

	RISK MANAGEMENT POLICY	Rev: 00 - 03/15/2022
		Page.: 1 of 8
		Nº: POL - AI - 3.2-1 - JAG





Summary

1. PURPOSE.....	3
2. APPLICABILITY / SCOPE	3
3. DEFINITIONS.....	3
4. REFERENCES	4
5. GUIDELINES	4
5.1. Risk Identification	4
5.2. Risk Assessment	5
5.3. Risk Matrix	5
5.4. Risk Treatment	5
5.5. Risk Communication.....	6
6. RESPONSABILITIES.....	6
i. Board of Directors	6
ii. Audit and Risks Committee.....	6
iii. Managers	7
iv. Audit, Risks and Compliance Area	7
7. PENALTIES	8
8. PREPARATION AND REVIEW	8



Risk Management Policy

1. PURPOSE

The purpose of this policy is to provide guidance of Jaguar's Risk Management since identifying, evaluating, treating, reporting and monitoring Jaguar's risks. Also, guide risk management methodology, in addition to strengthening a risk management culture.

2. APPLICABILITY / SCOPE

This policy applies to all company and its guidelines must be observed and serve as a source of permanent consultation to implement and / or define risk and opportunity management strategies.

3. DEFINITIONS

Inherent risk or Current Value at Risk (CVAR): the classification of probability and impact for a given risk from an industry perspective, without considering the specific processes, activities or controls of the company that were designed and implemented to specifically manage or mitigate the risk.

Impact: the extent to which the risk, if realized, would affect the organization. Factors that may help define the impact rating may include financial effect, damage to assets, reputation impacts, ability to achieve key objectives, etc.

Likelihood: the likelihood of a risk occurring over a predefined period. In most cases, this is defined in one year, but it can be adjusted to be in line with the company's planning. In some cases, the frequency of the occurrence can also be considered.

Risk: A risk is any event or circumstance that could affect the achievement of business objectives. Risk is defined in terms of the likelihood of occurrence, and impact in the event that it occurs.

Risk management and control activities: Risk management and control activities include initiatives, policies, processes and procedures, physical restrictions, guidelines, rules, etc. There are two types of activities: a) preventive - whose purpose it is to prevent, reduce or mitigate risks within the business, area, project, etc., b) detective - whose purpose it is to identify and trigger a desired response to risks once they have occurred within the business, area, project, etc.



Risk Matrix: Tool that indicates, graphically, what are the risks considering the likelihood and impact vectors.

Residual risk or Target Value at Risk (TVAR): the likelihood and impact rating for a risk determined after the consideration of the company's specific processes, activities or controls that have been designed and implemented to specifically manage or mitigate the risk.

4. REFERENCES

- Code of Conduct and Ethics.

5. GUIDELINES

The guidelines of this policy define and characterize Jaguar's Risk Management process. In order to have good risk management and control, it is essential that risks are quantified and qualified. By doing this, it is possible to eliminate or reduce possible financial losses.

The risks are classified into four distinct groups below:

- **Strategic:** events that are related to senior management decision-making and can generate substantial loss in the organization's economic value.
- **Operational:** events that may compromise the company's activities, usually associated with failures, deficiencies or inadequacies of internal processes, people and systems, or external events.
- **Financial:** events that may compromise the company's ability to count on the budget and financial resources necessary to carry out its activities, or events that may compromise its own budget execution.
- **Compliance:** events related to corruption, fraud, irregularities, legal and / or ethical and conduct deviations that may compromise the values and standards established by Jaguar and the achievement of its objectives.

5.1. Risk Identification

The risks that can affect the company's goals are identified through rounds of discussions with the Board, Managers and designated persons, in addition to benchmarking on related materials.

5.2. Risk Assessment

The identified risks are consolidated and subsequently evaluated according to the impact and likelihood (classified in the “Risk Assessment Criteria”), in addition to degree of maturity of controls.

The Likelihood and Impact criteria considers several drivers to help management assess the possibility of a risk occurring over a predefined period. The drivers can be considered either separately or in groups to help management assess the likelihood of risk materialization in the organization. Its use should be applied according to the risk being assessed.

5.3. Risk Matrix

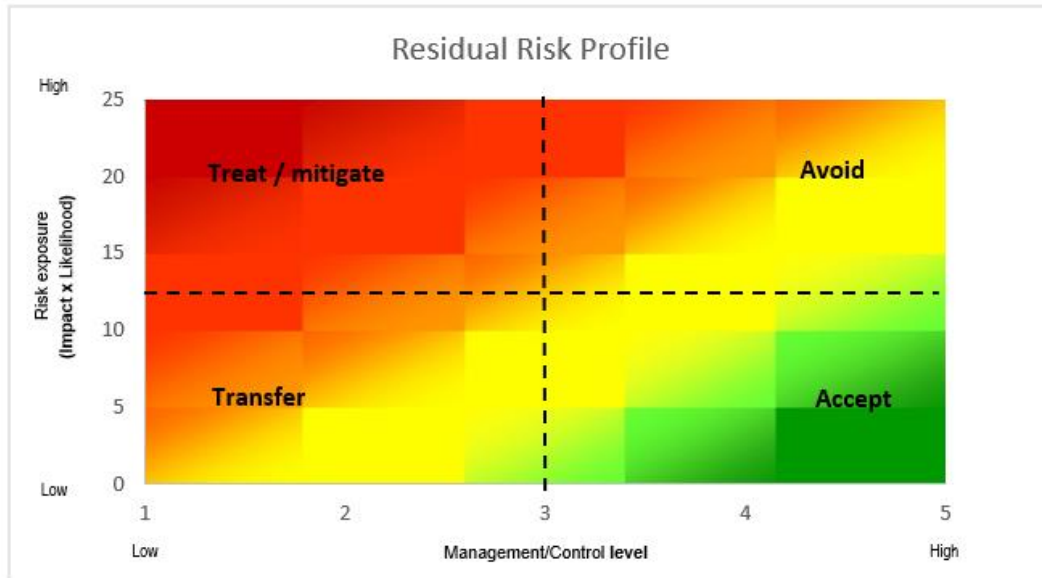
The Risk Matrix is used during the risk assessment to define various levels of risk as a product of the categories of likelihood and impact of damage. The matrix increases the visibility of risks and assists in making management decisions.

Impact	Significant					
	High					
	Moderate					
	Low					
	Limited					
		Slight	Not Likely	Likely	Highly Likely	Expected
				<u>Likelihood</u>		

5.4. Risk Treatment

- **Avoid:** It aims to eliminate the root cause of the risk, implementing actions to bring the risk probability to zero.
- **Treat / mitigate:** Seeks to reduce the probability of occurrence or the impact of a risk to a level below the acceptable limit.

- **Transfer / share:** Activities that aim to reduce the impact and / or the likelihood of risk occurring through transfer or, in some cases, sharing part of the risk (gives the other party responsibility for its management).
- **Accept:** In cases where the probability of occurrence and impact are low or nothing can be done, the company can simply accept the risks.



5.5. Risk Communication

The areas update the status of the actions for monitoring the risks identified quarterly.

Risk mitigation actions reported quarterly to the Audit and Risks Committee by the Audit, Risk and Compliance area.

6. RESPONSABILITIES

i. Board of Directors

Responsible for this policy and appointed the Audit, Risks and Compliance manager to oversee the administrations of this policy and report directly to Audit and Risk Committee.

ii. Audit and Risks Committee

Evaluate and monitor Jaguar's risk exposure, deliberating on recommendations prepared by Managers and Audit, Risks and Compliance area and subsidizing resources for implementation of effective internal controls and risk mitigation strategies.



iii. **Managers**

Ensure the implementation of action plans for risk mitigation and be proactive in identify risks, always communicating them to Audit, Risks and Compliance area.

iv. **Audit, Risks and Compliance Area**

Ensure the implementation of the methodology defined for the management and mitigation of risks identified at Jaguar;

Identify, evaluate, communicate and monitor actions to mitigate strategic, operational, finance and compliance risks;

Report to the Audit Committee and Risks the results of the strategic, operational, finance and compliance risk assessments.

➤ **Roles and attributions of the governance model in the three lines of defense**

The three lines of defense model brings several corporate functions and teams, including governance structures and agents, allowing control of identified risks. Jaguar follows this model considering that:

First line of defense: carried out by managers and those directly responsible for the processes: it includes the functions they manage and have responsibility for the risks;

Second line of defense: carried out by corporate risk management, compliance or other control practices, for example, and which includes the functions that monitor the integrated view of risks;

Third line of defense: performed by internal audit: provides independent assessments through the monitoring of internal controls.



Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

7. PENALTIES

Failure to comply with the Code of Conduct and Ethics, internal policies, external laws and regulations is not acceptable and may result in disciplinary measures.

In the case of third parties, violation of this Policy may result in suspension, cancellation or termination of a contract without notice or the measures provided by law.

8. PREPARATION AND REVIEW

Revision	Date	History	Revised Item	Prepared by:	Approved by:
00	23/03/2020	Elaboration of the Document	-	Joyce Seixas	Audit and Risk Committee
1.0	15/03/2022	General Review of the Document	-	Joyce Seixas Patrícia Luz Pereira	Audit and Risk Committee