

Risk Management Policy

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RISK MANAGEMENT POLICY

Policy Owner: Risk Oversight Committee / Management

Approval Authority: Board of Directors

Review Frequency: Annual or as necessary

1. POLICY STATEMENT

Raslag Corp. is committed to maintaining a disciplined, enterprise-wide, and integrated approach to risk management that supports the Company's strategic objectives, operational resilience, regulatory compliance, financial stability, sustainability commitments, and long-term value creation. The Company recognizes that effective risk management is an integral component of sound corporate governance, responsible business conduct, and sustainable business operations.

This Policy establishes the principles, governance structure, and oversight framework for identifying, assessing, managing, monitoring, mitigating, and reporting risks across the organization. Risk management shall be embedded in the Company's strategic planning, investment evaluation, operational processes, decision-making activities, and corporate culture.

This Policy applies to all operations, projects, subsidiaries, departments, business units, officers, employees, and other personnel of Raslag Corp. across the Philippines. It covers strategic, operational, financial, legal, regulatory, environmental, social, governance, cybersecurity, information security, reputational, climate-related, sustainability-related, and other emerging risks that may materially affect the Company's objectives, stakeholders, assets, reputation, or business continuity.

The Company adopts a proactive and risk-aware approach that seeks to maintain risks within approved risk appetite thresholds while enabling responsible innovation, growth, and operational efficiency. Raslag Corp. recognizes that certain risks, including fraud, bribery, deliberate safety violations, material regulatory non-compliance, and unethical conduct, are inconsistent with the Company's governance standards and risk management principles.

The Company shall integrate climate-related physical and transition risks, environmental and sustainability considerations, cybersecurity risks, and other emerging risks into its enterprise risk management processes, business continuity planning, operational resilience measures, and strategic decision-making activities.

Risk management responsibilities shall be implemented through clear accountability structures across the organization, supported by appropriate governance, oversight,



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reporting, monitoring, internal controls, and independent assurance mechanisms. The Board of Directors, through the Risk Oversight Committee, shall oversee the effectiveness of the Company's enterprise risk management framework and material risk exposures, while Management shall be responsible for implementing appropriate risk management processes and controls.

Raslag Corp. shall promote a culture of risk awareness, integrity, accountability, transparency, and continuous improvement, encouraging the timely identification, escalation, and reporting of risks, incidents, control weaknesses, and compliance concerns through established reporting channels without fear of retaliation.

This Policy shall be read in conjunction with the Company's Enterprise Risk Management (ERM) Framework, which provides the detailed methodologies, procedures, governance protocols, risk appetite thresholds, reporting processes, and operational guidelines supporting the implementation of this Policy.

2. PURPOSE

This Policy aims to establish a consistent and enterprise-wide framework for managing risks across Raslag Corp. in order to:

- a. Support the achievement of strategic and operational objectives;
- b. Protect the Company's people, assets, operations, reputation, and stakeholders;
- c. Promote informed decision-making and responsible risk-taking;
- d. Strengthen operational resilience and business continuity;
- e. Enhance regulatory compliance and governance practices; and
- f. Foster sustainable long-term value creation.

3. SCOPE

This Policy applies to all:

- subsidiaries and affiliates controlled by the Company;
- business units and operational functions;
- projects and investments;
- officers, employees, and consultants; and
- third parties acting on behalf of the Company, where applicable.

This Policy covers all categories of risk, including but not limited to:



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- strategic risks;
- operational risks;
- financial risks;
- legal and regulatory risks;
- environmental and social risks;
- climate-related risks;
- governance and reputational risks;
- cybersecurity and information security risks;
- health and safety risks;
- project and construction risks;
- supply chain and contractor risks; and
- emerging and interconnected risks.

4. RISK MANAGEMENT OBJECTIVES

The Company shall pursue the following risk management objectives:

a. Identify Risks Proactively

Identify and assess risks in a timely, systematic, and enterprise-wide manner across all operations, projects, and business activities.

b. Assess and Prioritize Risks

Evaluate and prioritize risks based on likelihood, potential impact, velocity, interconnectivity, and materiality.

c. Implement Risk Mitigation Measures

Develop, implement, and monitor appropriate controls and mitigation strategies to maintain risks within approved risk appetite thresholds.

d. Promote Continuous Improvement and Risk Awareness

Integrate risk management into strategic planning, corporate culture, operational processes, and decision-making activities.

e. Ensure Regulatory Compliance and Good Governance

Maintain compliance with applicable laws, regulations, governance standards, and industry practices relevant to the Company's operations.

f. Strengthen Business Continuity and Operational Resilience

Integrate business continuity, crisis management, emergency preparedness, and recovery planning into the Company's risk management processes.

g. Monitor Emerging Risks

Regularly assess emerging, interconnected, and evolving risks, including climate-related, technological, geopolitical, cybersecurity, and market-related risks.

5. RISK GOVERNANCE FRAMEWORK

5.1 Board of Directors

The Board of Directors shall have ultimate oversight responsibility for the Company's enterprise risk management framework and shall:

- approve this Policy and the ERM Framework;
- oversee the Company's risk governance practices;
- review material risks and risk exposures;
- approve the Company's risk appetite; and
- ensure that risk management remains aligned with strategic objectives.

5.2 Risk Oversight Committee (ROC)

The Risk Oversight Committee (ROC), a Board-level committee composed in accordance with applicable governance requirements and Board-approved committee structures, shall oversee the Company's enterprise risk management framework, material risk exposures, and risk governance practices.

The ROC shall assist the Board of Directors in fulfilling its oversight responsibilities relating to:

- enterprise risk management;
- risk appetite and tolerance;
- material and emerging risks;
- internal control effectiveness;
- business continuity and operational resilience;
- cybersecurity and information security risks;
- climate-related and sustainability-related risks; and
- risk reporting and governance processes.

The ROC shall regularly review the effectiveness of the Company's risk management framework and provide independent oversight of Management's implementation of risk management and internal control processes.

5.3 Management

Management shall be responsible for implementing and maintaining effective risk management processes and internal controls throughout the organization.

Management shall:

- identify and manage risks within approved thresholds;
- integrate risk management into operations and planning;
- implement mitigation measures and controls;
- ensure timely escalation of material risks; and
- promote a strong risk-aware and ethical culture.

The President & CEO shall promote ethical leadership, accountability, and effective risk governance throughout the organization.

5.4 Three Lines Model

The Company adopts the Three Lines Model in managing risks and internal controls. The Board of Directors and the Risk Oversight Committee provide governance oversight over the implementation and effectiveness of the Company's risk management framework.

First Line – Operational Management and Risk Owners

Operational Management, business unit heads, and designated risk owners are responsible for identifying, assessing, managing, and monitoring risks arising from their respective operations, projects, activities, and decisions. They are responsible for implementing appropriate controls and maintaining risks within approved risk appetite thresholds.

Second Line – Risk Management and Oversight Functions

The Chief Risk Officer, Risk Management function, Compliance function, Legal function, Information Security function, and other designated oversight and control functions shall provide guidance, monitoring, oversight, and challenge to support the effective implementation of risk management and internal control processes across the organization.

These functions shall assist Management in:

- monitoring risk exposures;
- evaluating adherence to risk appetite thresholds;
- supporting regulatory compliance;
- facilitating risk reporting; and
- promoting consistent risk management practices.

Third Line – Internal Audit

Internal Audit shall provide independent and objective assurance on the effectiveness of governance, risk management, and internal control processes.

5.5 Employees

All employees shall support effective risk management by:

- complying with policies and controls;
- identifying and reporting risks and incidents;
- participating in training and awareness activities; and
- escalating control weaknesses, unethical conduct, and compliance concerns through established reporting channels.

The Company shall maintain a non-retaliation approach for good faith reporting.

6. RISK MANAGEMENT PROCESS

The Company shall implement an integrated risk management process consisting of the following:

a. Risk Identification

Conduct regular risk assessments through operational reviews, audits, consultations, scenario analysis, environmental scanning, and industry benchmarking.

b. Risk Assessment and Evaluation

Assess risks using qualitative and quantitative methodologies considering likelihood, impact, velocity, interdependencies, and materiality.

c. Risk Mitigation and Control

Implement controls, mitigation measures, contingency plans, and corrective actions appropriate to the nature and significance of identified risks.

d. Monitoring and Reporting

Monitor key risk indicators (KRIs), emerging risks, and mitigation effectiveness through regular reporting mechanisms and oversight processes.

e. Escalation of Material Risks

Material risks, incidents, or exposures exceeding approved thresholds shall be escalated promptly to Senior Management and the Risk Oversight Committee.

f. Training and Awareness

Provide appropriate training and communication programs to strengthen risk awareness and promote accountability throughout the organization.

7. RISK APPETITE AND TOLERANCE

The Company shall maintain an appropriate balance between risk and opportunity in pursuing its strategic objectives.

The Board shall approve the Company's Risk Appetite Framework, including risk appetite statements, tolerance thresholds, and escalation criteria.

The Company maintains zero tolerance for:

- fraud and corruption;
- bribery and unethical conduct;
- deliberate safety violations;
- material regulatory non-compliance; and
- intentional acts that materially compromise the Company's integrity or stakeholder interests.

Detailed risk appetite thresholds and tolerance levels shall be defined in the ERM Framework and related policies.

8. CLIMATE, SUSTAINABILITY, AND CYBERSECURITY RISKS

The Company recognizes that climate-related physical and transition risks, environmental and sustainability considerations, cybersecurity threats, and information security risks may materially affect the Company's operations, stakeholders, financial performance, and long-term value creation.

Accordingly, these risks shall be integrated into:

- enterprise risk management processes;
- strategic planning;
- operational decision-making;
- investment evaluations;
- business continuity planning; and
- operational resilience measures.

9. BUSINESS CONTINUITY AND CRISIS MANAGEMENT

The Company shall maintain appropriate business continuity, emergency preparedness, disaster recovery, and crisis management plans to support operational resilience and timely recovery from disruptions.

Business continuity measures shall be periodically tested, reviewed, and updated to address evolving operational, technological, environmental, and security risks.

10. RISK REPORTING AND DISCLOSURE

Management shall provide regular risk reports to Senior Management, the ROC, and the Board, including information on:

- material risks and exposures;
- key risk indicators;
- mitigation activities;
- emerging risks;
- control deficiencies; and
- status of remediation plans.

Material incidents and critical risk exposures shall be reported promptly in accordance with established escalation protocols.

The Company shall ensure appropriate risk-related disclosures consistent with applicable laws, regulations, governance standards, and sustainability reporting requirements.

11. RISK MANAGEMENT ATTESTATION AND ASSURANCE

Management shall provide annual attestation on the effectiveness of the Company's internal control systems and enterprise risk management framework.

Such attestation shall confirm that:

- appropriate internal controls and risk management systems are established and functioning effectively;



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- continuous monitoring, control self-assessments, and internal audit reviews are conducted;
- identified control gaps are subject to remediation plans and monitoring; and
- the systems provide reasonable assurance in achieving the Company's operational, financial, compliance, and strategic objectives.

The attestation shall be reviewed by the Risk Oversight Committee and presented to the Board of Directors.

Formal management attestation may be issued as a separate document signed by authorized officers.

12. REVIEW AND CONTINUOUS IMPROVEMENT

This Policy shall be reviewed at least annually or whenever necessary due to:

- changes in regulatory requirements;
- significant organizational or operational developments;
- emerging or material risk events; or
- changes in the Company's strategic direction.

Updates and enhancements shall be implemented as necessary to maintain the relevance and effectiveness of the Company's risk governance framework.

13. REGULATORY AND GOVERNANCE ALIGNMENT

This Policy shall be implemented in a manner consistent with:

- applicable Philippine laws and regulations;
- Securities and Exchange Commission (SEC) corporate governance requirements;
- Department of Energy (DOE) and Energy Regulatory Commission (ERC) regulations;
- relevant sustainability and ESG disclosure expectations; and
- recognized enterprise risk management and governance principles, including ISO 31000 where appropriate.

14. EFFECTIVITY

This Policy shall take effect immediately upon approval by the Board of Directors and shall remain in force unless amended or repealed.



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Approved by the Board of Directors on May 29, 2026.

Peter G. Nepomuceno
Chairperson of the Board

Robert Gerard B. Nepomuceno
President & CEO