

Risk Management Policy



Board
March 2013

INTRODUCCIÓN

Elaborado por	Revisado por	Aprobación por
Alejandro Reyes Gerente de Contraloría Corporativa	Juan Pablo Aboitiz Gerente General	Directorio de Sigdo Koppers S.A.
Fecha Elab.: 18.03.2013	Fecha Rev.: 19.03.2013	Fecha Aprob.: 28.03.2013

	Risk Management Policy Sigdo Koppers S.A.	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

With the aim of formalizing the practices of Corporate Governance within the company, Sigdo Koppers S.A., hereinafter "the Company" or "Sigdo Koppers S.A.", has developed the present Risk Management Policy, of a corporate nature.

The document will include the Company's main risk guidelines, as well as the roles and responsibilities of the persons and bodies in charge of the Company's risk management process.

It is of the utmost importance that the Company be aware of the risks with which it lives daily and identify the most optimal methodology to manage them, in order to transmit to all employees a culture of risk, which contributes to the decision making within it.

	Risk Management Policy Sigdo Koppers S.A.	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

1. OBJETIVE

The objective of this document is to define, establish and formalize the guidelines that Sigdo Koppers S.A. considers for the adequate management of its risks, improving the administration of these, granting a common approach, processes and language.

This policy shall be of general use for the Company's employees and shall be complemented by the Risk Management Procedure of Sigdo Koppers S.A.


The risk management policy requires its correct application and compliance by the Company's employees.

2. REACH

This policy is applicable to Sigdo Koppers S.A.

3. RESPONSABLES

Board	Responsible for compliance with this policy.
Risk Committee	
Risk Coordinator	
Responsible for Risks	

	Risk Management Policy Sigdo Koppers S.A.	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

4. DEFINITIONS

Critical Risk: Possibility of an event that adversely affects the achievement of the Company's objectives or that significantly affects the value of the Company.

The risks are classified into four main objectives (strategic, financial, operational and regulatory).

COSO: Committee of Sponsoring Organizations of the Treadway Commission and / or Committee of Sponsoring Organizations of the Treadway Commission, where one of the creators of COSO Internal Control, James C. Treadway, motive of the name of the Commission.

Risk Profile: It is the degree of risk exposure that the company is willing to accept to achieve its goals and objectives, preserve and create value.

Risk Tolerance: The acceptable level of risk with respect to the risk profile, taking into account the care of the specific objectives of the company.

Impact: It is the result of the materialization of an event.

Probability: Refers to the possibility of occurrence of a potential risk.

Risk Management: Process developed by the board of directors, management and / or other personnel of an entity to identify potential events that could affect the entity and manage the risk, in order to provide reasonable security

5. REFERENCES

- Procedimiento de Gestión de Riesgos Sigdo Koppers S.A. S.A.: GC_SHK S.A._GR_1_2013
- Cronograma de Actividades del Directorio de Sigdo Koppers S.A.

	<p style="text-align: center;">Risk Management Policy Sigdo Koppers S.A.</p>	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

6. GUIDELINES

- The Board of Directors of Sigdo Koppers S.A., is responsible for the supervision of the risk management process, executed by the administration in accordance with what is defined in this policy.
- This Risk Management Policy is implemented, in order to identify events that could adversely affect the fulfillment of the mission, objectives and strategy of the Company.
- Sigdo Koppers S.A. focuses its efforts on the Company's risk management process, in accordance with the good practices of the industry and corporate governance, the current regulations and the acceptable risk determined by the Board of Directors.
- The Company directs its energies, so that all relevant risks are identified, evaluated, analyzed, monitored and communicated, in accordance with the risk management policies and procedures.
- Each group company manages its own risks, with the aim of preserving and creating value for it, improving governance standards.
- Sigdo Koppers S.A. defines a structure for the risk management process, with its respective roles and responsibilities.
- The Board of Directors of each group company defines its risk profile and tolerance, as defined by the administration and proposed by the Risk Committee.
- Sigdo Koppers S.A. manages its critical risks, implementing actions continuously, with the aim of minimizing its impact and / or probability of materialization.

	Risk Management Policy Sigdo Koppers S.A.	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

7. ROLES Y RESPONSABILITIES

BOARD

The function of the Board of Directors of Sigdo Koppers S.A. It is to supervise the risk management process executed by the administration. This responsibility includes:

- Approve the risk management policy and procedure.
- Approve the profile and risk tolerance defined by the administration and proposed by the Risk Committee.
- Be informed of the critical risks of the organization.
- Be informed of the progress of the risk mitigation plans.
- Approve the annual budget to face the mitigation plans for critical risks, proposed by the Risk Committee.
- Be informed of the recommendations regarding risk management of the Risk Committee.

GENERAL MANAGER

The role of the General Manager is to align the company's strategy with risk management.

The General Manager has an active role in the administration, supervision and control of risks and processes, through the identification, analysis, evaluation, treatment, monitoring and communication of said risks.

The main responsibilities are:

- Encourage the "Culture of Control", to ensure that the executives of the company are aware that the information emanates from a well controlled environment.
- Ensure compliance with the risk management policy and procedure.
- Know the exposure levels and properly manage the risks identified in your company.
- Ensure that mitigation plans are implemented against the identified risks.
- Ensure that the company's risks are in line with the tolerance limits approved by the Board of Directors.
- Propose the designation of the Risk Coordinator.
- Validate and evaluate, in conjunction with senior management, the main critical risks identified in your company.
- Develop and maintain governance mechanisms that effectively manage and monitor the Company's risks.

	Risk Management Policy Sigdo Koppers S.A.	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

RISK COMMITTEE

This committee will have an executive character and its conformation is defined in its statute. The main responsibilities of this committee are:

- Define and propose to the Board the strategies, policies and procedures of risk management of Sigdo Koppers S.A. and its modifications.
- Ensure compliance with the company's policies and procedures.
- Define and propose to the Board the profile and risk tolerance of Sigdo Koppers S.A.
- Ensure that your company's risk management is aligned with its objectives and strategic planning.
- Evaluate methodologies for measuring risks, infrastructure, allocation and prioritization of resources necessary to develop the risk management of your company.
- Validate the critical risks of Sigdo Koppers S.A. and present them to the Board.
- Inform the Board of the mitigation plans against relevant risks.
- Follow up on compliance with the action plans.
- The Chairman of the Risk Committee will present the following topics to the Board on a quarterly basis:
 - *Operation of the Risk Management process of Sigdo Koppers S.A.*
 - *Risk Matrix used in the company, main sources of risks and methodology for detecting new risks*
 - *Probability and impact of the occurrence of the most relevant risks of Sigdo Koppers S.A.*
 - *Recommendations and improvements that the Committee considers relevant to improve the Company's Risk Management*
 - *Contingency plans designed to react to the materialization of critical events, including the continuity of the Board in crisis situations.*
 - *Relevant information on the critical risks identified and managed by the main subsidiaries of Sigdo Koppers S.A.*
- One of the quarterly presentations to the Board of Directors will be made without the presence of the General Manager of the Company by the person appointed by the Risk Committee.

	Risk Management Policy Sigdo Koppers S.A.	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

RISK COORDINATOR

The Risk Coordinator of Sigdo Koppers S.A. acts as coordinator, facilitator and collaborator in risk management activities.

The main responsibilities are:

- Facilitate and coordinate the identification, evaluation, analysis, monitoring and communication of critical risks with Risk Managers.
- Provide methodological support to the Risk Managers, regarding the application of the risk management policy and procedure.
- Maintain the risk documentation updated and inform the General Manager of any changes and updates that may occur.
- Maintain permanent coordination with the General Manager and the Risk Managers.
- Report to the Risk Committee on the identification, evaluation, analysis, monitoring and communication of critical risks.
- Report the progress, priorities, treatment plan and monitoring of critical risks to the Risk Committee.

RESPONSIBLE FOR RISKS

The person in charge of each critical risk must identify the critical risks that affect Sigdo Koppers S.A. ensuring its proper management. For this, you must identify controls, self-evaluate and propose action plans.

In addition, it must maintain permanent coordination with the Risk Coordinator and be directly responsible for the risk management of the area under its responsibility.

The main responsibilities are:

- Ensure the application and compliance with the risk management policy and procedure.
- Identify, evaluate, analyze, monitor and communicate the critical risks of the area under their responsibility.
- Evaluate the inherent risk of each critical risk, under the parameters of impact and probability.
- Determine the level of exposure for each identified risk.
- Verify and ensure that existing controls operate properly.
- Implement control mechanisms and action plans.
- Report to the Risk Coordinator about the management and monitoring of critical risks.
- Propose improvements to business processes, in order to mitigate those risks.
- Ensure that the management of each critical risk is appropriate and works according to what has been designed.
- Document and inform the Risk Coordinator regarding new risks that affect the area under his responsibility.

	<p style="text-align: center;">Risk Management Policy Sigdo Koppers S.A.</p>	Código	GC_HSK_GDR_1_2013
		Versión	03
		Emisión	28.03.2013
		Revisión	Directorio 30.05.2016

- Know in detail the levels of exposure and the critical risks approved, in such a way as to ensure that the practices and treatments are consistent and monitored.

8. STATE OF BEING IN FORCE

This policy will become effective upon approval by the Board of Directors of Sigdo Koppers S.A. and it will be revised according to the needs.