

# RISK MANAGEMENT SYSTEM



**1. RISK GOVERNANCE**



**2. RISK MANAGEMENT  
PROCESS**



**2.1 TRAINING**



**3. RISK CULTURE**



**4. RISK PROCESS AUDIT**



**5. EMERGING RISKS**



# RISK MANAGEMENT SYSTEM OBJECTIVE

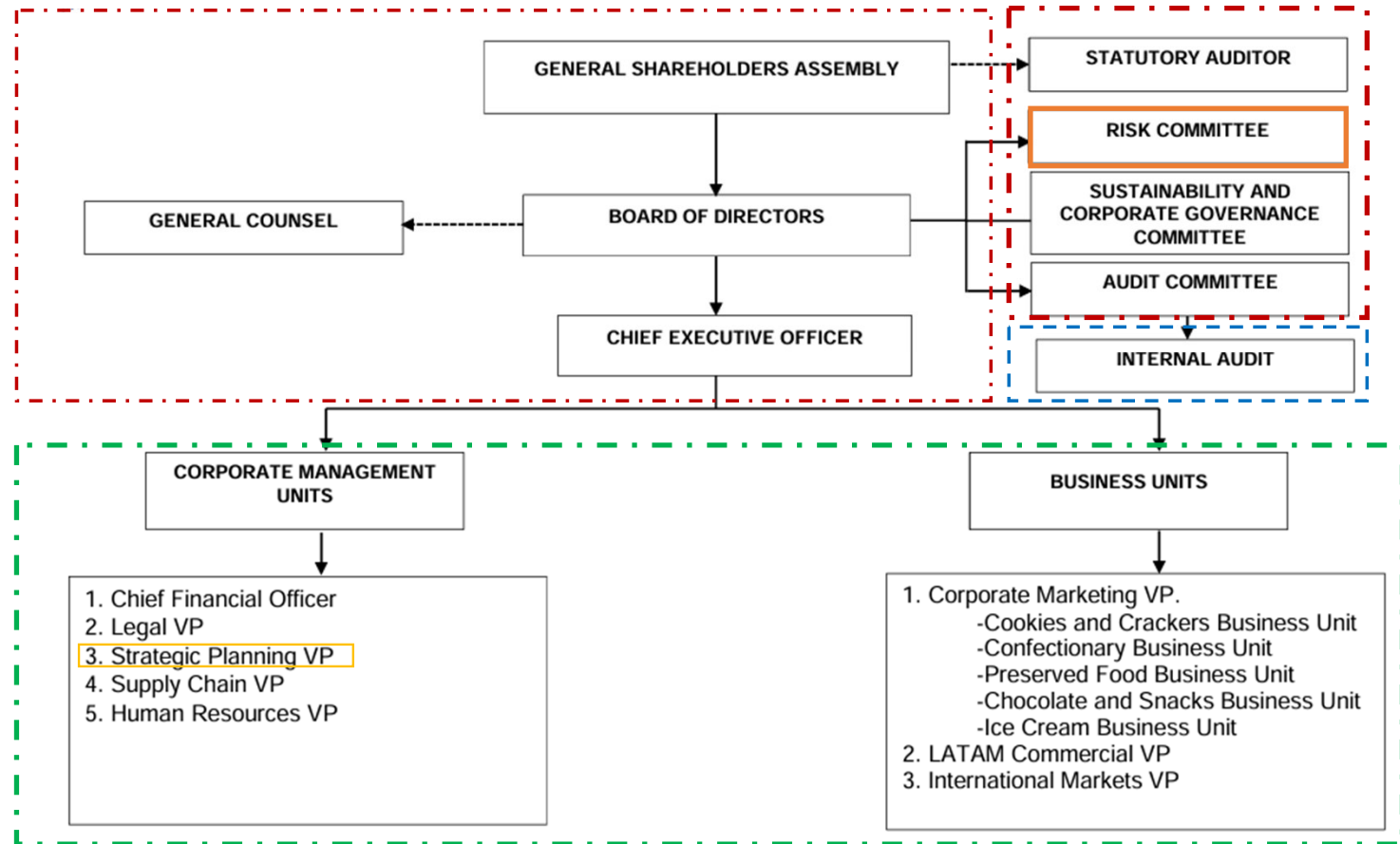
Establish risk policies and procedures that encompass identification, assessment, prevention, management, and monitoring in alignment with corporate objectives, aiming to strengthen Colombina's risk-prevention culture at every level and ensure effective coordination across all relevant areas.

# 1. RISK GOVERNANCE



# Risk Governance

## GRUPO COLOMBINA



Corporate  
Governance

First line

Second line  
Chief Risk Officer

Third line



## Risk Governance

### **Corporate Governance**

Ensures the company's management is conducted ethically, transparently, and in alignment with the interests of shareholders, stakeholders, and the long-term sustainability of the business.

### **First line**

Responsible for ensuring the effectiveness of the controls established for the proper management of the company's risks within each business unit under their responsibility.

### **Second line Chief Risk Officer**

In charge of overseeing and managing the company's risks, ensuring they are effectively identified, assessed, controlled, and monitored, while protecting long-term objectives.

### **Third line**

Provides independent and objective assurance to the Board of Directors and Senior Management on the effectiveness of the Risk Management System, evaluating the efficiency of controls, compliance with corporate policies and procedures, and the consistency of the company's risk culture.

# **1. RISK MANAGEMENT PROCESS**



## Risk Management System

Colombina has an approved Risk Management System by the Board of Directors, which manages risks and identifies opportunities inherent in internal and external factors of the organization. This system serves as the input for decision-making and the development of prevention and mitigation strategies, enabling the achievement of business objectives in conjunction with all its Stakeholder Groups.



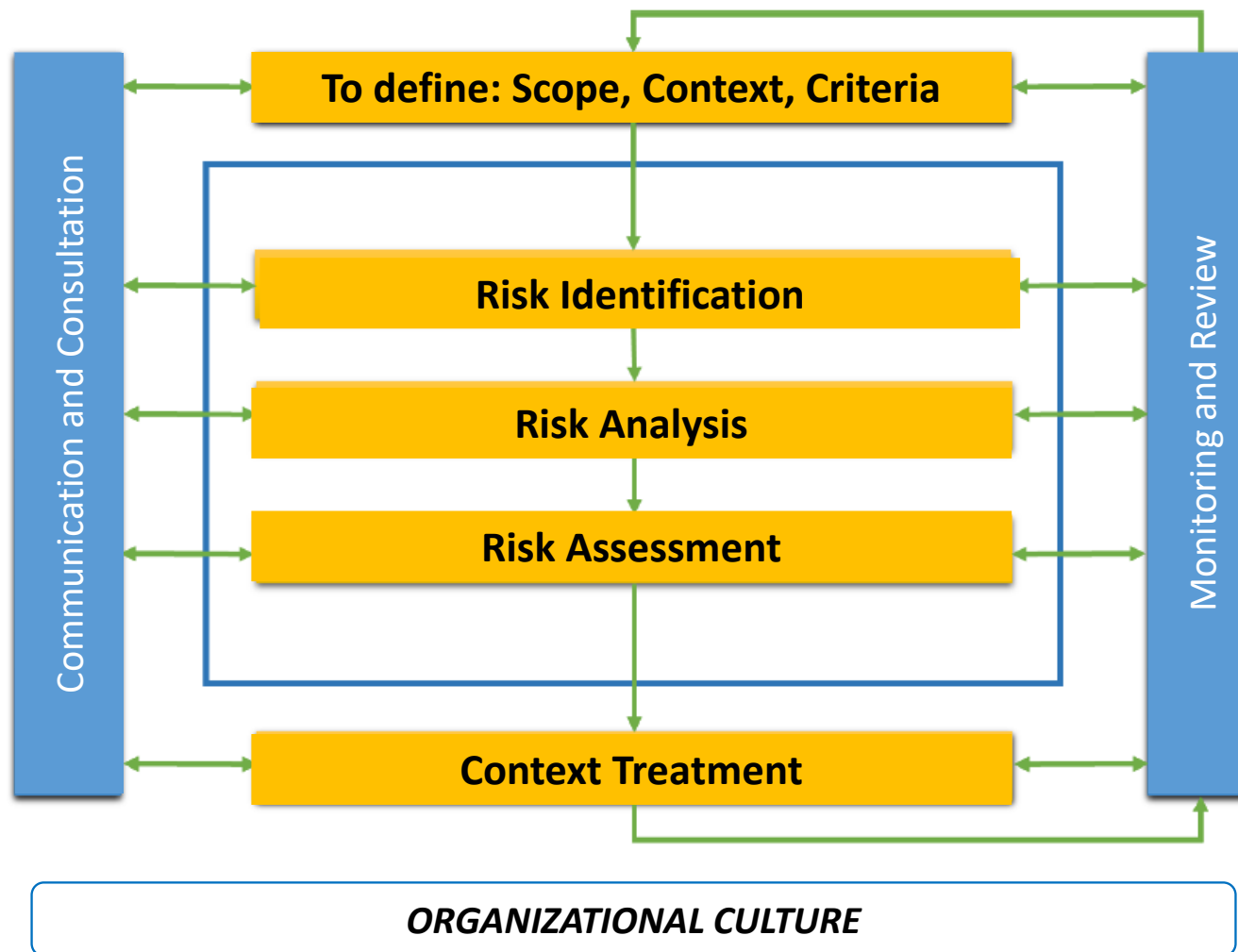


## Risk Management Process

- Colombina monitors industry risks, fluctuations in the economic environment of its main operating markets, and its financial solvency, as well as those risks that, if materialized, could hinder the achievement of the company's Big, Hairy, Audacious Goal (BHAG).
- These risk factors encompass all dimensions, including financial and non-financial aspects, environmental, social, and governance (ESG) matters, as well as emerging risks the sector may face.
- The Company's risk management must be consistent, rigorous, and aligned with good Corporate Governance and best business practices.
- Industry risks are continuously monitored and reviewed in the Risk Committee.
- Risks are prioritized based on their impact and likelihood of occurrence, and the top eleven (11) risks are selected and visualized through a conceptual map.
- The risks and the controls adopted to mitigate them are detailed in the Corporate Risk Map.



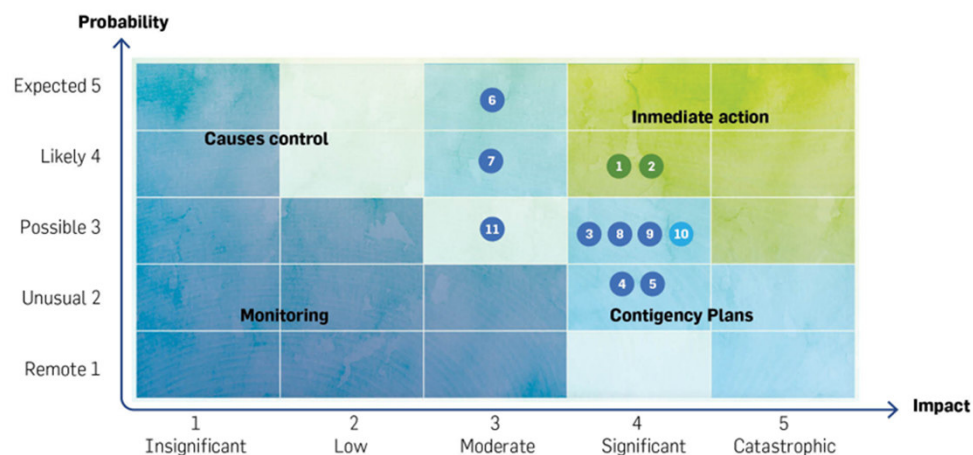
## Risk Management Process



Colombina's risk management is guided by the standards established in the international norm ISO 31000:2018, which provides principles, a framework, and a systematic process to identify, assess, treat, and monitor risks. This international guideline ensures that risk management is consistent, comprehensive, and adaptable across all levels of the organization, strengthening decision-making and business resilience.



# Corporate Risk Map



	Risk	Responsible Party
1	Instability in the regulatory framework for labeling and nutritional profiles	Legal and Corporate Affairs VP
2	Financial risk due to volatility in commodity prices and exchange rates	Administrative and Financial VP
3	Non-compliance with the regulatory framework and/or stock market regulations	Corporate Marketing VP/Corporate Affairs VP
4	Failure in food safety control	Supply Chain VP
5	Supply chain disruption	Supply Chain VP
6	High competitive environment	Supply Chain VP
7	Effects of climate change	Supply Chain VP
8	Changes in consumer trends	Corporate Marketing VP
9	Impact on sales growth caused by changes in channel dynamics and structure of distribution channels	Sales VP
10	Information Security Risk	Administrative and Financial VP
11	Difficulty in acquiring key talent	Human Resources VP

## Emerging Risks\*

\*Food Geopolitics

Legal and Corporate Affairs VP

\*Inappropriate use of artificial intelligence applied to food

Supply Chain VP



## Risk Exposure

Corporate Risk	Exposure	Magnitude/Risk	Probability	Action Plans
Supply Chain Disruption	Supply chain disruptions can occur due to natural disasters, logistical issues, or supplier failures.	Significant: Loss of market share, loss of competitiveness, reputation damage.	The probability is low.	<ul style="list-style-type: none"><li>-Business Continuity Plans for key plants and critical raw materials</li><li>-Strategic sourcing (supplier diversification)</li><li>- Inventory policy</li></ul>
Financial Risk Due to Commodity Price Volatility and Exchange Rates	Fluctuations in the prices of key raw materials and exchange rate fluctuations in the various countries where we operate	Significant: Increase in production costs and impact on profit due to exchange rate losses.	The probability is high.	<ul style="list-style-type: none"><li>-The Company has established mechanisms (hedging policies and specialized consulting) to reduce the negative impact that could arise from unpredictable changes in raw material prices, with the aim of stabilizing the operating margin.</li></ul>



## Risk Appetite

The risk appetite that the Company is willing to assume to achieve its long-term objectives is low, and therefore the following dimensions have been implemented to manage risk.

- **Coverage policy for raw materials and exchange rates:** We have a coverage methodology for the main raw materials such as sugar, corn, wheat, soybean oil, palm oil, and the exchange rate, which allows us to mitigate the impact of exchange rate fluctuations and these commodities.

### Business Continuity Management (BCM):

- **Emergency Response Plan:** focused on saving people, company assets, and the environment.
- **Crisis Management Plan:** focused on managing problems and implications, communication, reputation, and humanitarian assistance.
- **Disaster Recovery Plan:** technological services (DRP).
- **Business Continuity Plan (BCP):** focused on the rapid stabilization, restoration, and recovery of critical business processes.



## Risk Exposure

- The Risk Committee is a support body for the Board of Directors, assisting in fulfilling its supervisory responsibilities in relation to the Company's risk management.
- The Risk Committee will meet at least once (1) each year. Their decisions will be adopted by simple majority and will be recorded in the corresponding minutes.
- By virtue of the outlined organizational structure, it is relevant to indicate that the Board of Directors is ultimately responsible for maintaining a robust control environment within the Company.



## 2. RISK CULTURE



## For senior executives

There is an overall sustainability indicator that affects the variable compensation of the CEO, vice presidents, and business unit managers.

The sustainability KPI is based on consolidated results and reflects the percentile achieved in the Corporate Sustainability Assessment (CSA) score.

# Financial Incentives

PERSPECTIVE	KEY INDICATORS	UNIT
FINANCIAL	1 ROIC (Return On Invested Capital)	%
	2 Sales Growth Sales	% COP \$MM
	3 Contribution Margin	%
	4 EBITDA Margin EBITDA	% COP \$MM
	5 Working Capital / Sales	%
MARKETS	6 Share of Market (Nielsen) Colombia	%
	7 Plan 50 Success	%
	8 # SKUS with Clean & Clear improvements	#
	9 Perfect Orders	%
PROCESSES	10 Cost of Serving / Sales	%
	11 Colombina 100% Sales - COP\$MM	COP \$MM
	12 Cost of Transport / Sales	%
	13 Labor Productivity (\$ Direct Labor / Kg Produced)	\$MOD/Kg
	14 EGP (Global Efficiency - Production Plants)	%
HUMAN CAPITAL	15 Working Environment	Score
	16 Total Payroll / Sales	%
SUSTAINABILITY	17 Sustainability Assessment Scorecard	Percentile

## **2.1 TRAINING ON RISK MANAGEMENT PRINCIPLES**





# Regular Risk Management Education – Board of Directors

- **Governance Practice:** Risk committee sessions twice a year with participation of Board Directors.
- **Risk Oversight & Education:** Committee sessions combine:
  - Progress review of the company's risk management framework.
  - Training by external consultants on critical and emerging risk topics.

## Some key topics covered



Human Rights in supply chain and labor practices



Emerging Risks relevant to the food industry



Information Security & Cybersecurity



Regulatory compliance (labeling, new regulations – food industry)

## ➤ Outcome

- Ensures continuous education of non-executive directors.
- Strengthens the Board's capacity to oversee strategic risks in the food industry.
- Positions the company to anticipate and respond to global ESG expectations.



## Colombina Corporate University

It is a virtual learning campus that allows enriching the professional profile of employees, strengthening their skills and knowledge, and achieving the goals set in each area and management regarding the contribution of each position or role to the strategy.

Within the Colombina Corporate University, we offer a wide range of courses related to various risks accessible to all employees, contractors, suppliers and customers.



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4.800 CONTENTS  
in various formats

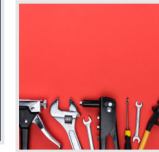


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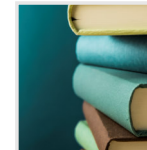


Podcast

Bits



Books



Book Ideas



Programs



Nanobits





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# Occupational Health and Safety Management System Course

**Overall Course Objective:** To familiarize participants with the components and characteristics of the Occupational Health and Safety Management System implemented within the Colombina Business Group.

## Specific Course Objectives:

- Acquire knowledge about key concepts and definitions related to the Occupational Health and Safety Management System.
- Provide employees with a general understanding of the policy, regulatory aspects, risks, and emergency procedures.
- Communicate tools that facilitate self-care in preventing work-related accidents and occupational diseases.
- Understand and identify certain legal aspects of the Management System.

## In 2024:

- 32.910 hours of training were provided.
- Over 5.800 employees were trained.
  - More than 5.600 contractors completed the course.





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# MENÚ

**WELCOME**  
**GENERAL OBJECTIVE**  
**SPECIFIC OBJECTIVES**  
**CONCEPTS AND DEFINITIONS**  
**OCCUPATIONAL HEALTH AND SAFETY**  
**MANAGEMENT SYSTEM**  
**OHS POLICY**  
**ORGANIZATION**  
**PLANNING**

**Hazard Identification and Risk Control**

**Hazard Classification**

## **APPLICATION**

**Risk Control**  
**Preventive Medicine**  
**Occupational Medicine**  
**Emergency Plan**  
**In case of a workplace accident**

**RESPONSIBILITIES REGARDING THE**  
**OCCUPATIONAL HEALTH AND SAFETY**  
**MANAGEMENT SYSTEM**  
**AUDIT AND REVIEW BY TOP**  
**MANAGEMENT**  
**CLOSURE**

# Self-Control System and Comprehensive Risk Management of Money Laundering and Terrorism Financing (SAGRILIFT)

More than 3.300  
employees completed this  
virtual course.

Self-Control System and Comprehensive Risk Management of Money Laundering and Terrorism Financing (SAGRILIFT)

At the end of this course, employees will be able to:

- Understand the importance of the Self-Control System and Comprehensive Risk Management of Money Laundering and Terrorism Financing.
- Identify the risk control mechanisms for Money Laundering, Terrorism Financing, and Financing of the Proliferation of Weapons of Mass Destruction.
- Comprehend the consequences of non-compliance with the Self-Control System and Comprehensive Risk Management of Money Laundering and Terrorism Financing.





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# Information Security and Cibersecurity

At the end of this course, employees will be able to:

- Recognize the main risks, threats, and vulnerabilities affecting information systems.
- Differentiate the concepts of information security and cybersecurity.
- Assess company information as a strategic asset.
- Explain the principles of confidentiality, integrity, and availability of information.
- Implement preventive measures at work to protect information.

More than 2.400 employees completed this virtual course.



Bit

**Seguridad de la información y Ciberseguridad**

 Certificado: IEBS Business School

 Intermedio  30 Minutos



## Corporate Transparency and Ethics Program

Training program designed to provide a deep understanding of the importance of transparency and business ethics in the current environment.

During the course, the various challenges that companies currently face in terms of business integrity are explored.

Additionally, some of the best practices that companies have adopted to minimize risk and vulnerabilities are presented.

**More than 1,500 employees completed this virtual course**





## Incorporation of Risk Criteria in Product Development

Risk criteria are integrated transversally into the design and development of products and packaging, from the initial concept to commercialization. This approach involves R&D, regulatory, sustainability, quality, and marketing teams, and allows for the assessment of:

- **Operational risks:** technical feasibility, safety, and continuity of supply.
- **Regulatory risks:** compliance with current regulations and anticipation of new nutritional and labeling requirements.
- **Social risks:** respect for human rights and labor conditions across the supply chain.
- **Environmental risks:** efficient use of water and energy, reduction of the carbon footprint, and promotion of circularity.
- **Market risks:** adaptation to consumer trends in health, transparency, and nutrition.
- **Reputational risks:** alignment with stakeholder expectations and responsible marketing practices.



# Incorporation of Risk Criteria in Product Development

1

Risk at IDEA level

- Assessment of regulatory compliance and potential changes for the destination country
- Assessment of potential nutritional profile vs. standards and policy
- Assessment of potential environmental impact of proposed packaging
- Technical and financial prefeasibility

Technological and competitive intelligence for understanding the changing market (trends)

Global regulatory monitoring and early warnings

IDEATION

1

CONCEPTUALIZATION AND DESIGN

2

DEVELOPMENT

3

LAUNCH

Technological monitoring at the level of equipment, processes, and raw materials

CROSS-FUNCTIONAL SUPPORT

HEALTH & NUTRITION POLICY

VOLUNTARY MARKETING AGREEMENT

SUSTAINABLE PACKAGING POLICY

2

Risk Management at PRODUCT IN DEVELOPMENT level

- Assessment of nutritional profile and legal texts
- Final regulatory approval for definitive destinations
- Final technical feasibility approval
- Final financial feasibility

3

Risk Management at LAUNCH level

- Consistency of launch vs. assessed risk
- Monitoring of compliance during commercialization (regulatory, reputational, and technical)

# **3. RISK MANAGEMENT PROCESS AUDIT**

## Risk Management System Process Audit

- 1 **Planning:** Define the scope and objectives of the audit, including the specific areas and processes to be examined.
- 2 **Risk Assessment:** Evaluate the risks associated with the audited processes and identify potential areas of concern.
- 3 **Review:** Examine the effectiveness of risk identification, assessment, and mitigation measures implemented by the organization
- 4 **Recommendations:** Offer suggestions and recommendations to enhance the efficiency and effectiveness of the Risk Management System.
- 5 **Follow-up:** Monitor the implementation of corrective actions and improvements based on the audit recommendations.
- 6 **Continuous Improvement:** Encourage the organization to continuously improve its Risk Management processes to adapt to changing risk landscapes and business environments.





## Internal Audit Functions and Responsibilities

- The role of Internal Audit is to enhance and protect the company's value through an independent and objective risk-based assurance and consulting activity.
- It helps the company achieve its objectives by providing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, internal control, and corporate governance processes.
- It evaluates the Group's internal control system, focusing on the most significant and relevant risks. It generates recommendations/opportunities for improvement regarding control processes that management should consider.
- It annually presents to the Audit Committee for approval the work plan to be developed throughout the year, with a risk-based approach.
- It periodically presents to the Audit Committee in meetings the most significant internal control deviations (opportunities for improvement) and possible recommendations to mitigate the identified risks, along with responsible parties and implementation deadlines.

## 4. EMERGING RISKS



# Emerging Risks

## NEW RISK

Risk that can be generated from new conditions or exposures arising from trends and changes in the around.

## TRANSFORMATION OF KNOWN RISKS

Known risk that begins to present a transformation in their behavior and can bring consequences that have not yet are predictable or fully understood.

## TREND AND RISK MANAGEMENT SYSTEM

### IDENTIFICATION

#### Environment observation

Trends-phenomena

Strategic and operational risks

### ASSESSMENT

#### Prospective scenarios

Transmission mechanisms and indicators

Understanding risks  
Characteristics and factors risk

### MANAGEMENT AND FINANCING

#### Visibility Financing Opportunities

Monitoring and control



# Emerging Risks

## Methodology – Phase 1

### FUNDAMENTALS OF THE SECTOR

*Industry essentials*



Fundamentals  
identified with its  
descriptive narrative

### ENVIRONMENT OBSERVATION

*Signs of change in  
the environment  
applied to the  
industry*



Trend radar for the  
food industry

### INTERACTION WITH THE ENVIRONMENT

*Megatrends  
Industry trends*



Interconnections  
megatrends and  
sectoral trends

### CONVERGENCE

*Patterns,  
disruptions, sources  
of new risks or  
transformations*



Radar of emerging  
risks with a focus on  
the sector

### PRIORIZATION OF EMERGING RISKS

*Selection of  
emerging risks with  
the greatest impact  
for the organization*



Prioritized emerging  
risks





# Emerging Risks

## Methodology – Phase 2

### CHARACTERIZATION

*Prioritized emerging risks*



Fact sheets with characterization of prioritized emerging risks

### VARIABLE MODELING

*Projections key variables prioritized risks*



Set of modeled indicators that will be monitored

### FUTURE SCENARIOS

*Identification of trend and desirable scenarios on risks*



Future scenarios for prioritized emerging risks

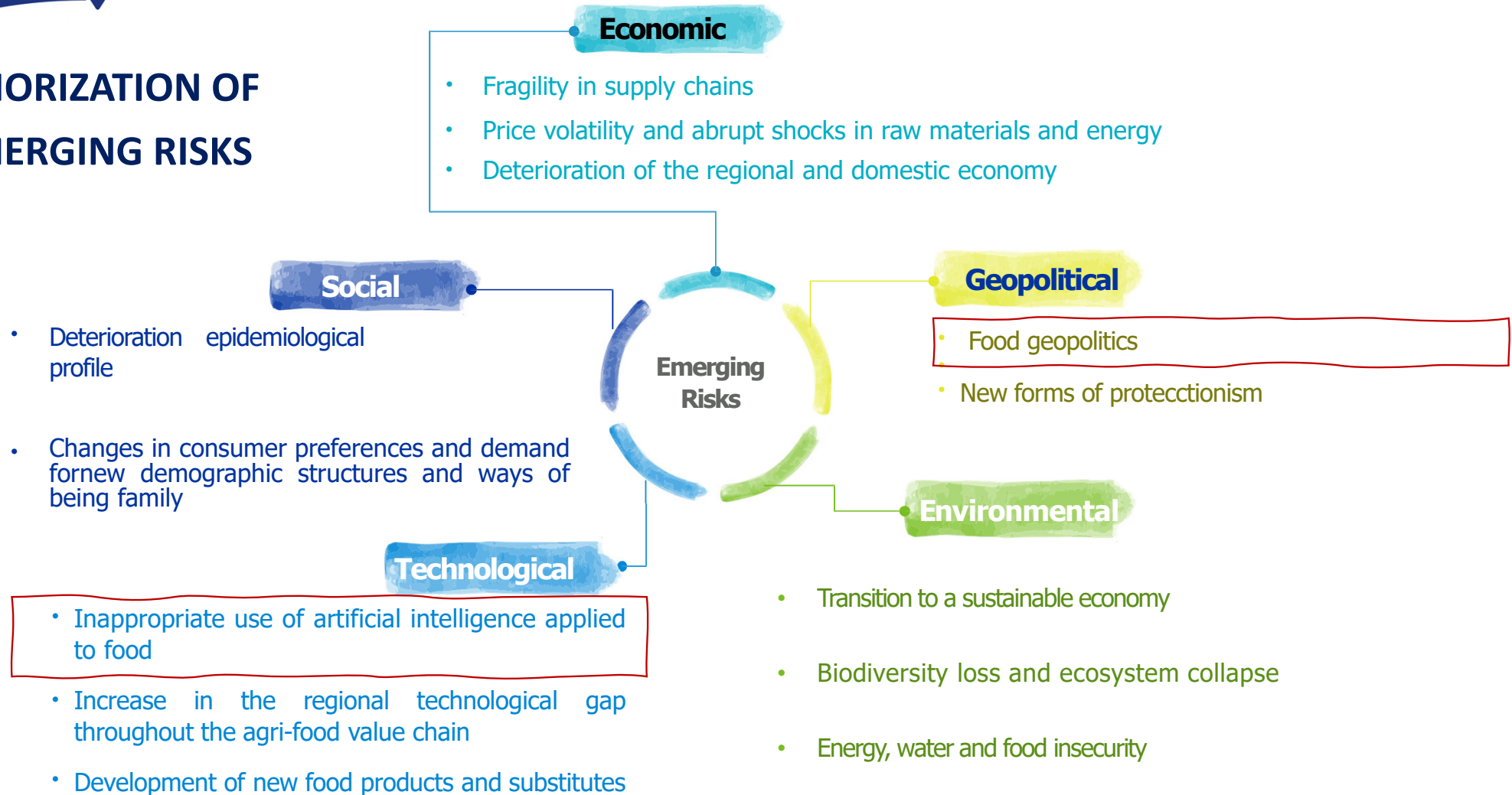
### BACKCASTING

*Definition of milestones and actions from the company*



Key milestones for the construction of the prioritized scenario for the company

## PRIORIZATION OF EMERGING RISKS



## 3. Emerging Risks

### FOOD GEOPOLITICS

It refers to the risk that arises at the intersection between global and domestic politics and food security, as well as the distribution of food resources at the global level, where political, economic, and social factors converge to influence food production, trade, and distribution.

The current highly volatile context of international relations, geopolitical conflicts, trade restrictions, and other global dynamics could have a significant and lasting impact on the availability and affordability of food.

As a result, transformations are emerging in valued resources and strategic food-related strongholds, paving the way for the rise of new relevant actors, along with new global political and economic alliances.

#### ➤ Potential Impacts:

- Disruptions in global supply chains leading to raw material shortages or product unavailability as a result of trade restrictions, tariffs, and political barriers.
- Increased exposure to trade restrictions or tariffs affecting import/export flows.
- Greater dependency on regional or alternative suppliers with variable quality standards.
- Reputational and operational risks if unable to guarantee food security and affordability for consumers..



# Emerging Risks

## Principal Strategies- Mitigating actions

- **Strategic sourcing:** Establish a diversified and resilient supplier network that ensures continuity of operations and reduces exposure to geopolitical and market disruptions.
- **Supplier engagement:** Collaborate with suppliers to strengthen sustainability practices, human rights standards, and ESG performance across the value chain.
- **Compliance & certifications:** Ensure that supplier management practices align with international regulations and certifications, reinforcing food safety, legal compliance, and stakeholder trust.
- **Extensive Distribution:** Our distribution network spans over 90 countries, reflecting our strong commitment to accessibility. We ensure that our products are available both nationally and internationally, making them accessible to consumers. Currently, we serve more than 750,000 customers worldwide.
- **Geographical Diversification:** We offer our products in multiple regions and international markets, which not only expands our global presence but also allows us to adapt to local particularities and preferences. This strategy ensures that our offerings are relevant and accessible to a wide range of consumers. Currently, 42% of our sales come from international markets, demonstrating our successful geographical expansion.
- **Commodity Price Mitigation Model:** We have implemented a band model through the purchase of futures for essential raw materials, which allows us to manage and mitigate the volatility of commodity prices. This approach helps stabilize production costs by setting prices in advance for critical inputs, protecting the company from unexpected fluctuations in raw material prices.
- **Business Continuity Plans:** We have implemented a comprehensive Business Continuity Plan (BCP) that ensures preparedness against internal and external disruptions, including IT failures, natural disasters, cyberattacks, and supply chain interruptions.



### 3. Emerging Risks

#### **INAPPROPRIATE USE OF ARTIFICIAL INTELLIGENCE APPLIED TO FOOD**

The possibility that decisions, strategies, and processes driven by Artificial Intelligence may create an excessive dependence on highly complex information and technological systems used throughout the extended value chain of the food industry, in the pursuit of innovation, better customer understanding, improved efficiency, enhanced quality, and reduced waste in the food production chain.

The lack of full understanding of AI algorithms and decision-making processes could undermine food security and crop diversity, compromising the ability to adapt to changing climate conditions and unpredictable factors.

#### ➤ **Potential Impacts:**

- The use of artificial intelligence in the food industry entails risks such as failures in integration with existing processes, lack of transparency in data management, biases in commercial strategies, and excessive dependence on automated systems from both internal and third-party operations. These risks may lead to operational disruptions, cyberattacks, product safety failures, loss of trust due to misinformation or unethical practices, and technological adoption gaps across the value chain, ultimately undermining resilience and the ability to adapt to unexpected changes or crises.



# Emerging Risks

## Principal Strategies- Mitigating actions

- **Information Security Governance Framework:** Led by a dedicated committee that establishes clear guidelines for the ethical use of information and oversees their implementation across the organization. This governance structure ensures accountability, strengthens monitoring, and enhances our capacity to mitigate risks such as data breaches, misuse of information, and cybersecurity threats.
- **Information Security Policy:** We have a comprehensive Information Security Policy that sets out the principles of confidentiality, integrity, availability, privacy, and auditability of information. This policy provides a common framework for all employees and stakeholders, ensuring consistent practices and reducing vulnerabilities across the company.
- **Business Continuity and Disaster Recovery Plan (DRP):** procedures designed to ensure the preservation and timely restoration of critical IT systems that support the organization's essential business processes in the event of a contingency. These plans include specific measures to effectively respond to technical failures, supply chain disruptions, and cyberattacks, ensuring operational continuity, information protection, and the minimization of business impacts.
- **Training and awareness programs:** We regularly conduct training and awareness programs for employees to reinforce the importance of ethical information use, cybersecurity practices, and adherence to internal protocols. This proactive approach strengthens the first line of defense against emerging risks.