ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Company recognizes the increasing importance of sound risk management practices to drive business growth and sustainability. The Company implemented systems and processes to facilitate proper risk identification, monitoring and control, which are key to effective corporate governance. Timely and accurate management and financial reporting systems, internal controls, and audits are also employed to protect and maximize stakeholders' value.

The Board oversees Management's adoption and implementation of a sound risk management framework for identifying, monitoring and managing key risk areas. The Board of Directors reviews Management reports with due diligence to enable the company to anticipate, minimize, control and manage risks or possible threats to its operational and financial viability.

ENTERPRISE RISK MANAGEMENT

Through a sound Enterprise Risk Management (ERM) framework, the Company effectively identifies, monitors, assesses and manages key business risks. The framework guides the Board in identifying units/business lines and enterprise level risk exposures, as well as the effectiveness of risk management strategies.

The ERM framework revolves around the following eight interrelated risk management approaches:

1. Internal Environmental Scanning - it involves the review of the overall prevailing risk profile of all the Business Units (BUs) to determine how risks are viewed and addressed by the management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the BUs.
2. Objective Setting - the Company's Board mandates Management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives that are aligned with the Company's goals.
3. Event Identification – it identifies both internal and external events affecting the Group's set targets, distinguishing between risks and opportunities.
4. Risk Assessment - the identified risks are analyzed relative to the probability and severity of potential loss that serves as basis for determining how the risks will be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's action or monitoring, and risks that may materially weaken the Company's earnings and capital.
5. Risk Response - the Company's Board, through the oversight role of the Internal Control Group ensures action plan is executed to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.
6. Control Activities - policies and procedures are established and approved by the Company's Board and implemented to ensure that the risk responses are effectively carried out enterprise-wide.

7. Information and Communication - relevant risk management information is identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
8. Monitoring - the Internal Control Group of the respective Company and BUs as well as Corporate Internal Audit constantly monitor the management of risks through audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

RISK MANAGEMENT FUNCTIONS

The risk management function involves the following activities, among others:

1. Defining a risk management strategy;
2. ldentifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives
3. Evaluating and categorizing each identified risk using the company's predefined risk categories and parameters;
4. Establishing a risk register with clearly defined, prioritized and residual risks;
5. Developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy:
6. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
7. Monitoring and evaluating the effectiveness of the organization's risk management processes.

RESPONBILITIES OF A CHIEF RISK OFFICER

1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
2. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
3. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
4. Suggests ERM policies and related guidance, as may be needed; and
5. Provides insights on the following: . Risk management processes are performing as intended;
6. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
7. Established risk policies and procedures are being complied with.
8. There should be clear communication between the Board Risk Oversight Committee and the CRO.

INTERNAL CONTROLS

With the leadership of the Audit and Risk Management Committee, internal control is embedded in the operations of the company, thus increasing their accountability and ownership in the execution of the company's internal control framework. To accomplish the established goals and objectives, the company will implement robust and efficient process controls to ensure:

1. Compliance with policies, procedures, laws and regulations
2. Economic and efficient use of resources

3. Check and balance and proper segregation of duties
4. Identification and remediation control weaknesses
5. Reliability and integrity of information
6. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.

REVIEW

This framework will be reviewed annually and any adjustments/revisions that may be required will be recommended to the Board for consideration and approval.