

MASISA

Corporate Policy

Risk Management and Internal Audit

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1. INTRODUCTION

1.1 Purpose

To regulate the main activities that allow the Internal Audit to be carried out adequately within the organization and to evaluate, independently, the risk management carried out by the Administration of the business, process or country.

1.2 Scope

Applies to all the business units of Masisa S.A. and its affiliates, which includes the following activities:

- Internal audit.
- Risk assessments.
- Risk management.
- Action Plans Compliance.

1.3 Definitions and abbreviations

- **Risk evaluation:** a process through which the Internal Audit Management independently evaluates the risk management carried out by the Administration.
- **Risk management:** a process through which the company deals with the risks that affect the achievement of the goals of each department, which is carried out by the board of directors, managers and employees through internal control of the organization.
- **Annual Evaluation Plan:** a set of regular and special evaluations approved by the Risk and Audit Committee, which includes the scope and timing in which said evaluations are carried out.
- **Irregularity:** any action constituting fraud, deception, forgery, alteration of records or internal documents without support, theft of goods, robbery and theft occurring at the Company's facilities.
- **Complaint:** a communication addressed to the Company by an interested party, which is based on possible infractions to the Company's Business Principles.
- **Risk Matrix:** a tool that quickly and easily provides a vision of the risks that affect the company. This instrument details the impact and the probability that these events will end up happening.

2. POLICY DESCRIPTION

2.1 Internal Audit

Independent department of the organization reporting directly to the Board of Directors through the Risk and Audit Committee. This department, along with the rest of the organization, must comply with the following:

Internal Audit:

- Comply with and enforce Masisa's Internal Audit Standard.
- Work independently and objectively, based on the method authorized by the Risk and Audit Committee.
- Prepare and propose the Annual Audit Plan for the Risk and Audit Committee.
- The department must frequently communicate with and inform the person in charge, from the start of the audit, of the progress, findings and exposure to risk based on their evaluations.
- Any finding that is considered critical for Masisa or its affiliates must be promptly reported to the General Manager in order to address it.

Administration:

- The Administration will provide the necessary access for an adequate review by the Internal Audit.
- The Administration must have the necessary personnel to meet the requirements of the Internal Audit, whether for information and/or meetings.
- The process owners, who may solely be top-level executives, will be responsible for responding to the findings or implementing controls to manage the risks.
- The Administration must respond to the audit reports within the terms established and/or formally requested by the Internal Audit Department.
- The Internal Audit may refute and/or object to action plans that do not meet the risk mitigation goal in form or substance or within the deadlines.

2.2 Risk Assessments

This is defined as the Administration's duty to evaluate the risks that may affect the achievement of the company's goals. Likewise, it refers to the Internal Audit Department's duty to verify that they are adequately valued. In order to achieve the above:

- A clear method authorized by the Audit Risk Committee must be used to identify risks and evaluate them based on their Impact and Probability.
- The company must carry out an assessment of its operational and strategic risks, the latter being the top-level ones.
- The initial and final assessment of a risk must be agreed with those responsible for the risk. If there is no agreement regarding the assessment, it will be determined by the Risk and Audit Committee.
- Without prejudice to the previous point, the Risk and Audit Committee may modify any risk assessment of the company based on its risk criteria and good governance.
- The Administration is responsible for maintaining an updated Process Map for the identification of the key processes and with it the identification and assessment of risks.
- Once a risk matrix or audit results have been delivered, the process owner is responsible for maintaining that matrix, evaluating the risks periodically. Any significant change must be reported to the Internal Audit and the Risk and Audit Committee.
- Whether it is the Administration and/or the independent evaluation of Internal Audit, they will have sufficient documentation to support their conclusions.

2.3 Risk management

Risk Management is a function of the Administration, which includes:

- Implementation of corrective actions that reduce risks to acceptable levels, based on the risk tolerance of the organization.
- Each process owner must maintain a risk map indicating the inherent risk and residual risk, identifying the controls or actions that are associated with those risks.
- Any risks accepted for management must be authorized by the General Manager; however, the Risk and Audit Committee may request its management.

2.4 Compliance Action Plans

The Internal Audit is responsible for verifying compliance with the action plans agreed to in the Audit reports and the Administration is responsible for complying with them:

Audit:

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- On a quarterly basis, it will monitor the plans pending execution, according to an agreed date, until the last day of the quarter to be reviewed (March 31, June 30, September 30 and December 31).
- The Internal Audit must review or request sufficient evidence to support the conclusion that the objective of mitigating the risk or correcting the finding is met.
- Submit to the Risk and Audit Committee the status of the action plans at the end of each quarter.

Administration:

- It must comply with the agreed action plans in a timely manner. The timing and method must be specified in the Internal Audit methodology.
- It is the duty of the process owner and/or risk responsible to update the status of the action plan in the SAR and provide the agreed-upon and/or sufficient evidence for the Internal Audit to carry out the Plan.
- It must report to the Risk and Audit Committee in the event of non-compliance with the action plans.

2.5 Irregularity Report

Audit:

- The Internal Audit Department must submit the details of any irregularities detected or reported, along with their management and actions in this regard, including the actions adopted to mitigate the recurrence of these events to the Risk and Audit Committee.
- The Committee must be satisfied with the management carried out and has the power to request additional actions to those proposed by the administration.

Administration:

- The Country's, business or process management is responsible for identifying, mitigating and communicating irregular situations detected under its scope of responsibility.
- Any irregularity detected by the Country's, business or process management must be reported to the Internal Audit Department, with a copy sent to the General Manager (Head Office) and Legal Department (Head Office), within a period not exceeding 24 hours once the situation is known. Any breach will be reported to the Risk and Audit Committee.

2.6 Complaint management

Audit

- The Audit Manager, as Secretary of the Committee, will receive and coordinate the management of all complaints received, whether or not they are anonymous.
- The Chairman, having been informed by the Audit Manager, will deliver the preliminary investigation guidelines.
- The Secretary will carry out the required internal analyzes that are applied in accordance with the guidelines received.
- The Committee may specify, at any time during the investigation of the complaint, new persons responsible for monitoring the investigation, if deemed appropriate.
- The Secretary submits to the Committee a report on the management of all the complaints received.
- Only the Committee may close the complaints being investigated.

Administration:

- The Administration must make available the financial and human resources necessary for carrying out the investigation.
- It must take the necessary steps to prevent the reported situations from occurring once the investigation is over.

3. RELATED DOCUMENTS

- Internal Audit Standard
- Risk Assessment and Management Method
- Internal Audit Method

4. RESPONSIBLE FOR ITS APPLICATION AND FOLLOW-UP

Position	Application	Follow-up
Head Office Administration	X	X
Local Administration	X	X
Internal Audit Department	X	X
Risk and Audit Committee		X

5. VALIDATION

Function	Name	Position	Date
Prepared by	Eduardo Muñoz	Internal Audit Manager	January 2020
Reviewed by	Rosangela Faria	Chairwoman of the Risk and Audit Committee	January 2020
Approved by		Risk and Audit Committee	January 2020
Effective Date: January 2020		Version: 04	

6. CHANGE CONTROL

Reason	Responsible	Date
Internal Control Project - Policies Update	Internal Audit Manager	July 2018
Creation of a new set of documents – Internal Audit	Internal Audit Manager	January 2020