

# 2016 BOARD COMMITTEE FUNCTIONS & ACTIVITIES

## *Risk Management Committee (RMC).*

In performing its functions, the Risk Management Committee (RMC) assists the Board of Directors of EDC in its oversight responsibility over Management's activities in managing risks involving physical, financial, operational, labor, legal, security, environmental and other risks of the corporation. In carrying out its mandate, the RMC:

1. Conducts a yearly evaluation of the Company's risk assessment and risk management program and ensure that appropriate controls are in place;
2. Recommends to the Board the Company's strategic risks, including the risk mitigation and control measures that require immediate or urgent implementation;
3. Reviews EDC's risk tolerance, financial exposures, and investment guidelines, including the mitigating strategies, insurance, and other risk financing schemes being undertaken; and
4. Reviews periodically the security, safety, physical loss control measures, and the specific Emergency Response Plan to ensure that all risks are adequately covered.

The RMC, composed of non-executive directors, conducted four (4) meetings in 2016. All RMC members attended all meetings in 2016.

The following are the activities of the RMC in 2016:

- *Enterprise Risk Management Program.* The RMC has established a standardized reporting process covering Health, Environment, Safety, Security, Natural Hazards, IT and Admin incidents. The objective is to provide immediate information and updates on specific incidents to Management and internal stakeholders; activate, as necessary, the Emergency Response Groups and Crisis Management Committees of the affected business unit/s; and to serve as a data collection point to build a risk database for further risks and trends analysis to continuously improve EDC's systems and processes.

The RMC has also assessed the critical assets of the Company to highlight the status of the priority assets of EDC on a fleet-wide and per business unit perspective, and has conducted an annual risk review, which includes insurance updates, critical assets risk report, interest and FX Exposure updates, BGBU and LGBU risks reviews.

Lastly, the RMC has overseen the review of EDC's ERM Program against ISO 31000 with the objective of identifying gaps and determining appropriate projects or initiatives to address gaps.

- *Business Continuity Management Program.* The RMC established the Employee Emergency Communications protocol in which a newly acquired text blast facility is utilized for simultaneous dissemination of information for employees during emergency or crisis scenarios.

The RMC has also reviewed and updated the standard alert levels for earthquake, environment incident, pandemic, fire within EDC-managed facilities, landslide/flashflood, typhoon, heavy rains/flooding, well blow-out, safety, wildland fire, security and volcanic eruption. This will establish guidelines on the activation of Emergency Response Groups and Crisis Management Committees of the affected locations/business unit/s given a specific incident.

The RMC has likewise overseen the evaluation of EDC's BCM Program against ISO 22301 with the objective of identifying gaps and determining appropriate projects or initiatives to address the gaps.