



# **Risk Control and Management Policy**

**Enel Chile S.A.**

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Enel Chile S.A.

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# Definitions

## Internal Audit

Independent and objective assurance and consulting activity, designed to add value and improve the operations of an organization.

## Risk Control Chile

Unit in charge of monitoring the established risk limits or thresholds, generating risk policy proposals, as well as their periodic review and continual evaluation, and reporting and communicating to the Company's Board of Directors. Report the results of its monitoring and evaluation to the Chile Country Manager in order for him to adopt the measures he deems appropriate. Risk Control Chile is also responsible for granting or denying requests for waivers to the established risk limits or thresholds, which will be processed and managed in accordance with this policy.

## Risk Owners

Units within the organization responsible for risk management in the Company. They usually are the Company's operational areas, both business and support.

## Company

Enel Chile S.A.

## Risk Map

Document that allows inventorying, standardizing, and grouping the main risks that influence the attainment of economic objectives, in order to then define mitigation and follow-up actions.

## Risk

Uncertainty about future events that may impact negatively on the Company's financial results, or may affect the expectations of their evolution over time and, consequently, on the achievement of the objectives set by the Company. Such events include the possibility of unexpected variations in cash flows, EBITDA, results, asset/liability balance sheet items, including provisions or planned transactions, or events, facts or actions likely to cause serious damage to the Company.

## Strategic Risks

Risks that may significantly affect the achievement of the Company's strategic objectives, both in the short and long term. These objectives have been defined by the management of the Enel Group. Strategic risks are: climate changes, competitive landscape, innovation, legislative and regulatory development, macroeconomic and geopolitical trends, strategic planning and capital allocation.

## Financial Risks

Refers to the probability of occurrence of an event that has negative financial consequences for the Company, in relation to: (i) the risks inherent to the financial market, whether arising from the variability and volatility of interest rates and exchange rates, and

(ii) the risks arising from possible restrictions to access the financial market by the Company or to meet the obligations undertaken or the cash flow needs required in the course of its business, such as liquidity and credit risks. The financial risks in this category are: capital structure adequacy and funding access; commodity, credit and counterparty, foreign exchange rate, interest rate; and liquidity.

#### Commodity Financial Risk

This typology includes the uncertainty of future market events, generated by the volatility of prices and production volumes, availability and demand of energy commodities, such as gas, oil, coal, or the variability of external factors that may affect the prices or volumes of such commodities, such as hydrology, considering local characteristics and the restrictions of the corresponding market.

#### Credit & Counterparty Financial Risk

Risk of economic loss due to non-payment by customers or default by any of the Company's suppliers.

#### Governance and Culture Risks

Risks of incurring judicial or administrative sanctions, economic or financial losses and reputational damage as a result of the inability to meet stakeholder expectations, ineffective exercise of oversight functions and/or the absence of integrity and transparency in decision-making processes and/or as a consequence of unauthorized attitudes and conduct of employees and senior management, in violation of the Company's ethical values. Governance and culture risks are: corporate culture and ethics, corporate governance, and stakeholders' engagement.

#### Operational Risks

They represent the risks of the operation, resulting from inadequate internal processes, systemic failures in the network, and other extraneous events, which may affect the quality of energy supply and performance indicators in the main aspects identified. The operational risks are: asset protection, business interruption, customers' needs and satisfaction, environment, health and safety, intellectual property, people and organization, process efficiency, procurement, logistic and supply chain, and service quality management.

#### Digital Technology Risks

These are risks inherently vulnerable to cyber-attacks, which can take many forms, from data theft and ransomware to system invasion with potentially damaging large-scale consequences and even service disruptions. Digital technology risks are: cybersecurity, digitization, information technology (IT) effectiveness, and service continuity.

#### Compliance Risks

These are the risks of non-compliance with a rule or standard. Therefore, compliance risk management requires knowing and clearly defining the laws and regulations by which the Company is governed. Compliance risks are: accounting compliance, antitrust compliance and consumer rights, corruption, data protection, external disclosure, financial regulation compliance, tax compliance, and compliance with other laws and regulations.

### Internal Control and Risk Management System (SCIGR, by its acronym in Italian)

Consists of a set of rules, procedures and organizational entities focused on making it possible to identify, measure, manage and monitor the main corporate risks within the group. The SCIGR is an integral part of the overall corporate structures adopted by the Company and is based on local and international best practices.

## Introduction

Risk is inherent to the Company, a part of its fabric, of its strategy and of its day-to-day operations, and just as it is necessary to manage and lead the Company, it is also necessary to manage, control and mitigate the risk to which the Company is subject at all times.

Risk control and management is part and parcel of the Company's corporate governance structures. For risk control and management to be effective, risk must be considered as yet another element of the Company's operating plans, and it is necessary to identify and analyze which factors may affect the achievement of business objectives, quantitatively detect their possible consequences, as well as quantitatively estimate their probability of occurrence, in order to determine the necessary actions so that these objectives can be achieved with greater certainty

## Objectives and Area of Application

The Risk Control and Management Policy of Enel Chile S.A. and its subsidiaries (hereinafter "Enel Chile" or the "Company"), is a series of decisions made by the Company to determine the acceptable framework of action for the levels of risk inherent to its activity, within which the normal development of the business must be circumscribed, and the appropriate measures for its adequate management, bodies linked to the same and the responsibilities assigned to the entire business group of the Company in matters of risk.

The actions and measures adopted by Enel Chile in the execution of the Risk Control and Management Policy (the "Policy") are based on the guidelines of the Enel Group's Internal Control and Risk Management System ("SCIGR").

In particular, the Risk Control and Management Policy aims to:

- Establish Enel Chile's model for controlling and managing risks, defining the mission of the bodies related to the same and the responsibilities assigned to the Company's entire business group regarding risks.
- Regulate the risk control and management model of Enel Chile and the Enel Chile Business Group (the "Enel Chile Group") and to identify the main functions to be performed by each of them.

## 2.1. Scope

This policy applies to all Unit heads (up to the third level, considering that the first level is the Country Manager), and to all Enel Chile personnel, regardless of the nature of the functions of the respective position. Unit heads and Enel Chile personnel shall adjust their actions to the provisions of this policy and foster the criteria established in it.

In Enel Chile's directly or indirectly wholly-owned subsidiaries, this policy shall be applied directly as the company's own. In those companies in which Enel Chile, regardless of its direct or indirect shareholding, has control of the company, it shall act in a coordinated manner, in line with this Policy.

In those companies in which Enel Chile owns a minority interest, its representatives will endeavor to adhere as closely as possible to this Policy. This policy shall be subject to the legal regulations in force, to the bylaws and regulations of the different companies in which it is to be implemented, as well as to the respect for the sovereign resolutions of the corporate bodies of the companies.

This policy shall be implemented and applied as far as possible within the Enel Group and in compliance with applicable laws, regulations, and governance rules, including the relevant stock exchange and segregation of activities provisions, which shall in any case override the provisions contained herein.

# Process Description

## 3.1. GENERAL PRINCIPLES FOR RISK MANAGEMENT

Enel Chile's SCIGR is based on and reflects the principles set out in the Enel Group's "Guidelines of the Enel Group's Internal Control and Risk Management System" document.

In particular, this Risk Control Policy of Enel Chile draws its inspiration from the following principles contained in the "Guidelines of the Enel Group's Internal Control and Risk Management System":

- The establishment of global risk strategies, developed at tactical and operational levels, which will serve to guide the definition and deployment of the different levels and types of risk within the Company, consistent with the Company's business and strategic objectives.
- The establishment and implementation of an adequate segregation of duties and responsibilities among the different organizational units, in order to prevent incompatibility of functions and tasks and the concentration of functions in the same responsibility. In particular, this Policy contemplates a necessary segregation between the functions of operations and control of the risks inherent to them.
- The Risk Control function will be uniform for Enel Chile and will be hierarchically integrated through the Risk Control Chile Unit. Its responsibility will be to ensure compliance with the Risk Control and Management Policy in which the actions

related to risk are framed.

- The Risk Management function will be specific to each business line or area ("Risk Owners"). Its responsibility will be to direct the management of risks in its area of competence. It will also be responsible for implementing risk controls to ensure compliance with the guidelines and limits defined by the Risk Control Chile Unit.
- This policy seeks to contribute to informed decision making consistent with the Company's appetite for risk. It is developed taking into consideration international recommendations regarding risk governance models, and provides a common language for the entire Company, facilitating the interpretation and understanding of the scope of this framework.

### 3.2. BODIES LINKED TO THE RISK CONTROL AND MANAGEMENT FUNCTION

Ensuring the effectiveness of the SCIGR is provided by the model of three levels of action, known as "Three Lines of Defense", which segregates functions according to the following levels:

- First Line of Defense: Business Units/Front Office or "Risk Owners" areas and Internal Control Over Reporting Chile Unit. They are responsible for risk management and, therefore, must have control mechanisms in place.
- Second Line of Defense: Risk Control and Monitoring "Risk Control" in charge of the Chile Risk Control Unit. It must ensure compliance with the limits, criteria and principles in which the actions related to the risk area are framed.
- Third Line of Defense: Audit Chile provides assurance on the effectiveness of the measures provided in the corporate governance structure, risk management and internal control, including the way in which the first and second line of defense achieve their control and risk management objectives.

The first two lines of defense and containment report to the Company's management, in accordance with its corporate or organizational structure, while the third line of defense reports to the Board of Directors, in accordance with international corporate governance best practices.

#### 3.2.1. First Line of Defense: Business Units or Areas

As the first line of defense, the Business Units or areas are primarily responsible for the risks arising from their daily business and manage them within their area of competence. Business Units or areas are also responsible for implementing corrective actions to address process and control deficiencies.

Business Units or areas are responsible for maintaining effective internal control and implementing risk control procedures on an ongoing day-to-day basis. Each Business Unit identifies, evaluates, controls and mitigates risks, guiding the development and implementation of internal policies and procedures to ensure that the activities performed are consistent with their own goals and objectives.

Through a cascading responsibility structure, the direct managers of each Business Unit or area design and implement detailed procedures that serve as controls and supervise the execution of such procedures by their employees. The Business Units or areas are



responsible for implementing adequate management and supervisory controls to ensure compliance with outlined procedures, as well as to detect control gaps, inadequate processes and unexpected events in a timely manner. The Business Units or areas naturally serve as the first line of defense against the Company's risks, because the controls are designed and operate embedded within the systems and processes that are located and developed under the direction of each Business Unit or area, as an additional measure of operational management.

Likewise, the Business Units or areas will be responsible for implementing the controls consistent with the guidelines and limits approved by the Board of Directors of Enel Chile.

### 3.2.2. Second Line of Defense: Risk Control

Risk control is the responsibility of the Risk Control Chile Unit and its purpose is to define the Company's risk control structure and processes.

The Risk Control Chile Unit is responsible for detecting, quantifying, monitoring and communicating the relevant risks to which the Company is exposed to the Board of Directors. To this end, it will have the following functions:

- Define methodologies and tools to identify, measure and control risks.
- Submit annually the limits and thresholds of Commodity Risks and Financial Risks to the approval of the Chile Country Manager.
- Monitor, at least quarterly, the Commodities and Credit and Counterparty Financial Risks, and analyze compliance with the limits.
- The Risk Control Chile Unit is responsible for granting or denying requests for waivers of the established risk limits; any action that exceeds the approved risk thresholds must be approved by the Chile Country Manager.
- Support Risk Owners in the definition of risk mitigation plans, as well as follow up on these plans and propose corrective actions if necessary.
- Analyze the impact on the risks of the relevant operations.
- Inform the Board of Directors and the Directors' Committee of Enel Chile's Risk Map, including both direct and indirect risks. The Risk Map shall include financial, regulatory, fiscal, legal, operational and technological risks, as well as sustainability, economic, social and environmental risks.
- Promote and plan ongoing training for the Company's personnel, regardless of the contractual relationship, on the policies, procedures, controls and regulations or internal standards implemented for risk management.
- Verify that operations are carried out within the framework of action defined by this policy.
- Any action that may involve risk levels higher than those established must be reviewed by the Risk Control Chile Unit and approved by the Chile Country Manager.

It shall be the responsibility of the Business Units or areas to timely deliver to the Chile Risk Control Unit the information requested and necessary to develop the process of detection, quantification and monitoring of risks.

### 3.2.3. Third Line of Defense: Internal Auditing

The Audit Chile Unit is responsible for the general supervision of the structure and functionality of the Company's SCIGR.

Specifically, the person responsible for the function of the Audit Chile Unit:

- Prepares, at least annually, the audit plan – based on a structured analysis and identification process of the main risks – which must be submitted to, and approved by, the Company's Board of Directors.
- Monitors, in accordance with international internal auditing standards, the operation and effectiveness of the SCIGR through the audit plan and the performance of special work.
- Performs controls on specific corporate functions or operations when deemed appropriate or at the request of the Board of Directors.
- Reports directly to the Board of Directors and is not responsible for or dependent on any operational area.
- Has direct access to all information useful for the performance of his/her duties.
- Prepares periodic reports containing adequate information on its actions and procedures for risk control and management, as well as compliance with established plans. Periodic reports contain an assessment of the adequacy of the SCIGR.
- Reports the results of the activities carried out to the corporate bodies in accordance with the local regulations in force and the applicable foreign regulations (such as the 2002 Sarbanes-Oxley Act and the complementary regulations of the Securities and Exchange Commission and the New York Stock Exchange of the United States of America).
- Prepares timely reports on particularly significant events.
- Reviews, as part of the audit plan, the reliability of information systems.
- Monitors the implementation and effectiveness of the Company's compliance programs inherent to criminal risks for the legal entity, in accordance with the provisions of the applicable regulations.

### 3.3 RESPONSIBILITIES

It is the responsibility of the Risk Control Chile Unit to prepare the modifications to this policy.

It is the responsibility of the Audit Chile Unit to provide general supervision of the structure and functionality of the Company's SCIGR and to ensure the effectiveness of its corporate governance in risk management and internal control, including the manner in which the first and second lines of defense achieve their risk control and management objectives.

### 3.4. TERM AND EFFECTIVENESS

This policy shall become effective on the next business day following the date of its approval by the Board of Directors. It shall remain in force as long as it is not modified or repealed by another resolution of the Board of Directors.

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