

Philippines Budget Policy

Sphere Commodities Group Pte Ltd and its affiliated companies (“Sphere Group”) is committed to fostering a culture of transparency, accountability, and integrity in our operations across Australia, Singapore, and the Philippines.

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1. Purpose

This Budget and Financial Authority Policy (Policy) establishes a single, integrated framework for:

- preparation, approval, and monitoring of the Company’s budget;
- delegation of financial and expenditure authority to local management;
- identification, reporting, and governance of all related party transactions; and
- protection of shareholder interests, including shareholders resident in Singapore and Australia.

References to the Holding Company are references to Sphere Commodities Group Pte Ltd and references to the Company are references to the Philippines subsidiary company, if incorporated.

This Budget Policy and Procedures is designed to give freedom to local executives to run an entrepreneurial business within the boundaries set by shareholders.

2. Scope

This Policy applies to:

- the Company and all Philippine subsidiaries or operating units;
- all directors, officers, and employees;
- all operational, capital, financing, and related-party transactions.

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3. Governance Principles

The following principles underpin this Policy:

1. Shareholder control is exercised primarily through budget approval, not transaction-level micromanagement.
2. All related party transactions must be identifiable, visible, conducted on arm's-length terms and be demonstrably in the best interests of the Company.
3. Oversight and escalation are driven by identifying variances and assessing materiality and trends.
4. Decisions must be documented and capable of audit and shareholder review.

4. 3-Monthly Budget Preparation and Approval

Management must prepare and submit a 12-month operating and capital budget no later than 30 days prior to the start of each quarter. This "rolling evergreen" approach is being adopted early in the development of the business due to rapid changes that can occur.

Each 12-month budget should be prepared based upon the outlook at the time of preparation and should identify the differences compared to the previous budget and the reasons for these differences – if any.

Over time, the Company will move to a 12-month timeframe for budgeting, but only once the outlook for the business can be more accurately predicted.

The budget must separately identify all anticipated related-party transactions as discrete line items.

The budget must be approved by the Board and the Holding Company Board.

5. Authority Once Budget Is Approved

Once approved, management may incur expenditure within approved budget line items without further shareholder approval, provided transactions are consistent with the nature and assumptions of the approved budget.

This authority does not extend to new or expanded related-party arrangements.

6. Related Party Transactions – Identification and Reporting

Management must identify all related party transactions, whether material or immaterial, budgeted or unbudgeted.

All related party transactions must be recorded in a Related Party Transactions Register and reported monthly to shareholders, including:

- identity of the related party;
- nature of the relationship;
- description and value of the transaction;
- budget reference (if applicable).

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7. Arm's-Length and Best Interests Confirmation

For each related party transaction, management must confirm in writing that the transaction:

- is on arm's-length terms; or
- if not strictly arm's-length, is demonstrably in the best interests of the Company.

Confirmation may be supported by benchmarks, third-party comparisons, commodity indices, or brief commercial justification.

8. Budget Monitoring, Variance Control, and Escalation

Monthly reporting must include budget vs actuals and variance analysis.

Any variance exceeding 10% of a budget line item, or a trend indicating such variance, must be referred to the Board and the Board of the Holding Company for approval prior to continuation.

Approvals must be given by the Board and the Board of the Holding Company within a reasonable time period.

9. Financial Controls

- Dual signatory or dual-approval controls apply to bank accounts wherever possible. Where not possible, bank reconciliations must be undertaken on a monthly basis and submitted to the Board and the Board of the Holding Company for review.
- No related party may have sole control over payments, reconciliations, or accounting records.
- Supporting documentation is required for all material transactions.

10. Breaches and Remedies

Any breach of this Policy must be reported immediately to the Board and the Board of the Holding Company.

Remedies may include suspension of authority, renegotiation or termination of arrangements, or disciplinary action.

11. Review of Policy

This Policy shall be reviewed at least every two years or earlier if required by law or business operations.

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12. Approval of Policy and Future Amendments

Adopted by the Board and the Board of the Holding Company.

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Approved by the Board

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