



Comprehensive risk management ISA and its companies

isa

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Energía
Vida
Transición

Comprehensive risk management process

Risk appetite and risk tolerance - ISA and its companies

Risk assessment depends on the nature of each **risk category** analyzed and its prioritization is based on the established levels or limits, defined on the basis of **appetite and tolerance criteria for financial and reputational dimensions or resources, and risk declarations or aversions**. The Audit and Risk Committee is responsible for reviewing and approving the prioritization criteria.

ISA and its companies review and establish the criteria annually considering the financial results and the proposed goals against the organization's objectives.

Financial dimension or resource

Continuous probability and impact values are used. The assessment is quantitative



Reputational Dimension or Resource

Discrete values of probability and impact are used. The assessment is semi-quantitative

Probabilidad								
Muy alta (>75%)	8	16	32	64	IMPACTO EN LA REPUTACIÓN Se genera un concepto público	CONFIANZA	PÚBLICOS CLAVE	MEDIOS, REDES SOCIALES Y CANALES
Alta (>50-75%)	6	12	24	48				
Media (>25-50%)	4	8	16	32				
Baja (<25%)	2	4	8	16				
		Leve 2	Moderad 4	Crítica 8	Muy Crítica 16			
					CRÍTICO 8			
					MUY CRÍTICO 16			
						Muy baja	Conocen	Leve
						Baja	Observan	Moderada
						Media	Cuestionan	Crítica
						Alta	Acusan	Muy crítica

1. Risk limits for financial and reputational risks

Appetite

Low

Risks that ISA and its companies are willing to accept in order to achieve their objectives

Tolerance

Medium

Maximum risk that ISA and its companies are able to bear in the achievement of their objectives without affecting the sustainability of the organization

High

Risk that ISA and its companies are not willing to assume

Very High

2. Risk declarations (independent of limits)

Approved by the Audit and Risk Committee held in August 2024

Supplementary declarations on comprehensive risk management

These are red lines or limits of an action or decision on key issues of comprehensive risk management.

These declarations were approved by the February 2022 Governance, Sustainability and Risk Committee.

Aversion to:

- Actions that may cause serious or fatal accidents to employees, suppliers and the community

Discrete probability and impact values are used to determine prioritization. The assessment is semi-quantitative



- Irreparable environmental damage*
- Illegal or unethical actions
- Unfavorable deviations in the reference values of key service indicators

In the face of risk transfer:

The acceptable level for the transfer of insurable risks in its aggregate value of premium, deductible and retention after coverage, will be the limit of the green band of the financial resource ("Low" level - USD 10 MM). Applies to insurable risks associated with cybersecurity, property damage and All-Risk Construction and erection.

*Irreparable definition: Absolute loss of the biodiversity component in the abiotic, biotic and social sense, the monitoring of this declaration is carried out considering the management and assessment of environmental aspects and impacts within the framework of the ISO14001 standard.

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Risk appetite and tolerance identified in ISA and its companies

Types	Categories	Appetite, tolerance and risk declarations
Economic	<ul style="list-style-type: none"> • Governance • Regulatory • Legal • Political <ul style="list-style-type: none"> • Market, liquidity, and credit • Market, competition, mergers, and acquisitions 	<p>Economic risks are prioritized by financial and reputational dimension, monitored quarterly by means of key risk indicators, and their evolution is reported quarterly to the Audit and Risk Committee according to an escalation scheme.</p>
Operational	<ul style="list-style-type: none"> • Business operation • Design and construction • Supply chain • Occupational Safety and Health <ul style="list-style-type: none"> • Cybersecurity and IT • Human capital and labor relations 	<p>Follow-up and monitoring carried out quarterly at the most considering the prioritization in the financial and reputational dimensions and the risk declarations against aversion to:</p> <ul style="list-style-type: none"> • Unfavorable deviations in the reference values of key service indicators • Actions that may cause serious or fatal accidents to employees, suppliers and the community <p>In addition, the compliance with the Guidelines or policies defined in the business and by compliance is monitored transversally.</p>
Compliance	<ul style="list-style-type: none"> • Fraud and corruption • Money Laundering (ML), Terrorism Financing, and Financing of Proliferation of Weapons of Mass Destruction 	<p>The reporting and supervision of compliance risks shall be carried out quarterly at the most and on demand, the corresponding levels shall be informed for their management, and their prioritization shall be carried out by means of the reputational dimension and declaration of risks in the face of aversion to:</p> <ul style="list-style-type: none"> • Illegal or unethical actions <p>In addition, the compliance with the Guidelines or policies defined in the business and by compliance is monitored transversally.</p>
Social Environmental	<ul style="list-style-type: none"> • Environmental • Natural phenomena and extreme climate changes <ul style="list-style-type: none"> • Property • Social • Public order and citizen security 	<p>Socio-environmental risks are monitored on a quarterly basis by prioritizing the financial and reputational dimension and risk declarations against risk aversion:</p> <ul style="list-style-type: none"> • Irreparable environmental damage* • Actions that may cause serious or fatal accidents to employees, suppliers and the community

¹ Irreparable definition: Absolute loss of the biodiversity component in the abiotic, biotic and social sense, the monitoring of this declaration is carried out considering the management and assessment of environmental aspects and impacts within the framework of the ISO14001 standard.

An aerial photograph of a vast, lush green forest. A winding river flows through the center of the forest, reflecting the sky. The landscape is hazy with mist or low clouds, particularly in the distance where rolling hills are visible under a clear blue sky with a few wispy clouds. The overall scene is serene and natural.

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CONEXIONES QUE INSPIRAN