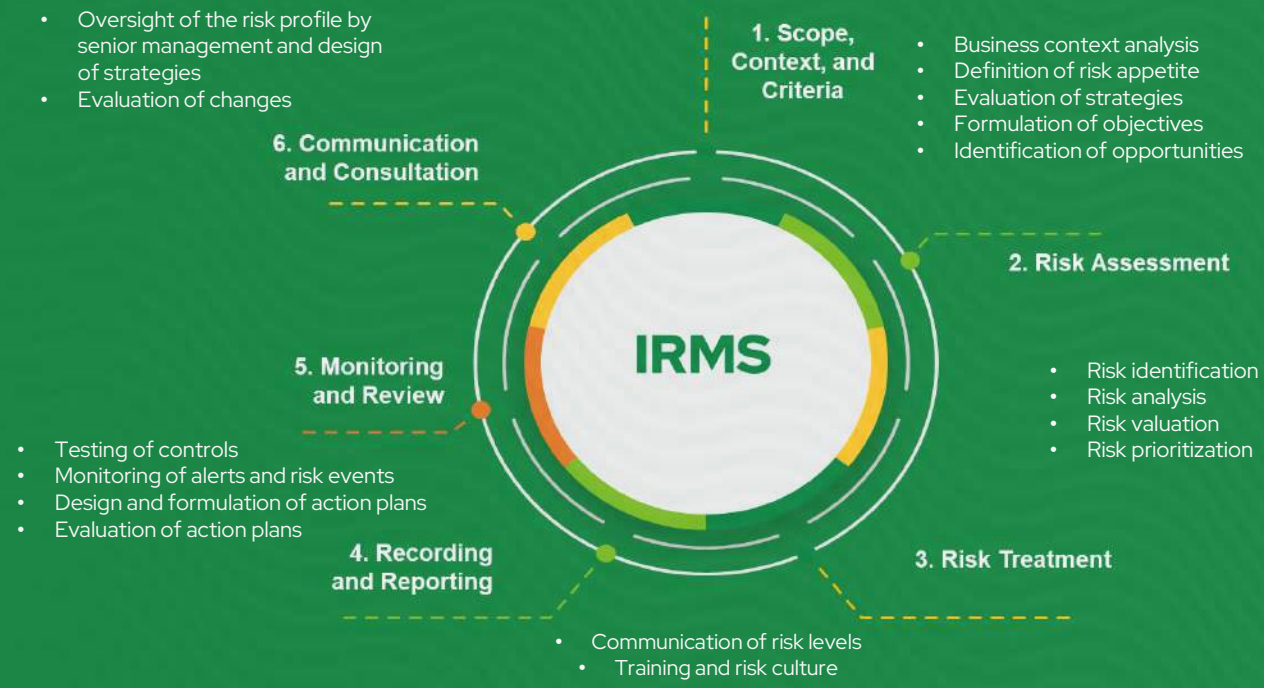
- Strategic: We ensure that our decisions are aligned with the organization's objectives.
- Emerging: We anticipate new risks and potential impacts arising from the external environment.
- Financial: We manage risks related to financial resources.
- Operational: We optimize the efficiency and effectiveness of our production, technological, and operational processes.
- Compliance (legal – regulatory – normative): We comply with all applicable laws, regulations, and standards.
- Climate-related: We anticipate opportunities and risks associated with climate change, including both physical and transition risks.

Integrated Risk Management System (IRMS)

We work in close coordination with all areas of Alianza Team to provide support and assurance across the entire Organization. This comprehensive approach enables us to:

- Mitigate risks and capitalize on opportunities.
- Strengthen our business capabilities.
- Develop key processes.
- Optimize existing processes.
- Implement new technologies.
- Automate activities.

Alianza Team Integrated Risk Management System (IRMS) is grounded in and developed under high international standards for risk management and internal control, including ISO 31000:2018 - COSO ERM:2017 - ISO 22301:2019, and ISO 31050:2023, among others. Through this framework, we aim to prevent, mitigate, and manage risks across all organizational levels—strategic, tactical, and operational.



Any transformation in the Organization's objectives or changes in the internal or external environment may lead to variations in risk. Therefore, Alianza Team, comprehensive risk management system is designed to adapt to changing conditions and respond promptly to potential impacts.

Risk Profile

In 2024, more than 1,500 risks were evaluated across business units, production plants, the value chain, strategic projects, products, markets, new ventures, and third parties. Each risk was analyzed in terms of its probability and impact, as well as the controls in place for its management and mitigation.

Based on the risk assessment across the categories of Emerging, Strategic, Financial, Operational, Compliance (legal – regulatory – normative), and Climate-related risks, the residual risk level for Alianza Team is considered Moderate. This indicates that the overall risk exposure remains within the Organization's established risk appetite.

(IR)

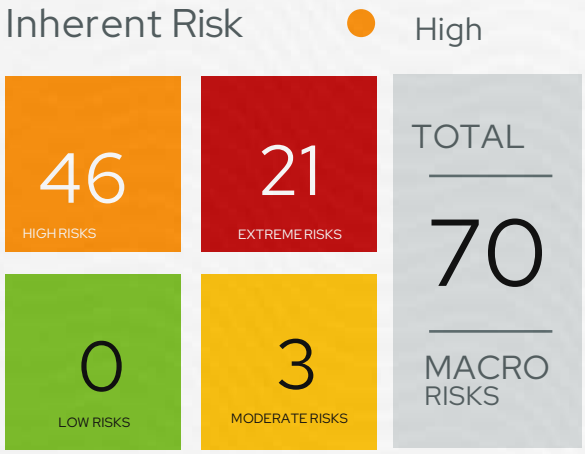


Image 1

Image 1 shows the status of Inherent Risk (macro-risks), that is, the risks assessed without considering the existing control measures.

(RR)

Image 2

Image 2 shows the status of Residual Risk (macro-risks), that is, the risks assessed taking into account the controls implemented to mitigate them.

Summary of risk level by plant/site
(MACRORISK)

The following tables show the total number of macro-risks by risk level (residual risk), broken down by operation and/or site.

MEXICO

TFMEX
0
6
29
20
55

UNITED STATES

USA
0
3
11
0
14

COLOMBIA

Barranquilla	Bogotá	Buga	Corporate
0	0	0	0
2	5	1	14
20	14	14	26
25	26	31	19
47	45	46	59

CHILE

TFCHI
0
3
29
21
53

BredenMaster DLG
0
9
24
19
52

Total Alianza Team
0
28
35
7
70

RESIDUAL RISK LEVEL (RR)

Extreme | High | Moderate | Low

Strategic Risks

At Alianza Team, strategic risks are defined as those associated with the failure to achieve the Organization's objectives, impacting its strategy and its readiness to succeed in current and future environments.

Strategic Risks

Access to Channels

Weaknesses in the ability to manage and develop the different channels and interactions with our stakeholders, hindering effective and timely access to our portfolio.

Alliances and Ecosystems

Lack of influence and relationship-building capacity with stakeholders, limiting the ability to create favorable conditions for business consolidation.

Capital Management

Inefficient management of financial resources, affecting growth and profitability in projects.

Change Management

Gaps in organizational capabilities to promote and drive innovation and the creation of new business lines, services, and/or processes that respond effectively to evolving environmental demands, ensuring long-term sustainability.

Operating Model

Lack of knowledge and flexible, efficient resources that, in a coordinated manner, can respond to market challenges and stakeholder requirements.

Sustainability

Failure to uphold sustainability standards in social development, environmental stewardship, and economic performance, potentially compromising business continuity.

Human Talent:

Gaps in attracting, developing, and retaining human talent with the level of competencies required to meet organizational challenges.

Technology

Failure to adopt appropriate and relevant technology to execute the strategy, hindering innovation and business continuity.

Economic Environmental Geopolitical Social Technology

Emerging Risk

According to ISO 31050, an emerging risk is one that is either unknown or not previously considered by the organization, and may arise from changes in the organizational context, innovation, technological or social developments, new sources of risk, or new or modified processes, products, or services.

At Alianza Team, an emerging risk is understood as a new risk that the organization has not yet recognized, does not fully understand, or one that is known to exist but has not yet fully materialized or whose long-term consequences and impacts on the organization are not yet clearly understood.

Characteristics of an emerging risk

- They are difficult to predict.
- They may be known, but manifest differently than before, or evolve over time.
- Their behavior and potential impact are unknown.
- Their likelihood and impact may shift as the context changes, and their characteristics can change dynamically.
- There is insufficient information about how or when they might have an impact.
- They are poorly understood, and it is unclear how they might interact with other risks.

Analysis of Trends

During the risk identification stage, global and industry-specific trends are systematically analyzed in order to determine those that could generate impacts or consequences on the organizational strategy, thereby ensuring proper identification and management of emerging risks.

Analyzed trends:

Environmental risks - Technological risks - Social risks - Economic tension and political overload.

Emerging Risks

Based on the analysis of global and industry trends, the identified emerging risks are presented below.

- Cyber exposure due to accelerated technological adoption and integration of AI.
- Scarcity of critical resources driven by climate variability and ESG pressures.
- Logistical and supply chain disruptions.
- Geopolitical and social shifts posing risks to the business environment.
- Decline in demand due to evolving consumer preferences.
- Shortage of key and technical talent for operations and business needs.
- Mismatch between demographic shifts and business capabilities.

Note: For a comprehensive overview of the emerging risks, please see the annex at the end of this report.

Economic Environmental Geopolitical Social Technology

Impact - Time Radar

The impact-time radar illustrates the projected potential impacts—according to the defined scale—across the considered time horizon.

Impact

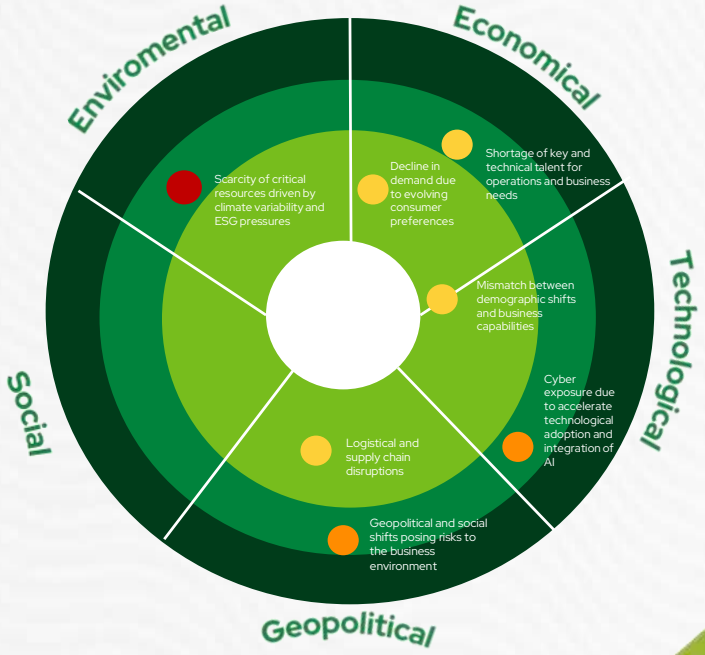
Very High
High
Moderate
Low

Emergency Speed

Short term: 1-3 years

Medium term: 3-5 years

Long term: 10 years



Operational - Financial - Compliance Risks

Operational Risk: The risk that business processes are inadequate to achieve the Organization's objectives. These risks are inherent to the ongoing activities carried out across different areas. They may arise from deficiencies, failures, or inadequacies in human resources, processes, technology, infrastructure, or from external events.

The main risks considered under this typology are:

- Employee accidents on or off premises.
- Cyberattacks.
- Supplier concentration/dependence.
- Inventory contamination.
- Damage to property, plant, and equipment.
- Shortage of raw materials and supplies.
- Shortage/failure in public utilities.
- Natural disasters.
- Explosion, implosion, or fire.
- Inability to respond to crisis events affecting business continuity.
- Inventory obsolescence.
- Public risk

Operational - Financial - Compliance Risks

Financial Risk: The possibility that actual returns may be lower than expected—or that no return is obtained at all. Financial risk encompasses the potential occurrence of any event that leads to negative financial consequences, including issues related to credit availability, foreign exchange rates, interest rate fluctuations, and other market exposures.

The main risks considered under this typology are:

1. Changes in macroeconomic variables.
2. Deterioration of the loan portfolio.
3. Fluctuation in input prices.

Compliance Risk (legal – regulatory – normative):

This is the risk that operations and processes are not carried out in accordance with applicable laws and regulations, internal policies and procedures, or the best practices the Organization has committed to. Non-compliance with laws, rules, or regulations can result in fines, sanctions, or even permanent closure, thereby affecting the Organization's strategic objectives.

The main risks considered under this typology are:

1. Legal and regulatory non-compliance.
2. Money laundering / Terrorist financing / Financing of the proliferation of weapons of mass destruction.
3. Misuse, improper storage, or loss of personal data.
4. Lack of legal/contractual safeguards in third-party relationships.
5. Transnational bribery – Corruption.

Risks - opportunities: climate change

Governance

A governance model has been defined to establish the guidelines for managing climate change and nature-related matters (Corporate Risks – Sustainability), supported by the various areas and processes across the Organization.

Governance Model - Climate Change

The Board of Directors oversees climate and nature-related matters through the Audit Committee, which reports findings and process deviations. These issues are included on the agenda at least once a year. Evaluation and management are led by the Executive Team through the Vice Presidency of Corporate Affairs, which ensures the integration of climate-related commitments and their fulfillment across other departments. Monitoring is carried out through various committees, such as the Executive Committee, the Corporate Environmental Committee, among others.

Strategy

Our strategy is focused on an iterative analysis of risks and opportunities, which guides the actions to be taken in the short, medium, and long term to create value, reduce risks, and remain resilient in the face of this global challenge.

In line with this approach, to manage our main transition risks—carbon pricing mechanisms and increasing stakeholder requirements—we have committed to the SBTi initiative, through which we will establish short-term emission reduction targets across our entire value chain.

Regarding physical risks, extreme heat and water stress are the most significant, with the former also being particularly relevant to our palm supply chain. We are proactively working to develop a comprehensive adaptation plan that defines the necessary actions to ensure resilient infrastructure, operations, and sourcing.

The following section presents the results of the scenario analysis for climate-related risks and opportunities.

Risks - opportunities: climate change

SCENARIO ANALYSIS: In 2024, we evaluated risks and opportunities across scenarios for our own operations and for our supply chain in key palm oil sourcing regions. In line with TCFD recommendations and IFRS S2 standards, climate indicators were projected across three-time horizons—short, medium (2030), and long term (2050)—and under two scenarios: A climate scenario that limits global warming to 2°CA medium-to-high emissions scenario, or "Business as Usual".

SSP1-2.6. Low-emissions scenario limiting global warming to 2°C by 2100.This scenario is aligned with the goals of the Paris Agreement.

SSP3-7.0. Medium- to high-emissions scenario in which global temperatures continue to rise steadily. Under this scenario, competitiveness among countries increases and local issues are prioritized. By 2100, CO_2 emissions nearly double, and global temperatures are projected to rise by 3.6°C.

The following acute and severe physical risks were evaluated

- **Extreme heat:** Impact on employees outdoors - on processes and equipment (energy consumption) - on products and raw materials - reductions in palm productivity.
- **Water stress:** Interruption of water service - New regulations - Competition with communities.
- **Floods:** Damage to infrastructure and equipment - Interruption of access - Impact on the quality of palm oil.
- **Extreme winds:** Damage to infrastructure and equipment - Injuries from falling objects - Blockage of roads in the surrounding areas.
- **Forest fires:** Blockage of roads in the surrounding areas - Loss of cultivated areas.

The analysis of transition risks was based on the climate scenarios developed by the International Energy Agency (IEA).

- Stated Policies Scenario (STEPS): Provides a projection of the energy system based on the current policy landscape and existing momentum from the private sector, without assuming the implementation of new policies. This scenario does not assume that all government targets will be achieved.
- Announce Pledges Scenario (APS). Assumes that governments will fully achieve their stated targets within the established timeframes. These targets include the Nationally Determined Contributions (NDCs).

Risks - opportunities: climate change

The transitional risks evaluated were

- **Legal and compliance:** Existing and emerging regulations such as carbon taxes. Emissions trading systems and greater reporting obligations.
- **Technological:** Capital costs for access to new technologies.
- **Market and regulatory:** Limitation to do business with more demanding markets - Change in consumer preferences.
- **Reputational:** Non-compliance with sustainability goals - stigmatization of the sector.

The following section outlines the main residual climate-related risks that the organization has prioritized in the short, medium, and long term, along with their impact on the organization's activities, strategy, and financial planning.

Risk	SSP1	SSP3	Impact
Interruption of water service in water-stressed areas.	High (2030) High (2050)	High (2030) High (2050)	Own operations: Potential impacts have been identified at the plants in Mexico and Chile. If materialized, these could result in a significant financial impact (greater than USD $500,000) in the medium term. Actions currently underway include reducing water consumption and increasing rainwater harvesting and storage capacity. Supply chain: No relevant risks were identified in the palm-producing regions analyzed.
Impact on finished product due to extreme heat.	Moderate (2030) Moderate (2050)	Moderate (2030) High (2050)	Own operations: This risk is relevant across almost all operations in the medium and long term, with a significant increase projected in the number of extreme heat days by 2050. Changes in product formulation, as well as adjustments to storage and transportation conditions, are currently being implemented to manage this risk. Supply chain: A potential reduction in productivity may occur due to extreme temperatures in some palm-growing regions. The implementation of regenerative agriculture practices is key to managing this risk.
Damage to infrastructure and equipment associated with extreme floods.	Moderate (2030) Moderate (2050)	Moderate (2030) Moderate (2050)	Own operations: This risk is relevant for the operations in Mexico and TF Chile due to their proximity to canals or bodies of water. Although the likelihood of occurrence is low, the potential financial impact could be significant. Supply chain: This risk may lead to quality issues and reduced productivity due to flooding in certain vulnerable regions.
Damage to infrastructure and injuries from extreme winds.	Moderate (2030) Moderate (2050)	Moderate (2030) Moderate (2050)	Own operations: Potential damage to infrastructure and equipment in Barranquilla, with a low financial impact.

Risks - opportunities: climate change

Risk	STEPS	APS	Impact
Increase in operating costs due to new carbon pricing mechanisms (Taxes and SCE)1	Moderate (2030) Moderate (2050)	High (2030) High(2050)	These mechanisms result in increased operating costs. The impact is low until 2030 for Chile and Mexico, but may rise by 2050 under an APS scenario. For Colombia, the impact is moderate by 2030 under the STEPS scenario and high under APS. If materialized, this could result in a significant financial impact (greater than USD $500,000).
Limitations on doing business with more demanding markets	Low (2030) Low (2050)	Low (2030) Moderate (2050)	There is a low risk of sales reduction given our decarbonization commitments and strong performance in sustainability assessments, which help maintain our competitiveness under both scenarios. A proactive monitoring of new industry standards and practices is planned to ensure continued alignment.
Change in consumer preferences	Low (2030) Low (2050)	Low (2030) Moderate (2050)	Although consumers are increasingly aware of responsible consumption and the role of products in climate change, we do not currently see a material risk in the B2C segment. The fulfillment of our commitments and actions keeps us competitive in this space.
Increase in capital costs due to technological changes	Moderate (2030) Moderate (2050)	Moderate (2030) Low (2050)	This is a relevant risk due to the need for accelerated investments in technology and the risk of obsolescence.Under the STEPS scenario, low-carbon technologies may be less cost-effective and less widely available. In contrast, under the APS scenario, greater availability and financial feasibility of these technologies is expected.By 2050, in an APS scenario, costs are projected to decrease due to the assumed global implementation of low-carbon technologies.

Climate Change Opportunities: We aim to turn risks into opportunities by advancing strategic initiatives such as the development of new low-carbon products, access to sustainable markets and financing, and operational resilience as a competitive advantage, among others.We have estimated that the development of new sustainable, low-carbon products and packaging could have a significant financial impact (greater than USD $500,000).

Learn about our actions in our Sustainable Impact Report 2024

Risks - opportunities: climate change

An overview of how the organization's strategy remains resilient under different climate scenarios is presented below.

Type of Risk	Low Emissions Scenario (SSP1-2.6 for physical, APS for transitional)	Medium to High Emissions Scenario (SSP3-7.0 for physical, STEPS for transitional)
Physical Risks	While extreme heat days and water stress still pose challenges, their projected impacts are relatively minor. The lower severity of extreme events—such as floods and strong winds—reduces adaptation costs, the likelihood of significant operational disruptions, and the residual risk rating related to product deterioration for most plants.	We face greater challenges as extreme heat days increase significantly, leading to a relevant risk of product deterioration and higher energy consumption. Water stress remains high in key regions such as Mexico and Chile. Operational resilience relies on the implementation of detailed adaptation plans, strategic partnerships for water management, and the strengthening of infrastructure.
Transitional Risks	The acceleration of policies and increasing market demands pose more significant financial challenges. Carbon costs (taxes and emissions trading systems) represent the most relevant financial impact. The organization's resilience in this scenario is based on the achievement of our SBTi-aligned emissions reduction targets, product-level carbon footprint differentiation in the market, and regulatory and technological proactivity. This includes continuous monitoring of evolving regulations and technology trends to ensure adaptability and the identification of new opportunities.	Although the transition is slower under the STEPS scenario, we are acting proactively with a climate strategy and a more ambitious commitment aligned with the APS scenario, as this enables us to capture business value and differentiate ourselves in the market. Capital costs related to technological changes and the risk of customer loss due to market demands are managed at moderate levels in the medium term. Carbon tax and emissions trading system (ETS) costs are considerably lower than under the APS scenario.

Risk Management:

We have aligned our climate-related risk assessment methodology with the Corporate Risk Management procedure, incorporating specific elements such as scenario analysis and the use of financial impact assessments, in line with the IFRS S2 framework recommendations. To monitor climate indicators, we use specialized site-level projection platforms, complemented by regional, industry-specific, and internal team data. Impacts are financially assessed using internally developed methodologies. The management of these risks includes control testing, the development of action and/or adaptation plans, and ongoing monitoring through the Corporate Risk Coordination team.

Metrics and Objectives:

We monitor and measure performance through a set of key metrics and ambitious targets that guide our strategy and financial decision-making. These include the tracking of Scope 1, 2, and 3 emissions (see Sustainable Impact Report 2024), product carbon footprint, thermal and electrical energy consumption, utility tariffs, among others. We also incorporate financial impact metrics, using cumulative projections of potential costs to inform investment decisions. We are in the process of aligning our financial metrics—revenues, expenses, and investments—with sustainability taxonomies, and in the short term, we plan to integrate an internal carbon price.

Our main climate objective is to reduce emissions in line with science. We have therefore committed to the Science Based Targets initiative (SBTi), which involves reducing our Scope 1 and 2 emissions by 46.2% by 2030, as well as reducing Scope 3 emissions by 25% under the industry target and by 30% for FLAG* emissions. Regarding physical risks, our goal is to manage prioritized risks to keep them within the organization's risk appetite (moderate).

*Pending validation by the SBTi initiative.

Water Risk

We analyze water-related dependencies, risks, and impacts across our own operations, selected strategic palm production sites, and the end-of-life stage of our products. For current and future availability projections, we used the Water Stress indicator from the WRI Aqueduct Water Risk Atlas 1 under two climate change scenarios. The following section describes the main risks identified and the actions currently underway to manage them.

Risk	Impact
Interruption of water service in operations located in water-stressed areas.	Initial water risk is extremely high in operations located in Mexico and Chile (according to WRI), with a residual risk rated as medium to high due to the control measures implemented. Water Savings and Efficient Use Programs are in place to reduce dependence on this resource, with ongoing actions such as water recirculation and condensate recovery. Efforts are also underway to increase water storage capacity and explore alternative supply sources, including groundwater and water delivery by tanker trucks.
Impact on the supply of strategic raw materials.	Residual risk is low, as we have confirmed that the production areas of our Tier 1 palm and soy suppliers are not exposed to water stress (WRI). Therefore, we do not expect productivity-related impacts. Additionally, we validate these risks using data provided by our suppliers through UBUNTU, our supply chain monitoring and verification system.
More demanding regulation and water costs.	Residual risk is considered low to medium in the long term. Water stress and drought conditions may lead to restrictions on water extraction and/or increases in water tariffs. This risk is monitored through the periodic update of environmental legal compliance matrices and active engagement with service providers and environmental authorities within the framework of water use permits.
Competition for water resources with neighboring communities.	Residual risk is low due to the location of our operations in industrial zones. This risk is monitored through our grievance and claims mechanisms.
Water supply quality.	Residual risk is low and is monitored through service providers and regional watershed-level water quality studies. The operations have secondary treatment systems in place to ensure water quality, along with periodic analysis of physicochemical and microbiological parameters at various points within the plant's water network.
End-of-life (B2C) water contamination	Water resource contamination from the improper disposal of used cooking oil (UCO) is proactively managed through the Manos Verdes initiative—Alianza Team reverse logistics program. Through this initiative, consumers are educated and supported in the collection of UCO, giving it a second life and preventing it from ending up in water sources.

1. WRI Aqueduct Water Risk Atlas is a global tool of the World Resources Institute (WRI) for mapping and assessing water risks at a strategi

Risk Culture

Risk culture is a strategic element that ensures the organization's sustainability, safety, and competitiveness. As such, it is embedded across all areas of the business and supported by senior leadership, permeating every level of the organization. It fosters a mindset of continuous improvement, transparency, and collaboration in service of the organization and its stakeholders. Risk culture becomes part of how we think and act in relation to risks.

Conscious leadership that promotes this approach significantly enhances prevention and assurance efforts, helping to build a mature and functional risk culture in which all employees are aware of risks, understand their importance, and actively participate in their management.

Elements that are part of our risk culture:

- Leadership and commitment from top management.
- Open and transparent communication.
- Risk awareness and understanding.
- Active identification of risks and opportunities.
- Integration of risk management into business processes.
- Continuous learning and improvement.
- Recognition.
- Appropriate tools and methodologies.
- Participation and collaboration.
- Responsibility and accountability.
- Continuous monitoring of risk profiles.

1. Ongoing and continuous education on risk management, impacts, and opportunities across all levels and operations, delivered through various activities.

2. Risk identification in projects, initiatives, and the development of new products, such as entry into new markets.

3. Synergies with partners and stakeholders focused on risk mitigation and opportunity capitalization.

Risk Management - 2024

- Risk map updates for own operations across the different types of risks.
- Control monitoring and identification of key controls for operations in Colombia, including key control testing at the Bogotá and Barranquilla plants.
- Identification of new risks in current processes, including the development of new risk maps (e.g., artificial intelligence, contract manufacturing, cyber risks, among others).
- Scenario valuation and financial impact assessment of climate-related risks and opportunities (both physical and transition risks).
- Implementation of human rights due diligence, including risk identification in own operations and among strategic suppliers.
- Risk mapping under the Crime Prevention Model for operations in Chile.
- Risk identification in the design of new products, including methodological adjustments for risk identification in product development.
- Development of the strategic and tactical Business Impact Analysis (BIA) for the Business Continuity Plan at the Barranquilla and Buga plants.
- Update of the double materiality analysis (risks – impacts – opportunities).
- Enhancements to risk summaries (risk profiles by process) and improvements to the Risk Site.
- Monitoring of the most relevant projects, including the development of risk matrices for those with significant impact on capability building, solutions, and/or services.
- Training and competency development in risk management for various areas and processes across the organization—such as Finance, Manufacturing, Talent, and R&D—alongside support from strategic partners.
- Audits and reviews of the risk management process by different stakeholders. Annual internal audits, conducted by the internal audit team, are based on the risks identified through the Integrated Risk Management System (IRMS). Accordingly, the risk management process is subject to an internal audit every year.
- Comprehensive support for certification processes and maintenance of management systems, ensuring compliance with standards and regulatory requirements.

Risk Management - plan 2025

- Update of risk maps in own operations.
- Identification of new risk maps across processes, areas, projects, initiatives, markets, geographies, products, partners, and the value chain.
- Identification of key controls and testing in operations outside of Colombia.
- Update and monitoring of risks related to third parties, including contract manufacturers (maquilas), distribution centers (Cedis), and others.
- Monitoring of risks related to climate change, human rights, strategic projects, and the development of new products.
- Closure of the operational BIA for the Business Continuity Plan at the Barranquilla and Buga plants, and initiation of BIAs for the Morelia and Maipú plants.
- Control testing for the Crime Prevention Model in Chile operations.
- Improvements to the Integrated Risk Management System (SIAR): including updates to context, opportunity identification, monitoring, alerts, risk events, tools, and training.


Alianza
Team

Alianza

Emerging Risks – Annex

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Cyber exposure due to accelerated technological adoption and integration of AI. Category: Technology The accelerated adoption of emerging technologies—such as automation of production processes, e-commerce platforms, cloud-based collaborative environments, and AI-driven models—continues to enhance efficiency and innovation at Alianza Team. However, this digital transformation also exponentially increases the organization's cyberattack surface, particularly in a context where clear guidelines for the responsible and ethical use of AI-based tools are still lacking. A gap in either information technology (IT) or operational technology (OT) systems could lead to critical consequences. Moreover, non-compliance with local and international regulations on personal data protection exposes the organization to regulatory sanctions, legal actions, and a loss of trust from clients, strategic partners, and consumers. This erosion of trust can directly damage corporate reputation and jeopardize the Organization's long-term sustainable growth.	• Disruptions to operations, production shutdowns, and outages in digital services. • Leakage or hijacking of sensitive data and confidential information, along with the deterioration of key digital assets. • Fines for non-compliance with data privacy regulations in countries where personal data is processed. • Loss of trust and damage to brand reputation. • Remediation costs and potential litigation. • Costs arising from unnecessary implementations or uncoordinated decisions between departments, leading to redundant investments, underutilized resources, and decreased operational efficiency. • Massive generation of data without proper oversight or control, increasing the risk of errors, duplications, and decisions based on unreliable information.	• Dynamic governance of information security and data. • Organizational awareness and communication programs. • Training in emerging technologies. • Implementation of the Zero Trust model. • DevSecOps program. • Third-party management and digital due diligence. • Awareness campaigns and practical simulations. • Cyber insurance coverage. • Holistic risk management across IT, OT, and AI systems.

Economic Environmental Geopolitical Social Technology

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Scarcity of critical resources driven by climate variability and ESG pressures. Category: Environmental The intensification of extreme climate events—such as heatwaves, water stress, and floods—is negatively affecting the availability and quality of key raw materials for Alianza Team, particularly those of agricultural origin, as well as sources of fuel and thermal energy. This climate pressure, combined with rising prices, logistical bottlenecks, and a growing risk of contractual non-compliance, threatens operational stability and business competitiveness. At the same time, investors, customers, and regulators are raising their expectations regarding ESG performance. A weak or insufficient response to this new reality could expose the organization to reputational risks and limit access to sustainable markets and key sources of financing.	• Operational: Line stoppages, reduced productivity, and rescheduling of deliveries. • Financial: Increased cost of raw materials, contractual penalties, and the need for more expensive hedging or insurance. • Reputational and Market: Loss of stakeholder trust, deterioration of ESG ratings, and restricted access to customers with sustainable sourcing criteria. • Strategic: Limitations to sustainable growth and reduced competitive resilience compared to companies that have already adapted their supply chains to climate change.	• Diversification of the origin and type of strategic inputs by expanding the supplier portfolio and exploring new sourcing geographies. • Collaboration with suppliers on strategic raw materials and inputs to ensure not only supply continuity but also active contribution in generating and sharing data related to climate change risks and variables. • Regenerative agriculture practices and UBUNTU system integration. • Internal investments in capabilities and infrastructure. • Energy decarbonization roadmap. • Strengthened ESG governance: transparent disclosures aligned with IFRS standards and Science Based Targets initiative (SBTi) commitments. • Proactive monitoring of regulatory trends to mitigate potential impacts on the current portfolio and support timely decisions on reformulation, substitution, or repositioning.

Economic Environmental Geopolitical Social Technology

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Logistics and Supply Chain Disruptions. Category: Geopolitical Disruptions in routes, port operations, national and/or international transportation restrictions, congestion in critical corridors, container shortages, regulatory changes, and/or strikes can significantly affect Alianza Team operational continuity and competitiveness. These disruptions may lead to shortages of raw materials, ingredients, packaging, or other inputs—resulting in increased logistics and storage costs, delivery delays, and margin pressure. A lack of agility in responding to such events may compromise service levels, product quality, and brand reputation, potentially resulting in loss of market share and customer trust.	• Plant shutdowns or reduced-capacity production. • Increased logistics costs and need for safety stock inventories. • Contractual breaches and/or penalties. • Loss of sales and market share to more resilient competitors. • Strained relationships with suppliers and strategic partners. • Brand reputation damage due to customer service failures. • Decline in market presence.	• Anticipation of disruptive events through engagement with local and regional stakeholders (industry associations and trade groups). • Action protocol for scheduled and unscheduled strikes (Strike Manual). • Redesign of the distribution network with regional and local consolidation centers. • Strategic partnerships (third-party logistics and logistics integrators) that provide alternative routes and transport modes. • Diversification and standardization of raw material (RM) and indirect material (IM) suppliers. • Ongoing monitoring with shipping lines and carriers. • Management of alternate routes. • Security manual and protocols. • Safety stock for RM and IM. • Financial hedging mechanisms.

Economic Environmental Geopolitical Social Technology

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Geopolitical and social shifts posing risks to the business environment. Category: Geopolitical – Social The evolution of geopolitical and social contexts—including shifts in public policy, regulatory reforms, international tensions, social protests, institutional instability, or changes in trade agreements—can affect legal certainty, regulatory predictability, and the operational viability of Alianza Team in the countries where it operates. These developments may result in new tariff or environmental barriers, supply chain disruptions, restrictions on the movement of goods, contractual changes, increases in operating costs, and even threats to business continuity..	• Increase in unforeseen tax or regulatory burdens. • Loss of incentives or abrupt changes in regulatory frameworks. • Reputational risks from operating in socially sensitive environments. • Logistics disruptions due to social unrest or temporary/permanent closures. • Financial impact from shifts in investment conditions or capital outflows in countries where we operate or have planned projections. • Contractual and non-contractual litigation, or disputes with public entities.	• Continuous analysis of geopolitical and social dynamics at a global level, with a focus on countries where Alianza Team operates or maintains critical supply chain nodes. This monitoring enables early anticipation of disruptive scenarios and supports informed decision-making regarding emerging risks. • Development and implementation of agile protocols to respond to events such as blockades, social protests, logistical delays, or unexpected strikes—minimizing operational impact and ensuring business continuity. • Establishment of contractual liability clauses. • Preventive communication and stakeholder engagement strategy. • Innovation in formulations and input flexibility. • Supplier standardization. • Safety stock management.

Economic Environmental Geopolitical Social Technology

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Decline in demand due to evolving consumer preferences. Category: Economic – Social Shifting consumer preferences—such as the rejection of ingredients perceived as unhealthy, and a growing inclination toward more sustainable and affordable options—are redefining market expectations. This transformation poses a direct risk to the commercial relevance and market positioning of the brands that rely on Alianza Team as a strategic partner. If the organization does not adapt its portfolio to align with the evolving needs of these brands and their deep understanding of end consumers, there is a high risk of market share loss and a weakening of client relationships.	• Decline in sales and loss of gross margin. • Consumer migration toward competitor brands or emerging substitutes. • Product obsolescence and increased costs due to reformulation or relaunch efforts. • Margin deterioration and profitability pressure. • Reduced brand top-of-mind and erosion of brand loyalty.	• Trend radar with periodic alerts. • Agile, consumer-centric innovation pipeline. • "Clean-label" reformulation of flagship products. • Brand extensions focused on health and sustainability. • Market penetration strategies targeting new consumer niches. • Proactive monitoring of regulatory trends to mitigate potential impacts on the current portfolio and support timely reformulation, substitution, or repositioning decisions.

Economic Environmental Geopolitical Social Technology

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Shortage of key and technical talent for operations and business needs. Category: Economic – Social The shortage of specialized human talent poses a direct threat to Alianza Team ability to operate efficiently, sustain key innovation processes, and execute its corporate and competitive strategy. Difficulties in attracting, developing, and retaining technical profiles in areas such as manufacturing, R&D, packaging engineering, finance, and marketing, among others, may hinder key initiatives and projects, increase dependence on third parties, overload existing teams, and jeopardize operational continuity. In an increasingly competitive talent landscape—especially in regions with limited technical labor supply—the absence of a robust, modern model for talent attraction, development, and retention directly impacts organizational culture, productivity, operating costs, and strategic execution.	• Business and cross-functional projects may be delayed or stalled. • Loss of institutional know-how and increasing reliance on third parties. • Higher employee turnover, staff overload, and burnout of key teams. • Challenges in sustaining innovation processes or meeting ESG commitments. • Loss of competitiveness compared to organizations with talent better equipped to operate in volatile, uncertain environments and to adopt emerging technologies.	• Proactive identification of key talent before vacancies arise, aligning market capabilities with the organization's future vision. • Talent pool development (succession planning, career paths, or progression pyramids). • Organizational commitment through structured development plans. • Technical talent management model based on critical capabilities by business unit. • Employer brand repositioning to attract young and diverse talent. • Ongoing dialogue with business and functional leaders. • Integration of analytical tools to anticipate talent gaps.

Economic Environmental Geopolitical Social Technology

Emerging Risks

RISK/DESCRIPTION	CONSEQUENCES/IMPACT	MITIGATION ACTIONS
Mismatch between demographic shifts and business capabilities. Category: Economic Demographic changes—such as population aging, rapid urbanization, shrinking average household size, and internal migration—are structurally reshaping consumer dynamics. These transformations influence preferred product formats, the most relevant distribution channels, and the optimal location of production capacity. If Alianza Team fails to timely adjust its portfolio, operational structures, or go-to-market model, it may face critical imbalances. These misalignments could directly impact operational efficiency, profitability, customer retention, and commercial growth projections.	• Overcapacity in regions with declining demand or underutilization of production assets in specific locations. • Stockouts in areas with high population growth concentration. • Loss of sales due to product formats or presentations poorly adapted to emerging consumer profiles. • Logistical inefficiencies and increased operating costs from suboptimal distribution. • Decline in end-customer satisfaction and loss of market positioning. • Product portfolios misaligned with the evolving needs of consumers.	• Demand analysis by region, lifestyle, and consumer behavior. • Portfolio and format adjustment based on emerging segments. • Redistribution plan and operational flexibility. • Logistics expansion and strategic partnerships. • Predictive demand modeling.

Economic Environmental Geopolitical Social Technology