ENTERPRISE RISK MANAGEMENT (ERM) POLICY

November 2021

TABLE OF CONTENTS

I. INTRODUCTION

This Enterprise Risk Management Policy ("the ERM Policy") provides the framework for managing risks across DMCI Holdings, Inc. ("DMCI HI" or "the Company"). It contains the fundamental policies to guide all DMCI HI personnel, including senior executive management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company. This will serve as the guide to enable the concerned Company personnel to make appropriate actions and decisions pertaining to the management of the Company's portfolio of risks.

A. Purpose

This ERM Policy forms part of DMCI HI's Corporate Governance Manual and shall:

1. Establish the risk management vision, goals and objectives of the Company;

2. Provide an enterprise-wide risk management framework, structure, and organization that support the achievement of the Company's risk management vision, goals, and objectives;

3. Define the roles and responsibilities of DMCI HI's Board of Directors ("BOD" or "the Board"), senior management, officers, and all employees with regards to the Company's risk management processes and activities;

4. Establish a common culture and language that promote consistent definition and understanding of risks and their related impact to the Company's business; and

5. Establish a consistent and enterprise-wide approach in identifying and prioritizing risks, analyzing inter-relationship among risks, identifying the drivers and sources of risks, development of strategies and action plans in managing risks, monitoring and reporting on the implementation of risk management strategies and action plans, and evaluating the effectiveness of the overall risk management process for continuous improvement.

B. Scope

This ERM Policy applies only to DMCI HI.

C. Enterprise Risk Management Vision

DMCI HI's enterprise risk management ("ERM") shall serve as one of the Company's key enablers for effective corporate governance and achievement of the Company's strategic objectives.

II. RISK MANAGEMENT FRAMEWORK

The "DMCI Culture" along with the Company's vision, mission and values and its Code of Business Conduct and Ethics, sets the tone and values of the organization. It serves as the guiding principle of our Board of Directors and key executives in setting strategic goals and objectives of the Company and its subsidiaries. It is through this perspective that the Company defines and addresses its risks.

Regular board meetings are conducted at DMCI HI together with the Presidents of each subsidiary to discuss the overall goals and objectives of the Group. DMCI HI CEO also meets regularly with the Executive and Management Committees of the operating subsidiaries to discuss strategies, key result areas and critical enterprise-level risks to ensure a decisive response to their respective opportunities and challenges.

DMCI HI's risk management is a continuous process that supports the achievement of its strategic goals and objectives. It is embedded in the decision-making process and day-to-day management of the Company.

The Company's risk management framework consists of the following:

A. Establish the risk management context

At the onset of the ERM process, the Company shall establish the context in which risk management will be conducted. This requires consideration of the risk management goals and objectives, risk management oversight structure, and the common risk language existing in the Company.

i. Risk Management Goals and Objectives

To effectively realize DMCI HI's risk management vision, ERM shall:

1. Establish a sustainable risk management process to enable DMCI HI to focus on and manage its key risks;

2. Embed risk management into the awareness and day-to-day activities of each DMCI HI officer and employee;

3. Integrate a rigorous risk management process into the strategic planning, budgeting and decision-making process; and

4. Provide a structured framework for enhancing DMCI HI's corporate governance.

ii.   Risk Management Oversight Structure

To ensure the successful implementation, support and sustainability of DMCI HI ERM, it is important that a risk management structure is in place to have an integrated and independent view of the enterprise-wide risks across the different risk categories (e.g., strategic, operations, compliance and financial). This will allow the Company to reduce any gaps in risk coverage, risk management functional inefficiencies and overlaps, and confusion among concerned personnel due to lack of structured communication and reporting lines.

The risk management process starts from the Board, through the Risk Oversight Committee, which oversees and monitors the adoption of our risk management policies and procedures.
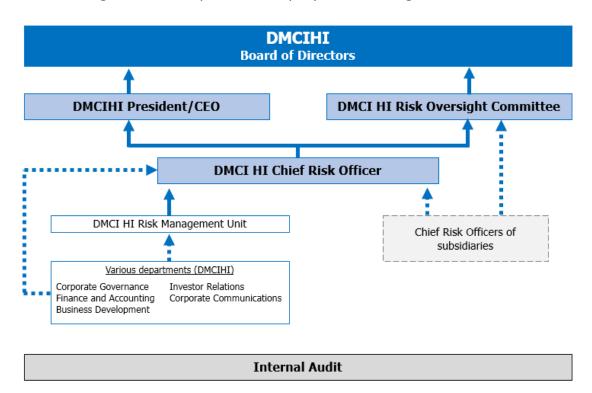
The Committee oversees and works with our Chief Risk Officer, General Counsel, Chief Compliance Officer and other senior management in ensuring that risk management responsibilities are effectively carried out.

The CEO meets regularly with the Executive and Management Committees of the operating subsidiaries to discuss strategies, key result areas and critical enterprise-level risks to ensure a decisive response to their respective opportunities and challenges.

Our Chief Risk Officer leads the entire risk management function and spearheads the implementation, maintenance and continuous improvement of our ERM. He also advocates the adoption of the same by our subsidiaries.

Our subsidiaries, through their business units and divisions, employ a pragmatic approach to risk management, seeking to deliver our trademark operating efficiency while ensuring adherence to regulatory, contractual, health, safety and quality standards, and managing risks from planning to day-to-day operations.

The following illustration depicts the Company's ERM oversight structure:

Stakeholders	Roles and Responsibilities
1. Risk Oversight Committee of the Board of Directors ("BOD" or Board)	▪ Oversee the RM activities of the Company ▪ Authorize the DMCI HI's ERM Policy and any subsequent modifications ▪ Examine and assess the reports on the effectiveness of the ERM process and the management of key risks as provided by the President/CEO or the Chief Risk Officer ("CRO") ▪ Guide the Board in supervising the Company's corporate governance process ▪ Authorize DMCI HI's desired state of the ERM framework ▪ Evaluate the sufficiency and effectiveness of the ERM process and the management of key risks ▪ Provide recommendations and guidance to the risk management activities as reported by the President/CEO or the CRO ▪ Review the roles and responsibilities of the CRO

Stakeholders	Roles and Responsibilities

2. President/Chief Executive Officer ("CEO")	▪ Is the ultimate risk executive and is essentially responsible for ERM priorities, strategies, tolerances and policies
	▪ Head the Executive and Management Committees of the operating subsidiaries that set the direction and lead the decision-making as they relate to:
	  ➢ Recognition of risk priorities;
	  ➢ Alignment of business objectives with risk strategies, action plans and policies; and
	  ➢ Settlement of conflicts with regards to ERM strategies and action plans
	▪ Must ensure that a sufficient resource of the organization is allocated in pursuing ERM initiatives, strategies and action plans

3. Chief Risk Officer ("CRO")	▪ Is the ultimate champion of the ERM in DMCI HI ▪ Supervise the entire RM function and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and tools ▪ Oversee the status of risk management strategies and action plans at DMCI HI ▪ Communicate the top risks and the status of implementation of risk management strategies and action plans to the Risk Oversight Committee of the BOD ▪ Collaborate with the President/CEO in updating and making recommendations to the Risk Oversight Committee of the BOD ▪ Conduct targeted risk analysis outside routine risk management and reporting process as advised
4. Risk Management Unit (RMU) headed by the Senior Finance Officer	▪ Create the ERM Policy and related guidance ▪ Supervise, support and incorporate the ERM processes across DMCI HI in coordination with the CRO and the process owners of the various department at DMCI HI ▪ Monitor and report the status of DMCI HI top risks and related action plans to DMCI HI CRO ▪ Gather and examine the risks reports provided by the CRO or risk management unit of each subsidiary ▪ Organize the sharing of best practices across the Company in coordination with DMCI HI CRO and the CRO or risk management unit of each subsidiary ▪ Support the CRO in preparing ERM reports and materials to the Risk Oversight Committee of the BOD ▪ Lead the change management initiatives across DMCI HI ▪ Drive the improvement of DMCI HI's current ERM process through benchmarking against leading standards and global best practices

DMCI HI ERM POLICY

Stakeholders	Roles and Responsibilities
5. Risk Owner under DMCI HI	- Has the responsibility for and ownership of the assigned risks and other risks under the same functional area of responsibility - Ascertain that appropriate entity level risks are identified at the functional or process level - Authorize ERM priorities, analysis, strategies and actions plans within his/her functional area of responsibility - Designate risk management responsibilities and accountabilities within his/her functional area of responsibility - Communicate the progress of risk management strategies and action plan to the CRO and risk management unit - Ascertain the sufficiency and continuous implementation of ERM programs at business function level assigned to him/her - Ascertain that ERM objectives and responsibilities form part of the function's periodic performance review
6. All DMCI HI personnel/ employees	- Maintain awareness on the intrinsic risks in their jobs and incorporate risk management as part of their everyday activities - Take charge of their respective internal control as part of their accountability in achieving their objectives - Communicate to their supervisors any risk that they cannot control
7. CROs of each subsidiary	- Act as the ERM resource person and supervise the consistent execution and continuous improvement of the ERM process in their respective companies - Lead the change initiative plan with their respective companies - Oversee the status of risk management strategies and action plans in their respective companies - Communicate the top risks and the status of implementation of risk management strategies and action plans to the Risk Oversight Committee (at the subs level) - Report the status of the risk management of their respective companies to DMCI HI – CRO and Risk Oversight Committee

DMCI HI ERM POLICY

Stakeholders	Roles and Responsibilities

9. Internal Audit	• Provides assurance on the following:
	  ✓ Risk management processes are performing as intended;
	  ✓ Controls and key responses on key risks are effective and complied; and
	  ✓ Established policies and procedures are being complied with
	• Provides independent assessment of the ERM framework on both enterprise-wide and business function levels

iii. Risk Dictionary

DMCI HI uses a common risk language embodied in the Company's risk dictionary. It is developed to enhance clarity of communication and action on risk-related matters. The risk dictionary has been communicated and understood by all employees at all levels of the organization. DMCI HI shall ensure that annual reviews are conducted to update and modify the risk dictionary to include new and emerging risks to the Company.

B. Identify risk events, assess and evaluate business risks

Internal and external events that impact the ability of the Company to achieve its goals and objectives are being identified at the various points of the business by each of the business unit. These are also reported and discussed during Board and executive meetings at DMCI HI and the subsidiary level.

DMCI HI ERM is designed to help identify and assess these risks. A formal risk assessment is conducted on an annual basis.

The risk assessment starts with the accomplishment of the risk assessment survey (RAS) by all DMCI HI employees. For common language, the participants use the risk universe and risk dictionary during event identification and risk assessment. The RAS is divided into three parts; (a) identification of relevant risks; (b) assessment of risks by ranking all relevant risks based on potential impact; and (c) evaluation of top risks by determining the cause or reason why the risk is significant, the likelihood of occurrence and the severity of its impact.

Upon accomplishment of the survey, the risk management unit will collate all responses to come up with the initial risk evaluation. The risk management unit analyzes the relationship of the top risks with other risks to identify the highly-leveraged risks, or those risks that when managed will significantly contribute to the effective mitigation or management of the top risks. The risk owners shall be

identified after evaluation of the specific functions or processes to which the risks relate. The result is presented to the CRO for validation and calibration.

C. Evaluate the effectiveness of control activities

When analyzing risks, it is important to understand the effectiveness of the existing controls that are aimed in bringing these risks within an acceptable level.

The risk owners together with the risk management unit will identify and evaluate the effectiveness of existing controls for each top risk. The control effectiveness combined with the impact and likelihood assessment of the top risks will determine the final top risks of DMCI HI.

D. Develop risk management strategies and risk response

After identifying, assessing and evaluating risks, the risk owners in coordination with the risk management unit shall develop strategies to manage risks consistent with the Company's strategic goals and objectives and risk appetite and tolerance levels.

The following shall be used by DMCI HI as guidance in developing its risk management strategies:

1. No future plan – residual risk acceptance
2. No future plan – risk avoidance
3. With future plan to increase risk response e.g. mitigate/share/transfer risk
4. With future plan to decrease risk response

The risk owners shall develop specific action plans to support the implementation of the selected risk management strategies. The risk owners shall ensure that appropriate communication protocols and channels exist to support the execution of action plans that require coordinated effort across business functions.

The final top risks and the specific actions plans will then be presented to the CRO and CEO for final approval.

E. Monitor and Report on the ERM process

Risk management unit shall continuously monitor the risks and effectiveness of the implementation of the strategies/action plans through close coordination with the risk owners. The risk management unit also ensures that risk management is a regular agenda item in the BOD, executive and functional level meetings.

The CRO of DMCI HI shall report to DMCI HI Risk Oversight Committee (ROC) twice a year regarding the status of the company's top risks and action plans taken, as well as new and emerging risks.

DMCI HI also monitors the top risks at each subsidiary level to ensure that critical risks affecting the subsidiaries are properly addressed. This is done through annual reporting by each CRO to DMCI HI ROC.

F. Continuously Improve the ERM Process

1. DMCI HI shall evaluate and implement any improvements to policies, processes, people, management reports, methodologies, and systems and data that are identified through monitoring consistent with the Company's continual improvement philosophy. DMCI HI shall ensure that appropriate coordination is in place among ERM stakeholders to identify and evaluate these improvement opportunities through the regular monitoring of action plans and assessment of risk management strategies being implemented. Identified action plans should be monitored and assessed on a semi-annual basis.

2. DMCI HI shall assess the effectiveness of the ERM process through regular feedback and assessment with Risk Owners and other risk management stakeholders. DMCI HI shall also evaluate the Company's risk management function through benchmarking with leading standards and global best practices.