



RISK MANAGEMENT CORPORATE POLICY

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1.0	Initial Version	Board of Directors	December 2015
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1. Objective

This policy establishes the principles, basic elements and the general framework of Coca-Cola Andina's Risk Management, for the adequate governance of this process, that is, the identification, measurement, control, mitigation and monitoring of relevant risks that may adversely affect the achievement of the Company's objectives, which is related to safeguarding the interests of shareholders and other stakeholders.

2. Scope

This Policy applies to all of Coca-Cola Andina's personnel, its divisions and subsidiaries, hereinafter the Company or the Operations. All the procedures of each Operation must be framed within the guidelines established in this document and its complementary norms.

3. Responsibility for risks

Risk management is part of the responsibilities of the Company's employees, whether internal or external, regardless of their contractual relationship with Coca-Cola Andina.

4. Risk environment

A risk is, in general, an event caused by internal or external variables that, if it occurs, has a negative impact on the Company's capacity to execute its strategy and achieve its goals.

In general terms, Coca-Cola Andina focuses on risk areas or pillars that are expanding as part of the natural maturity cycle of the process. For each pillar, those risks with a high impact on the Company must be prioritized, also considering their probability of occurrence.

5. Risk Management Structure and Responsibilities

The Company maintains an organizational structure for the adequate governance of this process, which is as follows:

- a. **Board of Directors:** It bears the greatest responsibility for the value creation of the Company's businesses and, consequently, for the strategies and policies that must be implemented to achieve this purpose. Within the scope of this policy, its primary responsibilities are to protect the Company's value from potential losses, foster a risk management culture within the organization, identify and comprehend the risks that may affect the Company, approve the risk management strategy and general guidelines, and monitor the continuous operation of the risk management processes reported by the Corporate Sustainability and Risk Committee.

Internal Audit, which reports to the Board of Directors and plays a crucial role in evaluating the risk management process in accordance with Board-approved rules, operates within this environment.

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- b. Corporate Sustainability and Risk Committee: Its composition is outlined in the Committee's Bylaws.

Its management will be geared toward ensuring the circumstances for an effective mitigation of the risks that may arise in the development of the Company's activities and that may have an impact on the goals set by the Board of Directors, including:

- Achieve the Company's strategic objectives
- Protect the Company's results and reputation.
- Defend the interests of shareholders and stakeholders.
- Ensure the economic, social and environmental sustainability of the Company.

On the other hand, the Committee shall report as comprehensively as possible on the risks presented by the business and the performance of the systems designed for their control. It submits its reports to the Board of Directors and, when appropriate, to the regulatory bodies and the main external agents, while maintaining proper communication channels that promote fluid and timely communication.

In order to achieve these objectives, the Corporate Sustainability and Risk Committee shall:

- i. Develop a risk-response culture that includes permanent training for all relevant staff, regardless of their contractual links to the Company, on the policies, procedures, controls, and codes developed for risk management.
- ii. Promote Senior Management's commitment to the risk management strategy.
- iii. Establish a common terminology and a single assessment method for a standardized view of risks: Offer guidance and instruments for the continuous identification, appraisal, mitigation, and monitoring of risks.
- iv. Monitor the effectiveness of Operations' action plans and give the required support to enable their timely execution.
- v. Review and update at least annually, the risk management process and evaluate the incorporation of new risk pillars.
- vi. Report on these matters to the Board of Directors

Reports on the following matters shall be submitted at least semi-annually to the Audit Committee and annually to the Board of Directors:

- i. The performance of the risk management procedure
- ii. The risk matrix, the principal sources of risks and procedures for the identification of new risks, as well as the probability and impact of the occurrence of the most significant risks and their effects on the Company.
- iii. The recommendations and improvements that could be made to enhance the Company's risk management.
- iv. Contingency plans designed to react to the occurrence of critical events, including continuity of the Board of Directors in crisis situations.

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All these responsibilities are carried out through the Risk Management unit, which reports to the Management Control, Risk and Corporate Sustainability Department of the Corporate Finance Department. The Local Risk Managers of each subsidiary report functionally to this unit.

- c. Corporate: Corporate Managers are responsible for the adequate management of the relevant risks within the framework of this standard, both at the company level and at the level of their area of responsibility.
- d. Operations: General Managers and their first line are responsible for the adequate management over the relevant risks within the framework of this standard, both at the level of the Operation and at the level of their scope of responsibility.
- e. Local Risk Managers: Their primary responsibility is to coordinate the Risk Management process. Among their duties:
 - Advise General Managers and Risk Managers on the identification and evaluation of risks and ensuring that they are periodically updated.
 - Advise those accountable for mitigating activities regarding their definition and documentation and ensure that they are periodically updated.
 - Perform a critical examination of the risk matrix for the Operation, conveying the results to the responsible parties and organizing the revision of the matrix, as necessary.
 - To document and monitor the defined action plans to address the risk mitigation gaps.
 - Maintain up-to-date information on the Operation Risk Management process in the systems that have been developed in order to provide Senior Management with accurate reports.
 - Before internal and external audits, provide assistance to those liable for risks and mitigation measures.
 - Coordinate the local sensitization and training of the Operation's personnel on Risk Management, as well as the sharing of experiences from the materialization of risks (lessons learned).
 - Provide timely and periodic information regarding the status of risks at every stage of the process to Operation's Management and Corporate.

6. Guidelines for the Risk Management Process

Coca-Cola Andina has a risk management methodology that provides a standard language for all operations, so easing the creation of risk maps, their monitoring, and reporting to Senior Management and the Board of Directors. Please refer to the policy's appendices for specifics regarding this method:

- Methodology for Business Risk Management.
- Methodology for IT Risk Management