

SYNERGY GRID & DEVELOPMENT PHILS., INC.
ENTERPRISE RISK MANAGEMENT

I. INTRODUCTION

The Board of Directors of Synergy Grid & Development Phils., Inc. (“Company” or “SGP”), together with the management, and Audit and Risk Committee, has the duty and responsibility to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

Under its Manual on Corporate Governance of the Company (the “CG Manual”), the Board may appoint a Chief Risk Officer, in the event that the size, risk profile and complexity of operations of the Company shall require such appointment. Once appointed, the Chief Risk Officer shall manage the Risk Management System of the Company and shall act as the ultimate champion of Enterprise Risk Management (ERM). He/She shall have adequate authority, statute, resources, and support to fulfill his responsibilities.

The Audit and Risk Committee performs risk oversight functions that includes development of a formal enterprise risk management plan, overseeing of its implementation, its evaluation to ensure its continued relevance, comprehensiveness and effectiveness, advising the Board on its risk appetite levels and risk tolerance limits, and oversight over management’s activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation.

II. ENTERPRISE RISK MANAGEMENT APPROACH

The ERM approach of SGP follows the framework below:



- A. Define a risk management strategy;
- B. Identify and analyze key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization’s strategic objectives;
- C. Evaluate and categorize each identified risk using the predefined risk categories and parameters of the Company;
- D. Establish a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;
- E. Communicate and report significant risk exposures including business risks, control issues and risk mitigation plan to the relevant Board Committee; and
- F. Monitor and evaluate the effectiveness of the risk management processes of the Company.

III. RISK EXPOSURES AND CONTROL MEASURES

The Company’s key risks exposure can be categorized as economic, environmental, and social. The risk exposures of the company and control measures for implementation are as follows:

Risk Exposure		Control Measure
Economic	Investment risks	A. Existing investments are regularly monitored, and new investments are undertaken with due diligence considering SGP’s economic position and long-term financial goals.

		<p>B. Company uses existing investment criterion to ensure that risks are mitigated, and its investments are well-managed.</p> <p>C. Company's Audit and Risk Committee regularly evaluates and implements the enterprise risk management systems and protocols.</p>
	Corruption risks	<p>A. Company insists on its business partners to consistently observe applicable laws and regulations with integrity and honesty.</p> <p>B. Contracts are reviewed by Company's legal and finance teams to ensure that standard provisions concerning compliance with applicable laws against corrupt practices are incorporated.</p> <p>C. Company shall adopt an anti-corruption policy and program in its Code of Conduct.</p>
Environmental	Excessive energy use	<p>A. Company implements energy-saving efforts include reducing and replacing inefficient and excessive lighting within our office, taking advantage of natural daylight, establishing preventive maintenance program for our air conditioning, turning off electrical equipment during non-business hours and choosing energy efficient equipment.</p> <p>B. Company shall draft and develop an environmental policy.</p>
	Water-related risk	<p>Company shall:</p> <p>A. Continuously measure its water footprint.</p> <p>B. Regularly assess its business risks associated with our water footprint.</p> <p>C. Engage with stakeholders (local communicates, non-governmental organizations, government bodies, contractors, shareholders, and employees) as part of its water risk assessment, management and long-term planning.</p> <p>D. Integrate water risk into its overall business planning and governance structure.</p>

		E. Disclose to stakeholders its water performance and associated risks.
Social and Governance	Labor-management risks	<p>A. Company implements selection procedures that increases the probability of finding the right staff for the business.</p> <p>B. Company shall implement performance development system for communication of performance expectations and monitoring performance.</p>
	Data security including data management risk, cyber security risk, and third-party risk	<p>Company shall:</p> <p>A. Integrate IT risks into our risk management structure.</p> <p>B. Organize trainings on technology management skills for directors.</p> <p>C. Organize regular and independent internal audit.</p> <p>D. Assess IT capabilities of third parties.</p> <p>E. Develop of cyber incident response plan.</p>