

Enterprise Risk Management System

Berjaya Philippines Inc and its subsidiaries adopts a risk philosophy that maximizes the company's' ability in achieving its strategic objectives while ensuring appropriate management for evolving risk.

Annually, The Board of Directors reviewed the effectiveness of risk management system and internal control; and commented on the adequacy thereof.

The Internal control covers (i) the process effected by a company's board of directors, management and other personnel, (ii) designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, (iii) the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies.

Audit Committee

- Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, and monitoring of compliance with applicable laws, rules and regulations;
- Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the corporation. This function includes regular receipt from Management of information on risk exposures and risk management activities;
- Perform oversight functions over its internal and external auditors. It ensures that the internal and external auditors act independently from each other, and that both are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- Review the annual internal audit plan to ensure its conformity with the objective of the corporation. This plan includes audit scope, resources and budget necessary to implement it;
- Prior to commencement of yearly financial audit, discuss with the external auditor the nature, scope and expenses of audit, and ensure proper coordination If more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- Review the reports submitted by the internal and external auditors;
- Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - (i) any change in accounting policies and practices
 - (ii) major judgmental areas
 - (iii) significant adjustments resulting from the audit

- (iv) going concern assumptions
- (v) compliance with accounting standards
- (vi) compliance with tax, legal and regulatory requirements

- The Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee;
- The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties;
- Under its supervision, the formulation of rules and procedures on financial reporting and internal control in accordance with the following guidelines:
 - (a) The extent of responsibility in the preparation of the financial statements, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;
 - (b) An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation should be maintained;
 - (c) On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of control that cover the corporation's governance, operations and information systems, including reliability and integrity of financial and operational information effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations.
 - (d) The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, should be changed with the same frequency. The annual report should include significant risk exposures, control issues and such other matters as may be deemed necessary or requested by the Board and Management.