

The Risk Management Committee (RMC)

Report on Committee Activities for 2009

The key activities of the Risk Management Committee for 2009 were as follows: Risk Administration, Risk Management Program Enhancement, Roll-Out of Business Continuity Plan, and the Risk Surveys and Insurance Program.

- a. **Risk Administration** – with the financial crisis that started in the 3rd Quarter of 2008, the RMC identified three major risk exposures of the Company relating thereto, and subsequently implemented measures to mitigate them. For 2009, the other strategic, operational, financial and hazard risk exposures of EDC were identified, validated and documented in the Company's risk profile, identifying the top five (5) priority risks. On these, the risk owners implemented risk management strategies and the Risk Management Group likewise monitors these risks on a quarterly basis.
- b. **Risk Management Program Enhancement** – The Committee sees to it that there is an effective risk management program that ensures that the company's risk exposures are proactively addressed and critical risk concerns are communicated on a timely basis to top management and across the organization. With the recent publication of the Risk Management – Principles and Guidelines (ISO 31000:2009), the PMC initiated the review of its current policies and procedures so as to reflect the latest thinking in enterprise risk management.
- c. **Roll-out of Business Continuity Plan (BCP)** – the BCP will provide the formal framework to ensure that EDC will be able to continue its business operations the soonest possible time after the occurrence of a catastrophic event, thus, minimizing business interruption and revenue losses, at the same time ensuring the stockholders' confidence in the company. EDC's BCP was completed in 2009 at EDC's LGPF where the corresponding BCP deliverables will be finalized in 2010. The roll-out of the BCP in other sites is scheduled in 2010.
- d. **Risk Surveys and the Insurance Program** – in coordination with EDC's insurance brokers, risk surveys in the field have been conducted to determine EDC's various risk exposures and the implementation of mitigating measures.