



RISK MANAGEMENT POLICY

1. OBJECTIVE

Establish guidelines, strategies and responsibilities in risk management at Randoncorp for the continuous improvement of management processes.

2. APPLICATION

This policy applies to all areas of Randoncorp.

3. REFERENCES

- Randoncorp's Code of Ethical Conduct.
- ABNT NBR ISO 31000:2018 – Risk management – Guidelines.
- ABNT ISO GUIA 73:2009 – Risk management – Vocabulary
- COSO Enterprise Risk Management – Integrating with Strategy and Performance (2017).

4. DEFINITIONS

Risk Appetite: the amount and type of risks that the Company is prepared to pursue, retain or take.

Risk Owner: manager who is responsible for the company process in which risks are present.

Risk Management: risk management, contributing to activities related to the identification, assessment, treatment, monitoring and communication of the risks inherent to the activities.

Risk: undesirable effects (measurable or not) on Randoncorp's objectives.

5. PRINCIPLES

The purpose of risk management is the creation and protection of value. These principles provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose

At Randoncorp, the principles are the basis for managing risks. The risk management must be integrated, structured, customized, inclusive, dynamic, have the best available information, observe human and cultural factors, and maintain continual improvement. These principles can further explained as follows:

a) Integrated

Risk management is an integral part of all Randoncorp activities.

b) Structured and comprehensive

A structured and comprehensive approach to risk management contributes to consistent and comparable results.

c) Customized

The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.

d) Inclusive

Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.

e) Dynamic

Risks can emerge, change or disappear as an organization's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner

f) Best available information

The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations.

g) Human and cultural factors

Human behavior and culture significantly influence all aspects of risk management at each level and stage

h) Continual improvement

Risk management is continually improved through learning and experience.

6. GUIDELINES

6.1 ESTABLISHMENT OF THE RISK MANAGEMENT CONTEXT

The establishment of the corporate risk management context must be carried out every 2 (two) years or when an event occurs that affects Randoncorp's risk appetite. It must include the definition of risk appetite and culture, the identification and criteria for evaluating corporate risks.

The risk must be categorized into strategic, financial, operational or compliance in order to compose future analyzes and provide a corporate vision.

Strategic Risk

Associated with the organization's strategic decisions to achieve its business objectives and/or resulting from the company's lack of capacity or ability to protect itself or adapt to changes in the environment.

Operational Risk

Associated with the possibility of losses (production, assets, customers, revenues) resulting from faults, deficiencies or inadequacy of internal processes, people and systems, or from external events such as natural disasters, fraud, strikes and terrorist acts. Operational risk generally involve a reduction, degradation or interruption, in whole or in part, of activities, with a negative impact on the company's reputation

Financial Risk

Associated with the market, credit and cash generation:

Market / Governmental - arises from the possibility of losses that can be caused by changes in the behavior of interest rates, exchange rates, stock prices, commodity prices and amendments to legislation.

Credit - defined as the possibility of loss resulting from the uncertainty regarding the receipt of amounts agreed with borrowers, agreement counterparties or securities issues.

Liquidity - when cash flows are not effectively managed to maximize the generation of operating cash, manage the specific risks and returns of financial transactions and raise and apply financial resources in accordance with established financial policies.

Compliance Risk

Associated with legal or regulatory sanctions, financial loss or reputation that the company may suffer because of failure to comply with the application of laws, agreements, regulations, code of conduct and / or internal policies.

6.2 RISK TREATMENT

For all identified and assessed corporate risks, a response and treatment strategy must be defined. Risk treatment must contain the selection of avoiding, accepting, mitigating or transferring them.

Avoiding – means opting to discontinue the activities that generate the risk.

Accepting – choose to accept the impact/probability of the event and continue operating with the current control structure.

Mitigating – create controls or initiatives that minimize potential exposure to risk, either by reducing the impact and/or probability of occurrence.

Transferring – reduce the probability or impact of risks by transferring or sharing a portion of the risk with third parties.

The different risk response strategies must be organized into useful, practical and economical action plans and/or controls carried out by the risk owners and monitored by the Risk Management and Compliance area.

If there are no treatment options available or if the treatment options do not sufficiently modify the risk, the risk should be recorded and maintained under ongoing review.

The residual (remaining) risk must be documented and subjected to monitoring and critical analysis, and if necessary additional treatment.

6.3 RISK INDICATORS

Critical corporate risks must be monitored continuously based on the key risk indicator (KRI) established by the risk owner.

The KRI should have sufficient components for monitoring the risk, anticipating or delaying the conditions of the potential risk. The KRI must be established to allow real monitoring, opportune of any changes that may have an impact on companies.

7. RESPONSIBILITIES

Board of Directors

- Approve the risk management policy.
- Ensure the effectiveness of risk management systems.

Executive Committee

- Conduct continuous assessment of the effectiveness of the risk management model.
- Define the risk appetite.
- Define risk owners.
- Approve the risk assessment.
- Support in acculturation of risk management.

Risk Management and Compliance Area

- Establish the risk management methodology.

- Disseminate the risk management culture.

Risk Owners

- Execute a critical risk analysis.
- Establish risk treatment strategies.
- Monitor the effectiveness of control activities.

8. DOCUMENT CONTROL

This Policy was approved by the Board of Directors on November 07, 2017 and has been effective since November 2017.

Responsibilities for this document:

Author	Review	Approval
Risk Management and Compliance Area	President-Director	Board of Directors

Last Review:
Date: December 14, 2023



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