



PROCEDURE

No.

CORP-POL-2102-0002

Rev.

1

INTEGRATED MANAGEMENT SYSTEM (IMS)

ISO 9001 – ISO 14001

Area	Compliance and Risks	Scope	Corporate	Previous No.	CORP-POL-0220-0024
Title	Risk Management Policy				

Risk Management Policy

Hidrovias do Brasil Group

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1. PURPOSE

This "Risk Management Policy", approved at a Board of Directors' meeting of HIDROVIAS DO BRASIL S.A., has the purpose of defining the guidelines for the unified risk management process, as well as guiding the processes of identification, analysis, evaluation, treatment, communication and monitoring of the Company's risks. In addition to strengthening the risk management culture, and preparing the Company to face uncertainties and favor the attainment of the strategic business objectives.

2. APPLICATION

This Policy applies to the Company and its subsidiaries, and must be observed:

- by the Company shareholders and its subsidiaries; and
- by all directors and alternate directors of the Company and its subsidiaries.

3. TERMS AND DEFINITIONS

The terms and expressions listed below, when used in this Policy, shall have the following meanings:

- **"Causer of the Loss"**: people, equipment failure, service failure, or natural cause, internal or external, malicious or unintentional that expose themselves to hazards or exploit existing vulnerabilities.
- **"Threat"**: Indication of unfavorable, or harmful, events. If realized it becomes an event, or fact.
- **"Risk Appetite"**: The maximum level to which the Company is willing to expose itself in relation to risk(s) to meet its objectives and add value to stakeholders. The Board of Directors defines the Company's risk appetite that translate according to the level of criticalness, presented in graphic form through a *heatmap* that combines the risk impact and the probability of risks, considering the ruler established.
- **"Risk Category"**: A way of grouping and identifying risks which can be classified as Strategic, Financial, Operational and Regulatory.
- **"Risk Class"**: definition used to distinguish the risks by subjects.
- **"Committees"**: the advisory committees to the Board of Directors, statutory and non-statutory, and the working groups with defined objectives.
- **"Company"**: Hidrovias do Brasil S.A.
- **"Board of Directors"**: the Company's Board of Directors.
- **"CVM"**: Brazilian Securities and Exchange Commission.
- **"Management"**: the Company's Management.

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- **“Risk Owner”**: responsible for managing the degree of exposure to certain risk(s), as well as implementing and monitoring the action plan to mitigate the materialization of the risk that is under his/her responsibility, in case of the degree of risk exposure disagree with the Company's definitions.
- **“Effect”**: is a deviation from what is expected - positive and/or negative.
- **“Risk/Hazard Factor”**: is every source with the potential to cause harm.
- **“Uncertainty”**: is the state, even if partial, of the deficiency in the information related to an event, its understanding, knowledge, consequence, or its probability of occurring or not occurring.
- **“Goals”**: can have different aspects (such as financial, safety, and environmental goals) and can apply at different levels, such as strategic, organization-wide, project, or process.
- **“Policy”**: mean this *“Risk Management Policy”*.
- **“Regulation”**: Imposed and documented conditions for the execution of an activity. This requirement does not necessarily have to be defined in company policies, but can also be regulated in standards, customer contractual requirements, internal procedures, or even a legal requirement.
- **“B3’s New Market Regulation”**: B3 Novo Mercado Listing Regulation.
- **“Risk”**: is the effect of uncertainty on the goals – ISO 31000:2018.
- **“Stakeholders”**: an interested or intervening party.
- **“Vulnerability”**: flaw or weakness in structure, system, process, procedure, or design, that causes harm. Can be explored by internal or external, malicious or benevolence, agent(s).

4. REFERENCES

- ISO 31000:2018 - *Risk Management Guidelines*

5. RISK MANAGEMENT PROCESS

5.1. INTRODUCTION

The Corporate Risk Management aims to support the decision-making, planning, and execution of the strategy, providing relevant information to the Company's leaders and managers, so that they are aware of the level of exposure to risks and define actions to reduce uncertainties and business resilience. This policy create standardized concepts and guidelines concerning risk management.

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The effectiveness of Corporate Risk Management is related to its integration in Corporate Governance and in all the Company's activities, including decision-making. This requires support from stakeholders, especially from the Top Management.

The periodicity of the Risk Management process will be annual and recurrent in the Company.

5.2. SETTING THE CONTEXT

The setting of the internal and external context of the risks will be carried out in accordance with the understanding of the business environments, the sector, and the markets in which Hidrovias do Brasil S.A. operates.

In this step, the context is examined, which may include, but is not limited to:

- External context:
 - Social, cultural, political, legal, regulatory, financial, technological, economic, and environmental factors, at international, national, regional, or local levels;
 - Key drivers and trends affecting the Company's objectives;
 - Contractual relations and commitments.
- Internal context:
 - Vision, mission and values;
 - Governance model and organizational structure;
 - Strategy, goals and policies;
 - Organizational culture;
 - Capabilities understood in terms of resources and knowledge (e.g. capital, time, people, intellectual property, processes, systems, and technologies);
 - Data, information systems and information flows.

This step is important to understand the risks inherent to the business, as well as the tendency to vary exposure to existing risks that are influenced mainly, but not exclusively, by external factors.

5.3. RISK ASSESSMENT PROCESS

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The risk assessment process consists of identifying, discussing, and evaluating business risks. For a better understanding of the causes, consequences, and probabilities, the risks are rated at departmental level and later consolidated in the Corporate Risk Map. This favors the decision-making process by:

- Prioritization of the risk treatment actions;
- Defining the risk treatment strategy to match the Company's risk appetite.

5.3.1. RISK IDENTIFICATION

The stage of identifying and registering the risk is carry out after the contextualization of the internal and external factors that are relevant to the understanding of HIDROVIAS DO BRASIL S.A.'s exposure to risks. This step shall be carried out in a collaborative and systematic way, through meetings with the Company's leaders and managers, so it can be provided a realistic view of Corporate Risks, according to their knowledge of the operations, available historical data and points of view.

In order to establish the same line of communication and identify the internal processes and goals of each department, the interviews carried out will capture:

- Department Aims and Goals;
- Departmental Processes;
- Description of Risks (known and/or new);
- Type of Risk Classes (Occupational Safety, Security, Environmental, Technology, Organizational, Image, Regulatory, Financial)
- Management of Origin;
- Area of Origin;
- Risk Owners;
- Compliance Regulations (Legislation, norms, contractual clauses, etc.).

The objective of this step is to understand and record the risks that can influence positively or negatively the attainment of the strategic objectives or even the continuity of the business.

Despite being related to a wide risk assessment process, the risk identification can occur at any time and must be timely analyzed by the Company's Risk Management, so that it can be rated with the

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related managers whether there is a need for immediate discussion of the topic with the Company's Top Management.

5.3.2. Risks Analysis

The analysis stage is aimed at establishing a comprehensive picture of the risk, its adequate description, as well as additional records of existing controls and/or initiatives that can mitigate the respective Corporate Risk, as well as detailing and recording the related Risk Factors.

The risk analysis provides adequately structured information for risk assessment, objectively supporting the understanding of probability and impact of the materialization of uncertain events, considering the Company's current structure of controls, risk barriers and organizational culture.

5.3.3. Risk Assessment

The purpose of risk assessment is to understand how the identified risks can affect the business of HIDROVIAS DO BRASIL S.A. and what their probability of materialization is, based on the metrics defined and approved by the Board of Directors.

This step is carried out according to the knowledge and points of view of the Company's leaders and managers, and can be done with qualitative or quantitative techniques.

During the assessment, the Company's risks are prioritized according to the scales defined for probability and impact in case of materialization.

5.3.3.1. Risk Matrix Methodology

a) **The Degree of impact** must be rated taking into account five levels (mild, moderate, severe, critical, and catastrophic), according to the result of the observation and point of view of the interviewee regarding the possible consequences. It can be changed if not provided consequences are identified.

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b) **The Degree of probability** must be classified according to the scale: very low, low, medium, high, very high. This is the result of the interviewee's observation and point of view regarding the acceptable number of events compared to how many occur in practice, the comparison between the current number of events and the historical average, or even events that are possible to materialize.

c) **Corporate Risk Map - Probability vs Impact:** Use of the probability and impact method of the analyzed and assessed risk, giving the necessary qualitative focus to measure the risk within the Matrix. The risk classification executed in a matrix, used to visualize the risks through a heat map, and the respective impact and probability indexes:

5.3.3.2. Risk Speed

Seeking to facilitate the understanding of the immediacy of each theme for the Company, will be used a speed scale to position the corporate risks in relation to the period in which they could materialize. The speed will take into account the immediate materialization of the risk on the short, medium and long term scales.

5.3.3.3. Risk Classification

The understanding of the probability and impact of corporate risk materialization will be carried out during the analysis and assessment stage. Lastly, the classification of risks into "very high", "high", "average" and "low" will be carried out, depending on the correlation between the two variables, according to the heat map.

5.4. Risk Treatment

In the treatment stage, HIDROVIAS DO BRASIL S.A will elaborate, plan and implement options to treat the risks, reducing the probability or impact of this risk, until it reaches a level acceptable to the company.

The actions for risk treatment are:

- **Avoid the risk:** Decide not to start or continue with the activity that gives rise to the risk. Choose to eliminate the source of the risk;
- **Mitigate the risk:** Reduce the probability and/or impact of risk materialization. Choose to create

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action plans that minimize potential risk exposure;

- **Transfer or share the risk (Partnerships and/or Insurance):** Reduce risk impact through contracts and insurance with third parties. Choose to reduce the risks impacts by transferring or sharing the risk, either in part or in full with a third party;
- **Accept the risk:** Become obligated of the risk in order to pursue an opportunity or strategic objective. Choose to continue operating with the current structure, processes, and/or controls, observing the cost-benefit ratio of the mitigation actions for a certain risk.

For effective implementation of the selected treatment, action plans shall be proposed to put forth clearly how the risk response will be carried out, so that the costs and benefits are understood by those involved and progress in relation to the plan can be monitored.

The action plans shall be integrated into the management plans and processes of HIDROVIAS DO BRASIL S.A, involving the stakeholders in a timely manner. Action plans basically shall have two focuses:

- **Mitigation** Initiative or project of preventive nature, aiming to reduce the probability of risk materialization through actions taken by the Risk Owner or by multidisciplinary working groups. The objective is to reduce weaknesses and vulnerabilities in business processes or in the corporate strategy that may affect the generation of value by the Company;
- **Contingency:** Initiative or project for the Company's prompt response, which aims to reduce the impacts of the materialization of risks in the organization through strategies for crisis management, business continuity, and business recovery. As well as in the establishment of contracts and insurance for risk sharing.

After defining the treatment of action plans to respond to risks, it is important to understand and align the Residual Risk, meaning, the criticality of exposure to the respective risk that remains after the treatment is completed. The Residual Risk must be validated by the Executive Board and if it is not in agreement with the remaining exposure, additional actions must be taken by the risk owner.

5.5. Communication and Consultation

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The goal of this step is to inform the relevant stakeholders in understanding the risk the basis on which decisions are made and the reasons why specific actions are required.

Communication seeks to promote awareness and understanding of the risk, while consultation involves getting feedback and information to aid decision making.

The communication and consultation with appropriate external and internal stakeholders takes place throughout the entire risk management process. This is intended to ensure that different points of view are properly considered and to provide sufficient information to facilitate risk oversight and decision making, in addition to create a sense of inclusion and ownership among those affected by the risk.

5.6. Monitoring and Critical Analysis

The goal of the monitoring and critical analysis stage is to assess the effectiveness of the risk management process through evaluations and ongoing observation and verification activities. This way, with this follow-up it is possible for HIDROVIAS DO BRASIL S.A. to understand changes in the level of performance expected in relation to that realized. For the effectiveness of the risk management process, the identified and prioritized risks shall be monitored and analyzed periodically, based on best practices.

6. RISK MATRIX PRESENTATION

The Matrix will be presented with the following risk categories:

Strategic Risks: Associated with the Company's strategic decisions to achieve its business objectives, and/or arising from a lack of ability or capacity to protect itself or adapt to changes in the business environment.

Operational Risks: Resulting from the lack of consistency and adequacy of the information, processing and operations control systems, as well as from failures in the management of resources and internal controls or frauds that make the exercise of the company's activities improper.

Financial: Associated with planning, decisions, and financial structure (including market aspects, credit, liquidity, financial management, macroeconomics, among others).

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Regulatory Risks: Associated with the regulatory environment arising from noncompliance with laws, misconduct, and the guiding documentation. Additionally, the risks observed and classified according to the aforementioned categories will also be divided into subcategories, enabling a better understanding of their causes and, consequently, allowing risks to be more adequately identified and monitored.

7. ROLES AND RESPONSIBILITIES

The company understands that, for an adequate risk management, the participation of all employees is fundamental, in order to reach the level of effectiveness of this policy. To do this, each area needs to know its roles so that the main risks are properly addressed and monitored.

7.1. BOARD OF DIRECTORS

- Discuss the structure of the Risk Management area;
- Approve the Risk Management Policy;
- Approve the Risk Management Work Plan;
- Approve the risk authority levels, which define the responsibilities for approving and handling risks;
- Define acceptable exposure level of risk tolerance and risk appetite;
- Approve the risk appetite;
- Follow up on the results of the risk management process;
- Define the organization's risk profile;
- Periodically evaluate the corporate risk map and mitigating actions reported by the Management;
- Oversee the prioritized risks and their respective response plans;
- Follow up on the evolution of the risk mitigation action plans.

7.2. AUDIT COMMITTEE

- Review the Risk Management Policy;
- Review the Risk Management Work Plan;
- Establish the structure of the Risk Management area;
- Validate the portfolio of strategic risks;
- Monitor the degree of Risk Appetite and update it when necessary;

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- Report to the Board of Directors on the management of strategic risks (change in impact, probability, other characteristics);
- Prioritize the recommendations of the Risk Management area and submit them to the Board of Directors.

7.3. RISK MANAGEMENT AREA

- Communicate and train employees on risk management;
- Elaborate and implement the Risk Management Area process (based on Policy, Work Plan and Manual);
- Propose and periodically review the criteria for risk assessment, mapping, and classification;
- Act in monitoring trends and external elements that can bring risks to the organization;
- Schedule meetings for risk analysis;
- Coordinate the activities of risk indicator management and risk action plans;
- Monitor the progress of the implementation of action plans and risk indicators;
- Advise the Audit Committee on risk-related matters;
- Propose the Risk Officer for each risk;
- Assist the Risk Officer in creating the indicators, exposure levels, and risk response plan;
- Manage risk system with the aim of consolidating the results of risk assessments;
- Perform monitoring and critical risk analysis;
- Define risk management guidelines, such as frequency of risk management meetings and reports.

7.4. RISK OFFICER

- Perform technical review of risk, risk factors, assessment, final risk criticality, and mitigation actions;
- Elaborate and update the risk sheets whenever necessary;
- Develop indicators for priority risks;
- Break down the recommendations into action plans;
- Implement and monitor risk action plans;
- Define the people responsible for the stages of the action plans;
- Define the deadlines for completing the stages of the action plans;
- Follow up on execution of the activities;
- Make periodic reports of information or changes in the risk sheets to the Risk Management Area;

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- Communicate the Risk Management area when identifying new risks and/or events that are relevant, as well as their evolution;
- Carrying out internal monitoring of the processes for which they have responsibility, as well as communicating in case of emerging risks.

7.5. INTERNAL CONTROLS

- Analyze and evaluate the internal flows of the company's processes, identifying needs and opportunities for improvement, with the aim of mitigating the company's known risks;
- Provide guidance on process Risk Management, taking into account the control environment;
- Keeping the Administration up to date as on the Company's control environment.

7.6. INTERNAL AUDIT

- Report to the Audit Committee on objective assessments of the effectiveness of risk management;
- Periodically check whether the risk management and internal controls structure is operating effectively;
- Assess whether the most relevant risks are being adequately managed;
- Insert in the audit plan the processes linked to priority risks;
- Test the effectiveness of the mitigating controls associated with the risks.

8. UPDATE OF THIS POLICY

The Board of Directors will update this Policy when necessary due to changes in the Bylaws or in the Novo Mercado Listing Regulation, or any law, regulation or provision, whether by the CVM [Securities and Exchange Commission], the B3 or any other regulatory entity that alters the provisions listed here in relation to the Company.

9. TERM

This Policy takes effect on the date of its approval and can only be modified by decision of the Company's Board of Directors, and can be consulted at <https://ri.hbsa.com.br/>.
