

# RISK PROFILE REPORT

ALIANZA TEAM®  
2023

VICE-PRESIDENCY OF CORPORATE  
AFFAIRS

CORPORATE RISKS  
Integrated Risk Management System



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# GLOSSARY

The purpose of this glossary is to provide a clear and simple explanation of the relevant terms used in the report in order to have a better understanding of the data to be presented.

## Risk

Possibility that an event materializes and generates an impact or negative affectation to the Organization.

## Risks by process

Risks identified and assessed in a process or an area of the organization.

## Macro risk

Grouping of risks by process into groups that have characteristics or things in common. In the grouping process, the highest rated risk is assigned as the risk level of that group.

## Probability

Possibility of something happening.

## Impact

Affectation that can be generated in the event that a Risk materializes.

## Risk Appetite

Level tolerated by the organization on the identified risks.

## Inherent Risk (IR)

Risk assessed without taking into account existing control measures.

## Control

These are the measures implemented by each process or area to control that the activities are executed and performed correctly to mitigate a Risk from materializing.

## Residual Risk (RR)









Risk assessed after the Control measures implemented to mitigate each Risk.

## Risk Profile

Evaluation of the organization's Risk and Risk Appetite.

PROBABILITY SCALE		SCALE TO IMPACT			
VERY HIGH	Every time	CATASTROPHIC	>500 mil USD	Non-compliance with regulations that generate operation stoppage.	Total/partial cessation of activities for more than 3 weeks. BredenMaster: more than 3 days.
HIGH	That it happens most of the time	HIGH	Between 150 and 500 Mil USD	Major administrative sanctions	Total/partial cessation of activities between 2 and 3 weeks. BredenMaster: maximum 3 days.
MEDIUM	Possibly occurring several times	Medium	Between 50 and 150 Mil USD	Minor administrative sanction	Total/partial cessation of activities between 2 and 3 weeks. BredenMaster: maximum 3 days.
LOW	Any possibility of occurrence	Low	< 50 Mil USD	No impact on sanctions	Cessation of activities for less than one week. BredenMaster: 1 day

## RISK LEVELS

 <b>Extrem</b> The organization estimates that this level of risk exceeds its normal risk appetite. Any risk in this band requires immediate implementation and execution of a treatment measure.	 <b>High</b> The organization may accept it in certain cases under certain controls and policies. Requires mitigation or appropriate response to be defined within specified time limits.	 <b>Moderate</b> Risk that normally does not require any special action, except for the maintenance of current controls, periodic calibration of controls or occasional interventions.	 <b>Low</b> Risk that is under control and does not require the implementation of new mitigation measures, but continues with the execution and monitoring of current controls.
 <b>STRENGTH OF CONTROL</b> <b>Unsatisfactory</b> There is no control; Control exists, but it is poorly designed and is not effective in addressing the causes that generate the risk, causing events with high losses or findings.	 <b>To Improve</b> A control in the process of implementation or a control that is outdated is not executed correctly and allows risk events to occur.	 <b>Suitable</b> Consistent control that works adequately to mitigate the risk, but requires minimal improvements in design or execution. Partially covers the causes of the risk allowing it not to materialize.	 <b>Strong</b> It is a documented, updated and formalized control, it is preventive, automatic, permanent, affects the times of the areas, covers the causes that generate the risk and guarantees the non-occurrence of events.

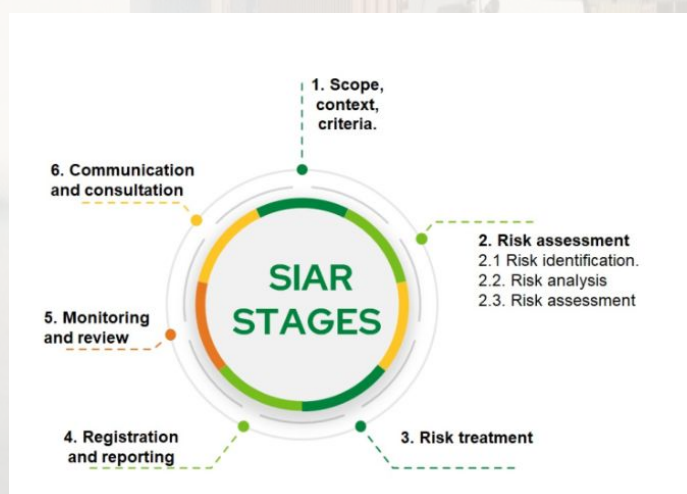
# Integrated Risk Management System (SIAR)

The Integrated Risk Management System (SIAR) leverages the assurance of risk management at the corporate level, developed under the ISO 31000:2018 framework and the COSO ERM:2017 model. This system supports processes by facilitating the identification, measurement, control and monitoring of the risks to which businesses are exposed, allowing counteracting internal and external factors and uncertainties that may divert operations.

This protects and generates benefits along the value chain. The SIAR guidelines determine the necessary guidelines to address the different types of risk, keeping them within the risk appetite defined by the Board of Directors, thus allowing their correct management and treatment. Self-management, self-regulation and self-control are essential components of the SIAR and the Internal Control System, ensuring that all employees manage their risks in a timely and responsible manner. Through its different stages, the system interacts with the entire value chain through interdisciplinary teams, strengthening control activities, generating risk management strategies and taking advantage of opportunities.

We made progress in the certification of 1,290 employees in the Policy, including interdisciplinary meetings with leaders in all countries and strengthening the knowledge of good practices in risk and opportunity management. We strengthened the Business Continuity Plan with strategies for before, during and after an event. With this, we seek to mitigate risk scenarios of unavailability of resources necessary for the normal functioning of operations, offering as control elements the prevention and attention to emergencies, crisis management, contingency plans and capacity to return to normal operations.

Stages that make up the SIAR.



# RISK PROFILE

In 2023 of the 1,393 risks, the probability and impact were evaluated, as well as the controls implemented for their management and mitigation.

According to the evaluation of Risks at the Emerging, Strategic, Financial, Operational, Operational, and Compliance levels carried out in the different processes and areas, the level of Residual Risk for Alianza Team is Moderate. This means that the risk assessment is within the Risk Appetite of the organization.

(RI)



Imagen 1

Image 1 shows the status of Inherent Risk (Macro risks), i.e. the Risks assessed without taking into account the existing Control measures.

Here it is evident that, if there were no Controls, the level of the Risk Profile of Alianza Team would be High.

(RR)



Imagen 2

Image 2 shows the status of Residual Risk (Macro risks), i.e. the Risks assessed taking into account the Controls implemented to mitigate the Risk.

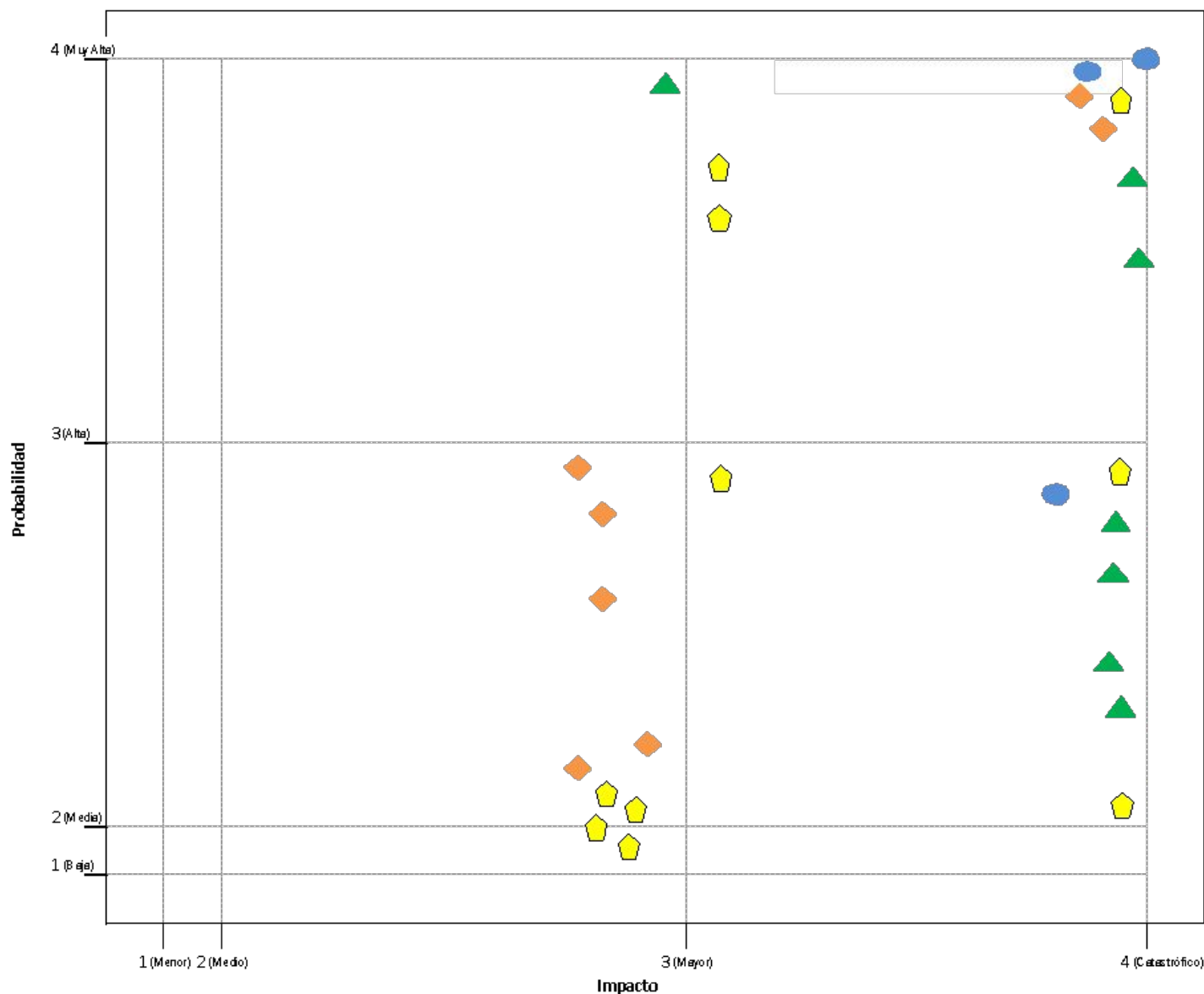
The result shows that the Controls are effective because the number of Extreme Risks went from 21 to 0 and High Risks were considerably reduced. This, added to the increase in Moderate Risks and Low Risks, leads to a Moderate Risk Profile for Alianza Team.

# TOP | MACRO RISKS

## Cartesian plane Inherent Risk

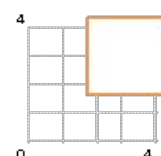
Alianza Team (2023)

Riesgos mas relevantes según tipo de riesgo y criticidad (Riesgo Inherente)



**Riesgo inherente:** Nivel de riesgo sin tener en cuenta las medidas o actividades de control establecidas para su mitigación.

Área del mapa



**F** ●  
Financial

○ ▲  
Operational

**E** ◆  
Strategic

**C** ■  
Compliance

**M** ★  
Emergent



# SUMMARY RISK LEVEL RISK LEVEL BY PLANT/HEAD QUARTERS (MACRO RISK)

The following tables show the total macro risks by risk level (residual risk) by operation and/or plant. We can see that most of the risks are mitigated due to the controls in place.

MEXICO

AT
0
5
29
21
55

## COLOMBIA

Barranquilla	Bogotá	Buga	Corporativo
0	0	0	0
2	4	1	12
20	17	12	26
25	24	33	17
47	45	46	55

## CHILE

AT	BredenMaster DLG
0	0
5	8
23	27
23	29
51	54

Total Alianza Team
0
29
33
8
70



## RISK MANAGEMENT 2023

- The risk policy and procedures were updated and the measurement scales of the risk assessment methodology were recalibrated.
- The most relevant risks and controls were monitored in each of the plants and/or headquarters of the organization.
- Emerging risks were identified according to global holding.
- Preliminary identification of physical and transition risks for the 7 production plants and 4 extraction plants relevant to the business.
- The Business Continuity Plan for the Barranquilla and Buga plants was started.
- The Business Continuity policy and procedures were updated.
- Improved the risk map summaries and their interrelation of materiality issues.
- Follow-up on the most relevant projects.
- Training on risk management issues for the different areas and processes of the organization.
- Pre-identification of risks for the Team USA operation.
- Accompanied the plants in the certification of management systems.
- Developed a risk management module for volunteers.
- Adaptations were made to the Risk Site in order to facilitate the consultation of maps and other relevant topics of the process.
- Periodic follow-up by internal audit of the risk management process.

## RISK MANAGEMENT PLAN 2024

- Updating risk maps of plants and processes according to the different types of risks.
- Identification of new maps in processes, as additional maps.
- Valuation of scenarios and financial impacts of climate change risks and opportunities.
- Adjustment to human rights risks.
- Follow-up of project risk maps.
- Finalize the development of the Business Continuity Plan for the Barranquilla and Buga plants and leverage the plan in plants outside Colombia.
- Adjustment of risk maps under the Crime Prevention Model for BredenMaster and ATChile.
- Adjustments to the definition of macro risks.
- Construction of DB report of materialized risk events.
- Adjustments to risk assessment methodology (Model - Maturity - Context).
- Development of a tool for risk management and administration.





# CLIMATE CHANGE RISKS

## Scenario Analysis

Since the beginning of 2016 we started identifying risks and effects that natural events could generate on our plants, for 2021 we made the first identification of risks related to climate change following the recommendations of TCFD and monitoring these risks during 2022 and 2023, and for 2024 we advanced an analysis of scenarios for risks and opportunities in our production plants and in key regions of supply of palm oil and palm kernel.

As a result of this analysis, two transitional risks and three physical risks were identified that could have a financial impact on operations, given this, methodologies were developed to calculate the financial impacts on reasonable assumptions under the information available today. Below are the estimates of financial impact for some of the risks in the 2050 time horizon and in the two scenarios evaluated, as well as the actions initiated and in progress for their mitigation and assurance.

Financial impact risk climate change			
Risk	APS Scenario of announced policies (2030 - 2050)	STEPS Current policy scenario (2030 - 2050)	Actions
Increased operating costs due to new carbon pricing mechanisms (Taxes and emissions trading systems)	> \$500 mil USD	> \$500 mil USD	<ul style="list-style-type: none"> <li>- Decarbonize our operations in line with the SBTi Science-Based Targets initiative.</li> <li>- Mobilization of the chain in search of climate finance opportunities.</li> </ul>
Constraints to doing business with more demanding markets	<i>To be calculated</i>	<i>To be calculated</i>	

# CLIMATE CHANGE RISKS

## Scenario Analysis

Risk	SSP1 (1.8°C) 2050	SSP3 (3.6°C) 2050	Actions
<b>Extreme heat</b> Damage to finished product	> \$500 mil USD	> \$500 mil USD	<ul style="list-style-type: none"> <li>- Product reformulation.</li> <li>- Packaging innovation.</li> <li>- Review of adjustments in transportation and storage of finished product.</li> </ul>
<b>Water stress</b> Water supply interruption	> \$500 mil USD	> \$500 mil USD	<ul style="list-style-type: none"> <li>- Investments in ecosystem regeneration projects.</li> <li>- Reduction of water dependence in processes.</li> <li>- Increased storage and capture of rainwater.</li> <li>-</li> </ul>
<b>Flooding</b> Damage to assets	\$150 - \$500 mil USD/ Event	\$150 - \$500 mil USD/ Event	<ul style="list-style-type: none"> <li>- Floods Maintenance of infrastructure.</li> <li>- Development of early warning systems.</li> </ul>

## Climate change opportunities

Opportunity	Financial impact	Actions
Development of new products and packaging <ul style="list-style-type: none"> <li>- Low emissions</li> <li>- Recyclable, reusable and/or compostable</li> </ul>	> \$500 mil USD/year	<ul style="list-style-type: none"> <li>- AI in formulation.</li> <li>- Product life cycle analysis.</li> <li>- Responsible sourcing</li> </ul>
Access to new and emerging markets	<i>To be calculated</i>	<ul style="list-style-type: none"> <li>- Due diligence on deforestation and human rights.</li> <li>- Alignment to international standards and frameworks.</li> <li>- Improve in sustainability rankings and evaluations.</li> </ul>
Access to financial instruments derived from the fulfillment of sustainability commitments	<i>To be calculated</i>	<ul style="list-style-type: none"> <li>- Alignment to the sustainability taxonomy.</li> <li>- Improve in sustainability rankings and evaluations.</li> </ul>
Resilient infrastructure, operations and procurement as a competitive advantage	<i>To be calculated</i>	<ul style="list-style-type: none"> <li>- Early warning systems.</li> <li>- Supply diversification</li> <li>- Strengthening of contingency plans.</li> <li>- Strengthening of the occupational health and safety system.</li> </ul>

# CLIMATE CHANGE RISKS

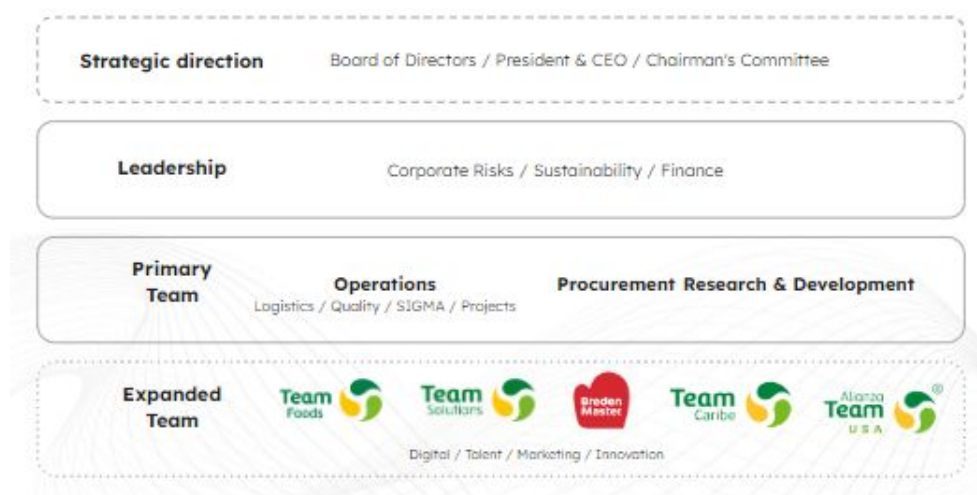
## Scenario Analysis

Reporting according to TCFD / IFRS recommendations - S2

### Governance

The Corporate Risk Coordination and the Sustainability Department of the Vice-Presidency of Corporate Affairs identified and evaluated the risks related to climate change and nature in all areas of the Organization.

The findings and deviations found are taken through the audit committee to the presidency committee. In 2024, the **Climate Change Committee** is being developed, which will incorporate other relevant areas of the organization and will be responsible for ensuring the integration of climate change management and compliance with corporate climate commitments in order to ensure business continuity and the generation of value in a context of climate change.



### Strategy

Our main strategy to manage transition risks is the establishment of objectives aligned to science, committing with SBTi to approve short-term goals now and in the coming years to Net Zero. Regarding physical risks, we are analyzing actions that will allow us to have resilient infrastructure, operations and supply as a competitive advantage.

We are also analyzing the use of the shadow price internal carbon price mechanism to analyze financial decisions to invest in low-emission technologies and other environmental initiatives. For which we are conducting a pilot with a price of \$25 USD/t.



# CLIMATE CHANGE RISKS

## Scenario Analysis

### **Risk management**

We aligned the methodology for assessing risks related to climate change with the Enterprise Risk Management procedure, incorporating specific elements such as scenario and financial impact analysis in line with the recommendations of the IFRS S2 framework.

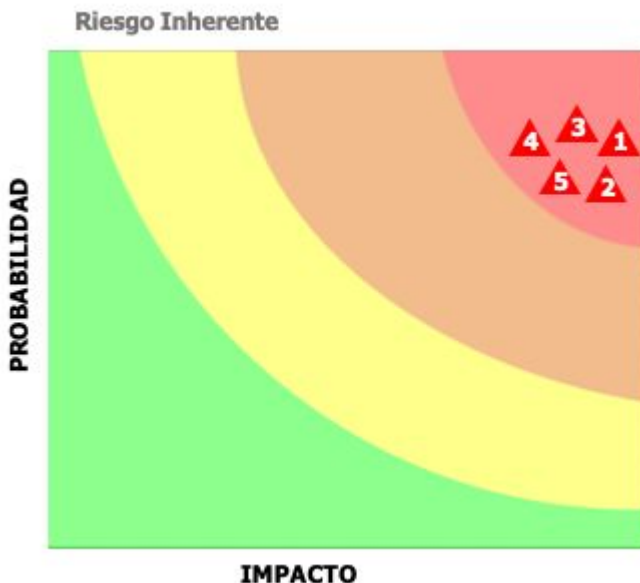
### **Metrics and Objectives**

Our main climate objective is to reduce GHG emissions in line with climate science, which means reducing our Scope 1 and 2 emissions by 46.2% by 2030 and the industrial target by 25%, and FLAG emissions in Scope 3 by 30%.

In terms of management, we are working on strengthening controls and developing an adaptation plan to bring the prioritized risks into line with the Organization's risk appetite. We are also aligning the financial metrics of income, expenses and investments to the sustainability taxonomies.

# Cybersecurity

Increased cyber vulnerability due to rapid advances in technology and its implementation in the business



## Cybersecurity Risks

- Failures or attacks on third parties that affect the company's critical processes and services.
- Affection of plant processes due to failures or attacks directed at the OT infrastructure.
- Affection of processes due to failures or attacks directed to IT infrastructure.
- Affection of critical OT or IT processes attributable to the human factor.
- Failures in incident response and recovery management protocols.

## Key actions in 2024

- Government: Information Security Committees
- Expert advisors: Permanent accompaniment by cybersecurity experts.
- Focus on Culture and People: Training and awareness of attacks.
- DRP Hardening: Redesign and execution of a recovery plan in case of an attack.
- Strengthening of infrastructure: Strengthening of IT infrastructure
- Data Governance Schema Update: Updating of data governance policies
- Strengthening alert systems: Management evolution.
- Increased third-party protection: Third-party cybersecurity capabilities.

# Cybersecurity

## Impact

For the emerging risk of Cyber, the main consequences that have been analyzed are the following:

1. Loss of Data
2. Damage to infrastructure
3. Fines or sanctions
4. Affect on the image of the Organization

Which can generate the following impacts:

- \* Downtime of the system greater than 5 days.
- \* Loss of information greater than 50%.

For the business, the financial impact could be greater than 500,000 usd, which could affect the business and require immediate adjustments.

## Personnel shortag:

Understanding this risk as the shortage of human talent for the development and continuity of the operation due to the need for specific and technical capacity required by the business.

For the emerging risk of staff shortage, the main consequences that have been analyzed are the following:

1. Production line stoppage
2. Delays in the management and execution of processes
3. Work overload
4. Poor working environment
5. Fines or sanctions
6. Affect on the organization's image

These may generate the following impacts:

- \* Total/partial cessation of activities between 2 and 3 weeks.
- \* Deviation of the budget in Volume (TON) and/or Gross Profit  $\leq 20\%$ .

For the business, the financial impact could be more than 500,000 usd, which could affect the business and require immediate adjustments.



