



RISK MANAGEMENT POLICY

Corporate Policy Manual

Entity: EMES Ventures Inc.
Applicable to Oil & Gas Operations
Issued by: Board of Directors
Effective Date: January 14th, 2024
Version: 1.0

1. Purpose

The purpose of this Risk Management Policy is to establish a comprehensive and structured framework for the identification, assessment, mitigation, monitoring, and reporting of risks that may affect the strategic objectives, operational performance, financial stability, legal compliance, and reputation of EMES Ventures Inc..

This policy aligns with internationally recognized risk management principles, including those reflected in ISO 31000, and is designed to ensure that risk considerations are embedded into the organization's governance, planning, decision-making, and operational processes.

Through this policy, EMES Ventures Inc. seeks to promote informed decision-making, strengthen organizational resilience, and protect its long-term sustainability, particularly in the context of operations involving public-sector entities such as PEMEX and complex cross-border energy markets.

2. Scope

This policy applies to all activities, projects, investments, partnerships, commercial transactions, and strategic initiatives undertaken by EMES Ventures Inc.

It applies to employees, directors, contractors, consultants, and third parties acting on behalf of the company.

Risk management shall be integrated into corporate governance, operational planning, financial management, compliance processes, and strategic development.

3. Risk Management Framework

EMES Ventures Inc. adopts a structured and continuous approach to managing risk.

Risk management shall be:

- Integrated into organizational processes
- Structured and systematic
- Tailored to the organization's context
- Dynamic and responsive to change
- Based on the best available information
- Aligned with ethical and governance principles

The organization recognizes that risk management is not solely a defensive exercise, but a strategic function that enables sustainable growth and responsible engagement in regulated markets.

4. Risk Categories

Risks faced by EMES Ventures Inc. may arise from multiple sources.

- **Strategic risks** may stem from changes in regulatory environments, market dynamics, geopolitical conditions, or stakeholder expectations.
- **Operational risks** may arise from project execution failures, supply chain disruptions, or third-party performance issues.
- **Financial risks** may involve liquidity constraints, credit exposure, currency volatility, or delayed payments.
- **Compliance risks** may result from violations of anti-corruption laws, AML obligations, or contractual requirements.
- **Legal risks** may arise from disputes, regulatory enforcement, or jurisdictional complexity.
- **Reputational risks** may stem from ethical failures or public scrutiny.
- **Technological risks** may include cybersecurity threats or system failures.
- **Political and government-interaction risks** are particularly relevant where public-sector entities are involved.

5. Risk Identification

Risk identification shall be conducted systematically and continuously.

It shall occur during:

- Strategic planning
- Contract negotiation
- Third-party onboarding
- Procurement activities
- Project execution
- Government engagement

Risks shall be identified by management and operational personnel within their areas of responsibility.

High-risk environments, particularly those involving public-sector interaction or cross-border operations, shall receive enhanced scrutiny.

6. Risk Assessment

Identified risks shall be evaluated based on their likelihood of occurrence and potential impact on the organization.

Risk evaluation shall consider:

- Financial consequences
- Operational disruption
- Regulatory exposure

- Reputational implications
- Contractual impact

The organization shall assess both inherent risk and residual risk after existing controls are considered.

Material risks shall be escalated to senior management and, where appropriate, to the Board of Directors.

7. Risk Mitigation

Mitigation measures shall be designed in proportion to the level of risk identified.

Mitigation strategies may include:

- Contractual safeguards
- Enhanced due diligence
- Insurance coverage
- Segregation of duties
- Financial controls
- Training
- Monitoring mechanisms

Mitigation actions shall be documented and assigned to responsible parties.

8. Risk Monitoring

Risk monitoring shall be continuous.

Significant risks shall be reviewed periodically to assess whether mitigation measures remain effective.

Changes in external conditions, regulatory requirements, or operational realities shall trigger reassessment.

Emerging risks shall be escalated promptly.

9. Risk Reporting

Material risks shall be reported to senior management.

Risk summaries may be presented to the Board of Directors as part of governance oversight.

Transparency in risk reporting supports accountability and sound decision-making.

10. Integration with Compliance

Risk management shall operate in coordination with:

- The Anti-Bribery, Corruption & Fraud Management System
- The Informatic Systems Protection Policy
- AML and integrity commitments

Government-related risks shall receive special attention.

11. Business Continuity

EMES Ventures Inc. shall maintain reasonable measures to ensure operational continuity in the event of disruptions such as financial stress, regulatory changes, technological failures, or force majeure events.

12. Roles and Responsibilities

All personnel are responsible for identifying and communicating risks.

Management ensures mitigation measures are implemented.

The Compliance Officer oversees regulatory risks.

The Board retains ultimate oversight.

13. Continuous Improvement

Risk management practices shall be reviewed periodically to ensure alignment with evolving operational realities and governance expectations.

14. Effective Date

This policy becomes effective upon approval by the Board of Directors.

ANNEX 1 – RISK REGISTER TEMPLATE

Risk ID

Risk Description

Category

Process / Area

Likelihood (1–5)

Impact (1–5)

Inherent Risk Score

Existing Controls

Residual Risk Score

Risk Owner

Mitigation Actions

Review Date

Status

ANNEX 2 – 5x5 RISK SCORING MATRIX

Likelihood Scale:

- 1 Rare
- 2 Unlikely
- 3 Possible
- 4 Likely
- 5 Almost Certain

Impact Scale:

- 1 Insignificant
- 2 Minor
- 3 Moderate
- 4 Major
- 5 Critical

Risk Score = Likelihood × Impact

- Low Risk: 1–5
- Medium Risk: 6–10
- High Risk: 11–15
- Severe Risk: 16–25



ANNEX 3 – RISK DECLARATION

EMES Ventures Inc. declares that it maintains an active risk management framework designed to identify, assess, and mitigate risks associated with its operations, particularly those involving public-sector entities.

The organization commits to proactively managing operational, financial, compliance, and integrity risks that may arise in connection with commercial relationships.

Where risks involving government interaction are identified, enhanced oversight and mitigation measures shall be implemented.

EMES Ventures Inc. further commits to transparency, accountability, and cooperation in managing risks associated with its activities.



ANNEX 4 – RISK HEAT MAP

EMES Ventures Inc. utilizes a visual risk heat map to support decision-making and prioritization of mitigation actions.

The heat map is based on the combination of likelihood and impact as defined in the Risk Scoring Matrix. Each identified risk is plotted according to its assessed probability of occurrence and potential consequence for the organization.

Risks falling within the low-risk zone are considered acceptable and may be monitored through routine oversight.

Risks falling within the medium-risk zone require active monitoring and may warrant mitigation depending on their strategic relevance.

Risks falling within the high-risk zone require defined mitigation measures and periodic review by management.

Risks falling within the severe-risk zone require immediate attention, escalation to senior management, and the implementation of risk-reduction actions.

The heat map enables management to visualize risk concentration across operational areas and supports prioritization of resources toward the most critical exposures.



ANNEX 5 – RISK QUESTIONNAIRE RESPONSE FRAMEWORK

EMES Ventures Inc. maintains a risk management framework that supports the identification and control of risks associated with its commercial and operational activities.

The organization applies structured processes to identify strategic, operational, financial, compliance, legal, technological, and reputational risks.

Risks related to government interaction, public-sector contracting, or politically exposed relationships are subject to enhanced scrutiny.

Where risks are identified, mitigation measures may include contractual safeguards, due diligence procedures, monitoring mechanisms, or internal approvals.

The organization commits to transparency and cooperation in the management of risks associated with commercial relationships involving PEMEX.

Risk monitoring is ongoing, and significant exposures are escalated internally to ensure timely response.



ANNEX 6 – BOARD RISK OVERSIGHT STATEMENT

The Board of Directors of EMES Ventures Inc. recognizes risk management as a critical component of sound governance and long-term sustainability.

The Board maintains oversight of the organization’s risk management framework and supports the integration of risk considerations into strategic and operational decision-making.

The Board expects management to identify, assess, and mitigate material risks in a timely manner and to ensure that appropriate controls are implemented.

Particular attention shall be given to risks associated with public-sector engagement, cross-border operations, and compliance with applicable legal and ethical standards.

The Board supports a culture of transparency and accountability in the management of risk and encourages the prompt escalation of material concerns.