

Risk Management Policy
(Corporate Transparency Project)



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APPROVALS

<i>DEPARTMENTS</i>	<i>Approval Date</i>
Finance	18.10.21
Corporate Finance	18.10.21

CHANGE CONTROL

<i>Person(s) Responsible</i>	<i>Changes</i>	<i>Version Change and Date</i>

OBJECTIVE

Establish the correct guidelines for the identification, classification, analysis and appropriate response, for all the possible operational risks to GRUPO FARMA. For GRUPO FARMA, risk management allows for transparency, ethics and punctuality in the work environment. Which furthermore guarantees objectives achievements, protects the interests of its shareholders and allows the company to comply with legal requirements.

SCOPE

This policy will include all the business risks at GRUPO FARMA i.e social, economic, environmental, legal, reputational, which may significantly affect strategy, its equity value, its processes and new investments.

WHO DOES IT PERTAIN TO

This policy is aimed at all employees whose duties are related to the identification, measurement, control, monitoring, communication and disclosure of business risks of GRUPO FARMA.

GENERAL CONCERNS

In general, a risk is considered to be any threat through an event, action or omission, which prevents GRUPO FARMA from achieving its objectives, strategies or compliance with its obligations.

GRUPO FARMA evaluates and manages its risks objectively and impartially through the Risk Committee.

The function of the Risk Committee will be to measure, control, communicate and disclose the risks inherent to the business.

Comprehensive risk management is based on the principles of compliance, internal control, good practices and international standards. All allow mitigating the probability of a significant impact of risks and preserve the continuity of business operations and its sustainability over time.

GRUPO FARMA consciously considers the appropriate level of its risks and efficiently manages them through a periodic evaluation on a business risk map.

All employees of GRUPO FARMA will be able to actively manage and maintain within a threshold, most of the strategic, operational, regulatory and financial risks inherent to the activities of GRUPO FARMA.

POLICY

GRUPO FARMA will fully manage the risks that are inherent to the business through the following guidelines and actions:

- Approach risk management as a comprehensive assessment process that includes the identification, classification, analysis and appropriate response to risks. This methodology allows us to know all the different categories of opportunities and threats related to our strategy and inherent to our business.
- Maintain a robust internal control and information system.
- Constantly monitor the internal control of GRUPO FARMA. The foregoing will allow us to identify weaknesses in a timely manner and apply corrections promptly.
- Identify and evaluate risks based on measuring the incidence and relevance of risks using a business risk map.
- Ensure the independence of the Risk Committee from the business which generates and manages risks.

The GRUPO FARMA Risk Committee will have the following main functions:

- a. Establish the risk level of GRUPO FARMA annually.
- b. Monitor action plans for risk mitigation to an acceptable level.
- c. Continuously evaluate changes in the environment and exposure to business risk, allowing prompt identification of new risks.
- d. Periodically report or disclose risks to the Executive Committee and the Auditing Committee.

- e. Define the principles for external communication about risks in accordance with the requirements established in policy POL-TC302 (Confidential information Policy).

GLOSSARY

Comprehensive Risk Management: It is a set of objectives, policies, and actions that are implemented to identify, measure, monitor, limit, and control procedures in order to report and reveal the different types of risks to which the organization could be exposed to.

Employee: Term used for someone who works at GRUPO FARMA.

Internal Control: is a process that must be executed by the board of directors, management and company personnel. It is primarily designed to provide reasonable assurance about the entity's operational reporting and compliance objectives.

Risk Map: is a tool used by companies to visualize the possible threats that may arise in the different areas of the company. It measures the probability and severity of adverse events that may arise.

Risk: probability of an event occurring leading to material losses in the result of operations and/or activities carried out in the organization.