



Group Policy

DIA Group Risk Management Policy

01 Purpose

At a global level, the purpose of this policy is to establish the basic principles and guidelines of action to ensure that risks of all kinds that could negatively affect the DIA Group's achievement of its objectives are identified, analysed, evaluated, managed and controlled systematically, with standardised criteria and within the established thresholds or tolerance levels. In addition, the methodology to be followed with the objective of achieving effective and efficient management of business risks that facilitates the achievement of the strategy is briefly explained.

02 Concept of Risk

The DIA Group defines risk as any event, internal or external, that, if materialised, would prevent or hinder the achievement of the strategy and business objectives set by the Organisation. The Group is exposed to various risks inherent to the different countries in which it operates and to the activities it carries out, which may prevent it from achieving its objectives and executing its strategies successfully.

The DIA Group's business risk management process ensures the identification of the different types of risk that fall into the following categories:

- Financial or economic losses
- Reputational damage
- Non-compliance with external and internal regulations
- Degradation of operational and supporting business processes (including technology failures)
- Status of strategic objectives

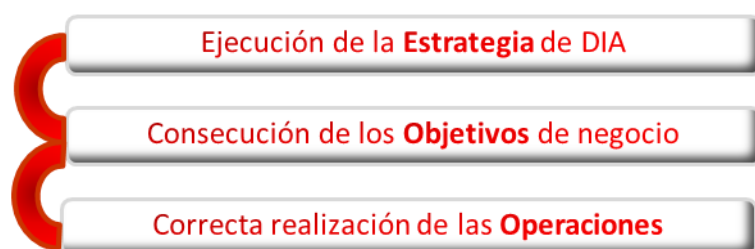
The Company has an acceptable level of risk tolerance established at the corporate level; this concept is understood as the willingness to assume a certain level of risk, to the extent that it allows the creation of value and the development of the business, achieving an adequate balance between growth, return and risk. It is considered in the strategy defined by the Management Board and approved by the Board of Directors.

03 Scope of application

Corporate risk management is a process carried out by the Board of Directors, Management and the rest of the personnel of the DIA Group. Therefore, all members of the Group are responsible for managing the risks associated with the processes they manage, as well as maintaining an adequate level of control therein.

The risk management policy applies to all entities where DIA has a stake of greater than 50%.

In its application of the corporate risk management process, the DIA Group considers all its activities at the different levels of the Organisation with a mixed “Top–Down” and “Bottom–Up” approach, that is, both at the Group level and at the level of the business units and/or processes.



04 Responsibilities

The Board of Directors, the Audit and Compliance Committee and Management Board of the DIA Group are responsible for ensuring the proper functioning of the Comprehensive Risk Management System.

The Board of Directors has the non-delegable authority to approve the risk control and management policy and the supervision of the information and control systems, identifying the Group’s main risks and organising the appropriate internal control and information systems.

The Audit and Compliance Committee (hereinafter ACC) is responsible for overseeing the Corporate Risk Management function, and as part of that task, reviewing all related documentation prior to its approval by the Board of Directors. Therefore, the ACC has the responsibility to review, before submitting for the approval of the Board of Directors, the Risk Management Policy, the strategy, risk appetite and tolerance limits, as well as to supervise the Group’s Comprehensive Risk Management System.

The ACC is responsible for periodically monitoring and reviewing the effectiveness of the risk

management system, including the auditors, verifying their adequacy and integrity.

The Management Board is solely responsible for implementing effective risk management and disseminating the control culture that constitutes the Group Risk Management System. It proposes the risk appetite to the Audit and Compliance Committee / Board of Directors, for its approval, and for each business unit it is the Management Committee of said unit that proposes it for its approval to the Management Board. Likewise, the risk appetite is reviewed at least once per year.

The Risk Control and Management area, which reports to the Corporate Group Management and, therefore, to the Management Board, will be supervised by the ACC and will have the function of developing the Comprehensive Corporate Risk Management System with the objective of evaluating, monitoring and continuously tracking the evolution of the possible risks that are detected and considered most relevant to the Group, reporting on their situation and foreseeable evolution both to the responsible areas, such as the Management Board, and to the Audit and Compliance Committee.

Any relevant incident or event related to the Group's risk management is reported to the Management Board and the ACC whenever relevant issues are detected, and they may request additional information on the results whenever they deem it appropriate.

The DIA Group Risk Management Committee, composed of the heads of the Business and Corporate Areas, in addition to the Head of the Risk Control and Management Area itself (as an observer), aims to make decisions derived from the operation of the system and regardless of those that may be granted to it, also assumes the following responsibilities:

- Ensure the proper functioning of the Comprehensive Risk Management System and, in particular, that it allows the identification, measurement, control, management and reporting, as defined in this Policy, of the most significant potential risks that may affect the Group.

- Ensure that the Risk Management System effectively and efficiently eliminates or mitigates the most relevant risks.
- Ensure that emerging risks are properly identified, analysed, evaluated, controlled and reported.

In this way, a corporate risk function is established within the DIA Group that is responsible for the coordination, updating and supervision of the risk management system implemented in the DIA Group.

Once the risks have been identified, the Group Risk Management Committee assigns a “Risk Owner”, who will be responsible for periodically assessing said risk and managing it on an ongoing basis. The assessment of each of these risks is made according to an assessment scale previously validated by the Risk Management Committee, approved by the ACC and reviewed periodically.

05 DIA Group Risk Management System

The DIA Group’s corporate risk management system is structured as an iterative process of continuous improvement and is based on best practices in line with the 2017 COSO ERM International Methodological Guideline for Risk Management (*Committee of Sponsoring Organisations, of the Treadway Commission*) that facilitates both the identification as well as the assessment of the impact and probability of occurrence of the various risks aligned with the Group’s strategic objectives, adapting to the needs of the DIA Group and highlighting, as the graph below indicates, the importance of business risk management in strategic planning and its integration at all levels of the organisation, as risk influences and aligns strategy and performance across departments and functions.



Figure 1: 2017 ERM COSO Framework

The Framework consists of 5 interrelated components, within which 20 principles are incorporated

1. Governance and Culture

Risk Governance establishes the responsibility that the entire Group has to contribute to the identification and management of risks.

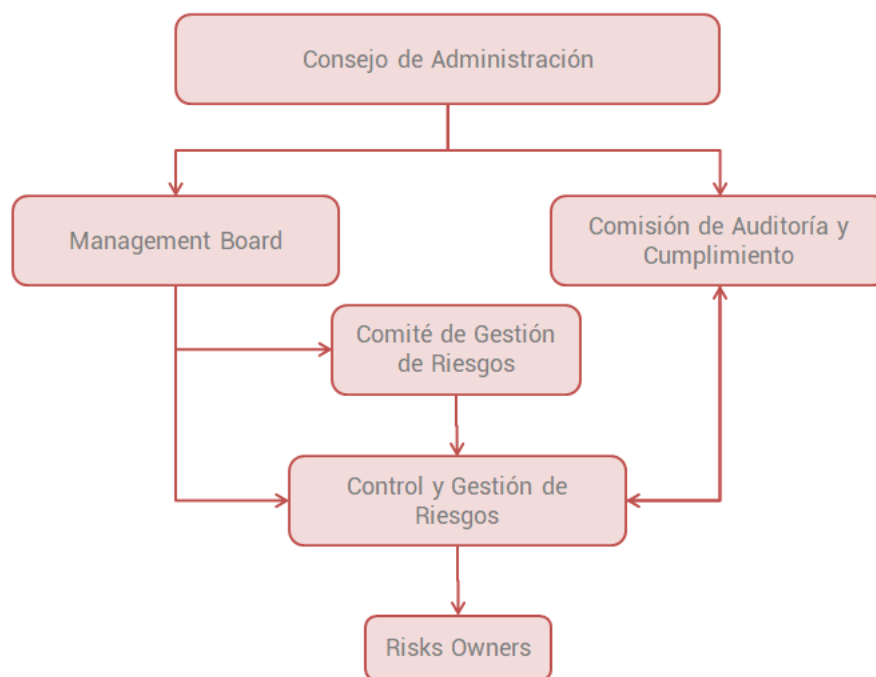


Figure 2: Risk Governance

Culture refers to ethical values, desired behaviours and understanding of risk at the company. Therefore, the DIA Group encourages the communication of the principles and values that govern risk management through internal communication channels, and at the same time, provides training in the Group to promote knowledge and involvement in the risk management process.

2. Strategy and goal setting

Risk management, strategy and goal setting work together in the strategic planning process. Risk management is linked from the definition of the company's strategy to its measurement. To this end, a risk appetite or tolerance is established at the corporate level, aligned with the Group's strategy, defining tolerance thresholds for each of the following risk categories:

- Strategic
- Operational
- Financial
- Compliance
- Reputational

Business objectives implement the strategy while serving as the basis for identifying, assessing and responding to risks.

3. Performance

It is necessary to identify and evaluate those risks that may affect the achievement of strategic and business objectives. Risks are assessed based on their severity, consisting of impact criteria and probability of occurrence in the context of risk appetite.

Subsequently, risk responses and controls are selected to provide insight into their coverage with respect to the level of risk assumed and decision-making on risk responses and resource allocation is prioritised, with certain criteria such as Speed, Recovery and/or Persistence.

4. Review and monitoring

Examination of the company's performance determines how risk management components function over time in an environment of material change, and what aspects are likely to be reviewed and modified.

5. Information, communication and reporting

Business risk management requires an ongoing process of obtaining and exchanging necessary information, both from internal and external sources, that flows upstream, downstream and across all levels of the organisation.

05.1 Risk Management Process

This risk management process is structured under the following phases:

1. Risk Identification:

Risk identification at the corporate level is carried out by analysing the strategic objectives of the Group, as well as the priorities of the corporate functional areas. It is jointly conducted between the Risk Control and Management area and the responsible functional areas.

The risks identified through these analyses are integrated into the DIA Group risk catalogue, where risk owners are identified.

2. Risk Assessment

After the risks are identified, they are assessed based on the impact they generate after materialisation and the probability of occurrence, in each business unit.

These parameters are assessed using the following assessment scales:

For probability: Based on

- History (quantitative)
- Expectations (qualitative)

For impact: Based on

- Financial through EBITDA and Sales Margin variations (quantitative)
- Strategy (qualitative)
- Operation (qualitative)
- Compliance (qualitative)
- Reputation (qualitative)

3. Response

The controls and mitigation measures associated with the assessed risks are identified, and the risk strength of each control is assessed by the Risk Control and Management area. After the evaluation of all controls, an assessment of the control environment is established in view of the materialisation of the risk, obtaining a residual assessment of impact and probability, defining a planned residual risk map in each business unit and prioritising risk management through certain criteria such as Speed, Recovery or Persistence, which may change annually.

The risk control and management area subsequently consolidates the results of the different types of assessments through a risk aggregation process, so that all risks can be compared and represented in a single residual risk map at the Group level based on their probability and impact.

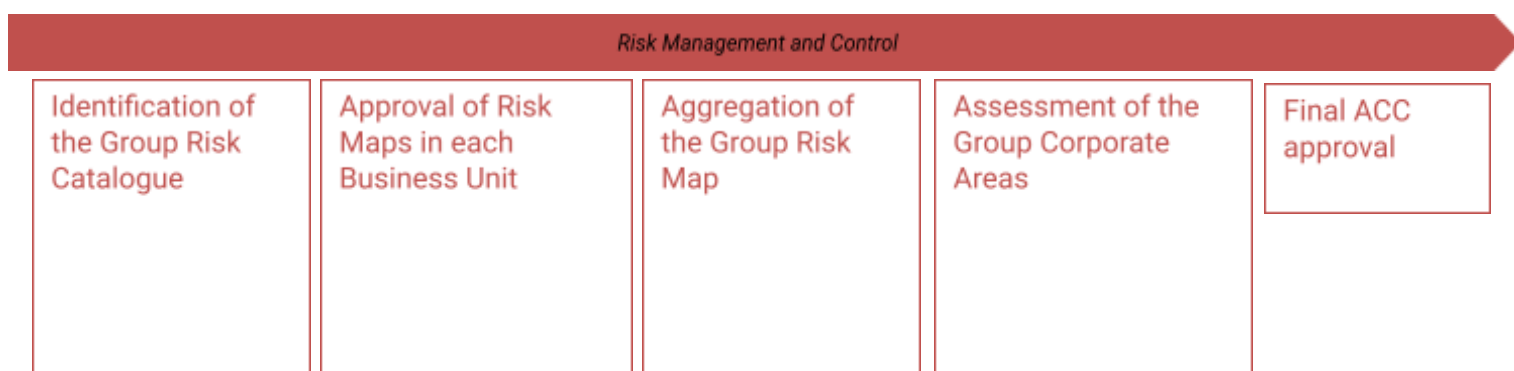
4. Monitoring and Control

The Risk Control and Management area carries out periodic monitoring of the entire risk management system of the DIA Group, updating both the assessments of the risks exposed and the evaluation of the internal control that the Group exercises on each risk in each business unit, with the aim of obtaining at all times the actual residual risk assessment.

This supervision is supported by a technological tool where the results of the tests carried out are presented annually to the Audit and Compliance Committee and the Management Board and quarterly to the Risk Management Committee.

5. Reporting

After monitoring the tracking and response mechanisms, the Risk Control and Management area prepares a periodic report to determine the specific decisions and actions and to address the risks that impact our day-to-day business.



It should be mentioned that both the Supervision and Control process and the reporting process are embedded in a comprehensive digitisation process on a GRC (Governance, Risk Management and Compliance) system, to manage, streamline and guarantee the Group’s risk management process.

This Policy has been approved in its fourth version by the Board of Directors of Distribuidora Internacional de Alimentación S.A. on 25 May 2022. It will be applicable until the Board of Directors approves its update, review or repeal.