



BOARD RISK OVERSIGHT COMMITTEE (BROC) REGULATIONS

DigiPlus Interactive Corporation (DigiPlus) recognizes Enterprise Risk Management (ERM) as essential to the achievement of business goals and objectives. Its approach begins with the identification and prioritization of risks, followed by the assessment of risk interrelationships and analysis of risk sources. This is followed by the development of risk management strategies and action plans, and ultimately, the monitoring and continuous improvement of the risk management process. The risk management policies of the Corporation are established to identify and analyze the risks faced by its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, systems and processes, as well as practices, are continuously reviewed.

DigiPlus' Board of Directors has the overall responsibility for managing its risk management policy. The Board Risk Oversight Committee (BROC) is established to provide oversight and continuous review of its risk management framework. The Management Risk Oversight Committee (MROC) is established to perform planning, implementation, and an assessment on the impact of risks on the strategic and long-term goals and report regularly the results of its assessment to the BROC. A Chief Risk Officer (CRO) is a senior executive appointed by the Board accountable for the implementation and operationalization of the ERM framework. The business unit heads on the other hand are responsible for managing operational risks by implementing internal controls within their respective units. DigiPlus regularly updates the Company's risk management systems, as well as on improvement plans of DigiPlus.

1. INTRODUCTION

1.1. POLICY

This document, otherwise known as the DigiPlus Risk Management Governance Framework, sets out DigiPlus Interactive Corporation's (DigiPlus or the Corporation) risk management policies and guidelines. It aims to provide a common and systematic approach for managing risks of the Corporation.

1.2. OBJECTIVES OF THIS DOCUMENT

DigiPlus' Risk Management Manual shall aim to address the following:

- Work towards achieving DigiPlus' strategic and operational goals by understanding risk and threats, identifying opportunities and maximizing opportunities that would otherwise create barriers;
- To balance the sustainability of growing shareholder value with the risks involve in achieving that growth;
- Work to diversify DigiPlus' exposure through its various holding companies and exposure across the different sectors, products and collateral;
- To establish a culture of risk taking by identifying major business risks while understanding the frameworks by which those risks are mitigated or addressed;



1.3. SCOPE AND LIMITATION OF THIS DOCUMENT

The Risk Management activities of DigiPlus are recognized as an activity critical to DigiPlus' success and that responsibility for managing the risks is spread across all business units and functions. The policies and procedures contained in this document are intended to ensure that the Corporation applies cautiousness and responsibility in its risk-taking activities while retaining its competitiveness.

1.4. USERS of this DOCUMENT

The content of this manual is provided for the following groups of stakeholders in DigiPlus. It is not comprehensive and may change depending on certain requirements as well as changes in the industry:

1. **Board of Directors;**
2. **Board Risk Oversight Committee (BROC)** – To aid the BROC in exercising its continuous review and oversight functions effectively;
3. **Management Risk Oversight Committee (MROC)** – To aid the MROC in planning, implementation and assessment of risks and their potential impact on the strategic and long-term goals of the Corporation.
4. **Chief Risk Officer (CRO)** – To serve as a guide and reference for the CRO in implementing and operationalizing the Corporation's ERM framework;
5. **Business Unit Heads** - This serves as a guide for their day-to-day operations as well as any risk-taking activities;
6. **Regulatory Bodies** – This document will provide information to regulators and supervising bodies in the performance of their functions in monitoring DigiPlus and the industries it operates in.

2. RISK MANAGEMENT CHARTERS

2.1. BOARD RISK OVERSIGHT COMMITTEE CHARTER

2.1.1. ROLE AND AUTHORITY

The members of the **Board Risk Oversight Committee (BROC)** are appointed by the Board of Directors (BOD) to assist in fulfilling the BOD's risk management responsibilities. The BROC has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. These are defined by regulations and applicable laws.

The **BROC** shall monitor the risk environment for DigiPlus Interactive Corporation (DigiPlus or the Corporation) as well as for all its subsidiaries. It will provide recommendations for any activities that will adversely affect the Corporation's as a continuing entity or on the Corporation's ability to achieve its goals.



The **BROC**'s responsibility is one of oversight and review. Risk management and the decision to undertake any projects will always remain with DigiPlus' Board of Directors and Senior Management.

The **BROC** has the mandate to have direct access to and to receive regular reports from Management. It shall have the power to conduct or authorize inquiry into any matter within the scope of the BROC's responsibilities.

The **BROC** may request any director, officer or employee of DigiPlus or other persons whose advice and counsel are sought by the latter to attend any meeting in order to provide information as it deems necessary.

The **BROC** shall report to the Board of Directors matters discussed at each meeting along with the actions taken during said meeting.

2.1.2. COMPOSITION

The Board of Directors shall appoint the members of the **BROC**. It shall have at least three (3) members of the Board of Directors who shall possess a range of expertise as well as adequate knowledge of DigiPlus' risk exposure. The Board shall designate one of the BROC members as the Chairperson of the Committee. The members of the Committee shall serve until such member's successor is duly elected.

2.1.3. MEETINGS AND PROCEDURES

The **BROC** shall hold regular meetings at least once every quarter, or as often as it considers necessary and appropriate. The BROC Chairman or the majority of its members may call a special meeting when deemed necessary. A majority of the members attending any meetings called for will constitute a quorum.

A notice of each meeting confirming the date, time and venue must be forwarded to each member of the **BROC** before the scheduled date of the meeting. The agenda of each meeting will be circulated, whenever reasonably practicable, to each member prior to the meeting.

2.1.4. DUTIES AND RESPONSIBILITIES

- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advises the Board on its risk appetite levels and risk tolerance limits;
- e. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and



business environment, and when major events occur that are considered to have major impacts on the company;

- f. Assesses the probability of each identified risk, as identified by the MROC, from becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- h. Reports to the Board on a quarterly basis, or as deemed necessary, the company's material risk exposures, key risk management issues, the actions taken to reduce the risks, and recommends further action or plans, as necessary.
- i. Perform oversight risk management functions including crisis management, in the areas of mitigating and managing credit risks, market risks, issues on liquidity, operational, reputational, legal and other risks. It shall include receiving and reviewing from senior management periodic information on risk exposures and risk management activities.
- j. Review to ensure that the risk management processes and compliance to those procedures are known and made available throughout the organization by reviewing and discussing with Management, the Corporation's risk management and risk assessment guidelines and policies on business risks;
- k. Endorse to the Board of Directors the appointment and, when and if appropriate, replacement of the Chief Risk Officer, who shall report to the BROOC through the MROC;
- l. Perform annually a self-assessment of the Board Risk Oversight Committee performance.
- m. Perform such other duties and functions and/or assume such responsibilities as may be delegated by the BOD.

2.2. MANAGEMENT RISK OVERSIGHT COMMITTEE

2.2.1. ROLE AND AUTHORITY

The *Management Risk Oversight Committee (MROC)* shall be responsible for the overall planning, assessment of risks and their potential impact on the strategic and long-term goals of the Corporation, as well as the risk treatment plans intended to address those risks. It shall likewise monitor the implementation of risk treatment plans of the business units themselves. The MROC is subject to the direction of the BROOC.

The **MROC** will provide direction to either remove the possibility of such risks, transfer such risks to a third party or mitigate risks to an acceptable level.

2.2.2. COMPOSITION

The MROC shall consist of the Corporation's senior executives in the areas of executive management, risk, finance, legal and compliance, and operations. The highest-ranking senior executive shall automatically be its Chairperson.

The MROC may also invite representatives of the business units to its meetings to help develop appropriate strategies to prevent losses and to minimize the impact of losses when such occur.



2.2.3. MEETINGS AND PROCEDURES

The MROC shall hold regular meetings at least once a month or as often as it considers necessary and appropriate. The MROC Chairman or the majority of its members may call a special meeting when deemed necessary. A majority of the members attending any meetings called for will constitute a quorum.

2.2.4. DUTIES AND RESPONSIBILITIES

- a. To assist the BROC in performance of the BROC's functions;
- b. Review the major risk exposures of the Corporation against established risk measurement methodologies and the steps management has taken to monitor and control such exposures, including:
 1. Detailed structure of limits, guidelines and other parameters used to govern risk-taking units;
 2. Clear delineation of lines of responsibilities for managing risk;
 3. Adequate system for measuring risk; and
 4. Effective internal controls and comprehensive risk reporting process.
- c. Develop the Risk Management Policies and Plan of the Corporation subject to the approval of the BROC and the Board of Directors as well as ensure compliance with the adopted policies;
- d. To directly monitor the management of credit, market, liquidity, operational, legal and other risk exposures of the corporation.
- e. Report to the BROC on a quarterly basis, or as deemed necessary, the company's material risk exposures, key risk management issues, assessment on the probability of each identified risk, the actions taken to reduce the risks, and recommends further action or plans, as necessary. This function includes regularly receiving information from different units and executive officers on risk exposures and risk management activities from Management and to provide the BROC with information related thereto.
- f. Perform other functions that may be assigned by or delegated by the BROC.

2.3. CHIEF RISK OFFICER

The *Chief Risk Officer (CRO)* is a senior executive accountable for the implementation and operationalization of the ERM framework. The CRO shall report to the BROC through the MROC.

2.3.1. DUTIES AND RESPONSIBILITIES

- a. Provide overall leadership and guidance for managing risk throughout DigiPlus, its subsidiaries and affiliates, in coordination with all the relevant functional managers, business owners, and all other relevant stakeholders, under the supervision of the MROC and BROC;
- b. Facilitate the creation, periodic review, updating and implementation of the overall integrated risk management framework of DigiPlus, its subsidiaries and affiliates;
- c. Facilitate the definition of the risk appetites and risk tolerances of DigiPlus, its subsidiaries and affiliates;
- d. Recommend overall strategies, plans and policies to address risks throughout DigiPlus, its subsidiaries and affiliates;
- e. Ensure the documentation of all risks through the creation and maintenance of an overall risk registry covering DigiPlus, its subsidiaries and affiliates;
- f. Provide assistance to functional managers and business owners in obtaining risk mitigation funding as may be necessary;



- g. Monitor the progress of all risk mitigation activities, provides guidance and assistance to functional managers and business owners, identifies obstacles and proposes remedies or workarounds as may be necessary;
- h. Communicate to all key stakeholders the risk profile of the business/es;
- i. Conduct due diligence by facilitating the investigation of the risks in new projects and initiatives, as well as the state of current risk management practices;
- j. Regularly provide updates and reports to the MROC and the BROC on the current status, developments and issues relevant to the implementation of the overall risk management framework;
- k. Cultivate awareness on risk management in general, the overall risk management framework, risk management policies, guidelines and best practices throughout DigiPlus, its subsidiaries and affiliates;
- l. Advocate for the development, review and/or revision of policies, guidelines, projects and/or programs of DigiPlus, its subsidiaries and affiliates through the adoption of a risk management by design approach;
- m. Conduct research and informs management of new and emerging risks that may affect the business and provides recommendations on how to prepare for these risks;
- n. Perform other duties and tasks that may be assigned by Board or Management that will further the interest of risk management.

3. INDEPENDENCE

The Board Risk Oversight Committee (BROC) shall be an independent committee and shall report directly to and hold office on the authority of the BOD.

4. REVIEW OF THE CHARTER

The BROC shall conduct an annual review and provide a written assessment to the Board of Directors regarding its Charter in order to determine its adequacy and make improvements thereof that the Committee considers necessary or valuable.

The Board will approve any amendments to the Charter that will emanate from the review based on the recommendation of the BROC.

5. EFFECTIVITY

This Charter shall take effect upon approval of the Board of Directors.



APPENDIX "A"

DigiPlus ENTERPRISE RISK MANAGEMENT

DigiPlus has adopted actions to mitigate the Company’s risks which include:

- a. Investments in technology;
- b. Continuous training of its personnel;
- c. Performance of regular audits;
- d. Establishing and implementing policies for strong information technology (IT) governance;
- e. Review of vulnerabilities and threats from infiltrating the corporation.
- f. Partnerships with the Company’s various stakeholders.

Technological risks are addressed via continuous risk assessments, wherein potential threats to assets, vulnerabilities and likelihood of occurrence are evaluated and possible impacts are estimated in the areas of networks, operating systems, applications and databases in production.

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Safety and Security Risk	Annual audit of the DigiPlus Safety and Security Team. Results of the audit are validated and monitored by the DigiPlus Internal Audit Team. This is intended for the protection of physical assets from unauthorized use and endangerment.	Department personnel are also trained to respond to safety and security incidents. DigiPlus ensures proper maintenance of facilities to minimize the impact of physical security risks which may affect its operations.
Property Damage and Business Disruption Risk	Annual review of business continuity and business impact assessment.	DigiPlus continues to improve its Business Continuity Management System (BCMS) through implementation of data back-up procedures and risk transfer methods such as entering into insurance policies to ensure availability and recovery of critical resources. The Company undergoes an annual business continuity exercise that is reported to the BROC.
Information Security and Technology Risks	Vulnerability assessment and penetration testing, incident monitoring.	The Information Security Department monitors the compliance of the Information Security Policy and incidents of any system security breaches. DigiPlus through the course of the year conducts training across the business units to address the human factor in cyber security

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
		management. DigiPlus endeavors to adopt strong cybersecurity measures to protect the company from cybersecurity risks.
Environmental Risk and Social Risk	Regular reporting of the group's sustainability road map and progress.	DigiPlus is committed to protect the environment where it operates by implementing effective and efficient resource utilization measures in its daily operations. DigiPlus continues to explore methods to reduce its consumption, recycles its water and wastes and harness renewable sources of energy. DigiPlus is also committed in promoting equal opportunities for persons with special needs, senior citizens, women and indigenous people.
Operational And Process Risk	Business process reviews.	The Management Risk Oversight Committee (MROC) reviews business processes and initiated the creation of tools and or procedures that enhance operational process efficiency and risk controls. The Company continues to improve on its business processes to ensure operational efficiency of all the Business Units.
Financial Risk	Regular monitoring of interest and foreign exchange rates, financial ratios.	The Company continues to improve its financial risk management processes to ensure compliance with the various regulatory issuances relevant to its business operations.
Regulatory and Compliance Risk	Compliance monitoring and reporting.	DigiPlus conducts regular employee awareness and mandatory compliance to the Code of Ethics, Data Privacy Act and other external regulations through constant monitoring and training of personnel.