



ENTERPRISE RISK MANAGEMENT POLICY

Effective Date: May 16, 2024

Scope: All RCP Employees

Policy

This Enterprise Risk Management (“ERM”) Policy (the “Policy”) outlines the framework for identifying, assessing, monitoring, and responding to risks that could impact RCP’s ability to achieve its strategic objectives. It promotes a proactive and coordinated approach to risk management across all departments and functions.

Scope

While ERM is a process impacting all employees, functions, and levels, it is centered on the risks deemed most critical to the overall success of RCP as a whole. Examples include Cybersecurity, Sustainability, and Macroeconomic Conditions. Risks specific to operations or a site, unless otherwise escalated to ERM, should be addressed through other functions such as Operational Excellence and Internal Audit.

Key Personnel Roles and Responsibilities

ERM Team – composed of one or more contributors reporting directly or indirectly to an executive level ERM Program Sponsor. At time of publication of this Policy, Geoffrey Hurd (Sr. Director, ERM) is reporting directly to the ERM Program Sponsor, Rita Fisher (CIO and EVP, Supply Chain).

Audit Committee of the Board of Directors (“Board”) – receive reporting on Tier 1 risks on a quarterly basis. May elect to have this report delivered to the full Board of Directors if required by business conditions or to confirm alignment.

Executive Lead Team (“ELT”) – receive reporting on Tier 1 and Tier 2 risk responses and any emerging Tier 3 risks monthly, or as needed.

Risk Leaders Team (“Risk Leaders”) – composed of the ERM team along with each Risk Sponsor and Risk Response Owner as defined below for cross-functional collaboration across risk prioritization and response activity for all risk levels.

Risk Sponsor – Executive level owner for defining risk scope and its response strategy in alignment with RCP strategic objectives. Will be an Officer or Executive Vice President of RCP.

Risk Response Owner – Senior leader, typically at the Vice President level, coordinating the risk response activities, ensuring accountability and reporting updates in conjunction with the ERM team.

Purpose and Objectives

RCP is committed to a comprehensive ERM program. This program will:

- Identify potential risks across the organization.
- Assess the likelihood and potential impact of each risk.
- Prioritize identified risks and risk responses based on impact, existing safeguards, and available resources.
- Develop and implement strategies to respond to identified risks to minimize downside/negative impact and exploit opportunities for competitive advantage.
- Monitor and review risks and risk responses on an ongoing basis.
- Foster a culture of risk awareness and ownership throughout the organization.

Framework and Governance

The ERM program will follow a structured framework that includes the following key elements occurring on a regular basis or defined cadence.

Risk Identification: This ongoing activity involves proactively identifying internal and external trends or events that could impact the organization's strategic objectives. Employees are encouraged to bring potential risks to the ERM Team for consideration or to understand our response strategy.

Risk Categorization: Risks will be assigned to a primary category as part of the RCP FORRSTT model, but risks may cross into multiple categories and workstreams. The categories in the FORRESTT model are Financial, Operational, Reputational, Regulatory, Strategic, Technological, and Talent risks.

Risk Assessment: Each identified risk will be placed into one of three Tiers of prioritization based on the combined judgement of the ERM team and the ELT based on severity of impact, existing risk response activities, and need for additional resources. The Tiers are defined as follows:

- Tier 1: Board level oversight, where the response strategy proposed is likely to require additional resource investment. Typically no more than five (5) at a given time.
- Tier 2: ELT level oversight, where existing and/or planned resources and responses deemed adequate. Typically no more than ten (10) at a given time.
- Tier 3: Risk Leaders oversight, where completed activities are deemed sufficient, or the risk is new and not yet requiring Tier 2 or Tier 1 response and oversight. This level may have any number of risks recorded and monitored.

The annual Enterprise Risk Assessment is conducted alongside the strategic annual planning for the coming year to set the initial risk categorization and priority, revise scope as necessary, and otherwise confirm alignment of ERM priorities with RCP objectives.

If, during the year, a risk needs to be re-prioritized, the following process will be followed:

- During the Semi-Monthly Risk Leaders meeting, the team will discuss any risks that should be added or re-prioritized. In this case, at the next monthly ELT ERM update, the ELT will review the recommendation and confirm their alignment or decline the change.
- In the event of a rapidly emerging risk, the ERM Program Sponsor will coordinate a review with the next available ELT meeting.

Risk Response: Based on the risk assessment, a risk response strategy will be developed. This may involve one or more of these approaches: risk exploitation, risk avoidance, risk mitigation, risk transfer, or risk acceptance. Individual activities, projects, and controls will be recorded and reported on to ensure effectiveness and progress against planned execution timelines.

Risk Monitoring and Reporting: Risks and associated response plans will be captured through digital platforms such as MS Office or dedicated software such as AuditBoard, as determined by the ERM Team and Risk Leaders requirements. Reports will be generated on an ad hoc or real-time basis, as data availability and business requirements dictate.

Risk Culture Awareness and Communication: The ERM Team will provide ongoing communication and training on risk management to all employees. This will help to ensure that everyone understands their role in the ERM program and is able to contribute to risk identification, response plan development, and execution.

Review and Revision

This ERM Policy will be reviewed and revised periodically to ensure it remains aligned with the operations of the ERM Team, best practices in risk management, the evolving risk landscape, and RCP strategic objectives.

Approval: Rita Fisher
Approval Date: May 16, 2024