

Risk Management Manual

December 2023

Our vision:

“To be the leading city-developer in the country.”

Our mission:

“To initiate and create sustainable city-scale real estate products which will complement and contribute to the local community and national development.”

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Glossary

Enterprise Risk Management (ERM)	A process, effected by an entity's board of directors, management and personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.
Inherent risks	are the risks to an entity that is expected to continue to exist as part of the Company's operations regardless of the presence of internal controls. These risks may result from an entity's industry, environment, and other factors
Residual risks	are the risks that remain after management has responded to the risk
Risk analysis	systematic use of available information to determine how often defined risks may occur and the magnitude of their likely consequences
Risk appetite	the amount of risks, on a broad level, that an entity is willing to accept in pursuit of its goal and provide value to stakeholders. It reflects the entity's risk management philosophy, and in turn influences the entity's culture and operating style
Risk areas	those procedures, operations and business processes which present a risk
Risk assessment	the systematic determination of risk management priorities by evaluating and comparing the level of risk against predetermined standards, target risk levels or other criteria. The process comprises risk analysis and risk evaluation
Risk evaluation	judgment, based on risk analysis, of whether a risk which is acceptable has been achieved in each context based on the current values of society
Risk management	the systematic application of management policies, procedures and practices to the activities of analyzing, evaluating and controlling risk
Risk profile	a predetermined combination of risk indicators, based on information which has been gathered, analyzed and categorized
Risk tolerance	The acceptable level of variation relative to the achievement of a specific objective. Measured using the same units as its related objective
Risks	refer to the possibility that an event will occur and adversely affect the achievement of an objective. It is expressed in likelihood and impact of an event.

1 Introduction

- 1.1 D.M. Wenceslao & Associates, Incorporated. (DMW or the Company) recognizes that risk management is an integral part of sound management practice and good corporate governance as it guides decision-making, improves results, and strengthens accountability.
- 1.2 The Company acknowledges that risk is dynamic and is inherent in all external and internal operations and engages itself to managing all risks effectively.
- 1.3 To accomplish this, the Company established a sound risk management practice, which provides a systematic and structured framework within which material risks may be identified and addressed in a way that:
 - gives reasonable assurance that the use of the valuable organizational resources is being effectively prioritized.
 - results to practical, effective, and accountable actions and decisions, reasonable in relation to the conditions within which the Company operates.
- 1.4 By implementing effective risk management, the Company shall have a means for achieving competitive advantage, essentially minimizing the impact of undesirable events and ultimately ensuring the attainment of the Company's corporate vision and mission.
- 1.5 This Risk Management Manual is part of the effort by the Company to ensure that sound risk management practices be documented.

Purpose of the Manual

- 1.6 The purposes of this Manual are the following:
 - To articulate the Company's philosophy regarding risk management.
 - To provide a framework for the application of this risk management philosophy relevant to all the Company's decisions and operations.
 - To set out the policies that govern the Company's risk management activities applied and implemented throughout the entire organization.
 - To outline the procedures, processes and practices that flow out of this framework, in order to identify, analyze, evaluate, communicate, and cost effectively manage material risks across the organization.
 - To ensure that roles and responsibilities have been appropriately delegated for the implementation of the Company's risk management processes.

Philosophy

- 1.8 On December 4, 2019, the Audit and Risk Committee agreed to adopt an Enterprise Risk Management (ERM) Policy Statement wherein the company shall:
- establish a culture of disclosing, evaluating and managing risks, from the Board of Directors and throughout the organization towards achieving its goals and objectives;
 - protect and preserve its employees' and clients' safety and welfare, the value and condition of its properties and assets and its local and global reputation; and
 - align its risk appetite with its long-term strategic objectives.

Scope

- 1.9 ERM encompasses all the Company's businesses. It considers all types of risks in terms of their likelihood and impact.

2 Risk Management Policy Statement

This Chapter sets out the policies that govern DMW's risk management activities. These policies shall be applied and implemented throughout the entire organization.

Policy Statement

- 2.1 The board of directors, management, officers and staff of D.M. Wenceslao & Associates, Incorporated, is committed to the effective management of risk by integrating risk management practice into all its business processes and operations.
- 2.2 It shall be the policy of the Company to adopt best practices in the identification, analysis, evaluation, communication, and cost-effective management of material risks to ensure the attainment of the Company's corporate vision and mission.

Policy Objectives

The objectives of the risk management policies are the following:

- 2.3 To emphasize the importance of risk management by integrating it with organizational governance objectives, strategic management, business planning, review of internal controls, and other management practices.
- 2.4 To demonstrate a discipline of risk management as an organizational strength that is established in order to protect and promote the interest of stakeholders.
- 2.5 To promote horizontal collaboration and pro-active management of all key risks and facilitate a unified organization to achieve corporate objectives by:
 - 2.5.1 Providing opportunities for strategic or business objectives to be discussed with management and staff so that they understand how they can contribute to them.
 - 2.5.2 Providing a venue for management and staff to actively participate in the identification of risks as well as the development of appropriate action plans to manage those risks.
- 2.6 To promote a clear message for all personnel on their respective roles in managing risks and create an environment where all personnel assume responsibility for managing risks.
- 2.7 To ensure that all key inherent risks are identified, managed, and addressed in accordance with the policies set out in this manual.

3 ERM Framework

All organizations need to set strategy and periodically adjust it, always staying aware of both ever-changing opportunities for creating value and the challenges that will occur in pursuit of that value. To do that, they need a framework for optimizing strategy and performance.

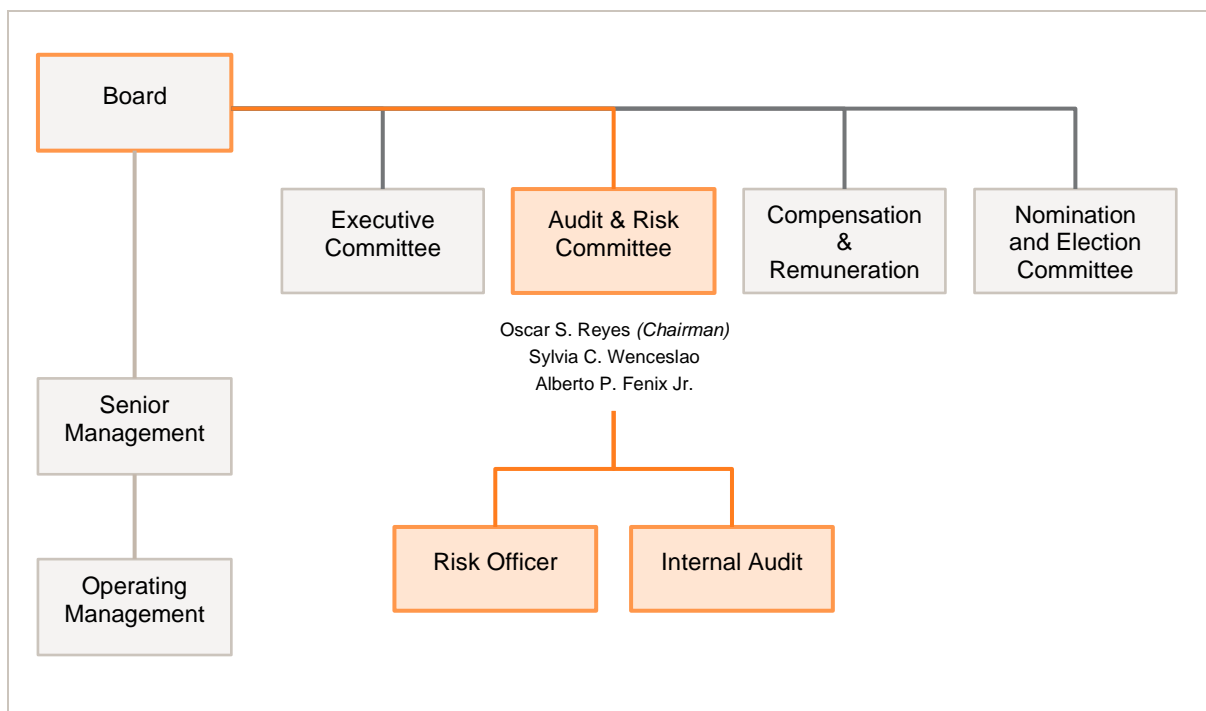
Accordingly, DMW adopts the COSO Enterprise Risk Management – Integrating with Strategy and Performance as a framework in implementing the Company’s ERM process. This framework builds on the current level of risk management that exists in the normal course of business. It demonstrates how integrating enterprise risk management practices throughout an entity helps to accelerate growth and enhance performance. It also contains principles that can be applied – from strategic decision-making through to performance.

4 Risk Management Organizational Structure

This chapter sets the out the risk management organization structure and the roles and responsibilities in the implementation of risk management across the Company.

Board and Risk Management Structure

4.1 The following illustration depicts the Company’s ERM oversight structure:



Roles and Responsibilities

Board of Directors

4.2 The Board of Directors (the Board) shall oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk

management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

Audit and Risk Committee

- 4.3 The Audit and Risk Committee (ARC) shall be responsible for the oversight of DMW's Enterprise Risk Management system to ensure its functionality and effectiveness. The ARC shall be composed of at least three members, the majority of whom shall be independent directors, including the Chairman. The Chairman shall not be the Chairman of the Board or of any other committee. At least one member of the ARC must have relevant thorough knowledge and experience on risk and risk management. The ARC shall have the following roles and responsibilities:
- 4.3.1 Develop a formal enterprise risk management plan which contains (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;
 - 4.3.2 Oversee the implementation of the enterprise risk management plan. The ARC shall conduct 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;
 - 4.3.3 Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The ARC shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
 - 4.3.4 Advise the Board on its risk appetite levels and risk tolerance limits;
 - 4.3.5 Review 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;
 - 4.3.6 Assess the probability of each identified risk 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;
 - 4.3.7 Provide oversight over Management's activities in managing strategic, operational, financial, political, regulatory, environmental, and other risk exposures of DMW. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
 - 4.3.8 Report to the Board on a regular basis, or as deemed necessary, DMW's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.

Risk Officer

- 4.4 In managing DMW's Risk Management System, the company shall appoint a Risk Officer (RO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities.
- 4.5 The Risk Officer (RO) shall have the following be responsibilities:
- 4.5.1 Supervise the entire ERM process and spearhead the development, implementation, maintenance, and continuous improvement of the ERM process and documentation;
 - 4.5.2 Communicate the top risks and the status of implementation of risk management strategies and action plans to ARC;
 - 4.5.3 Collaborate with the CEO in updating and making recommendations to the ASC;

- 4.5.4 Suggest ERM policies and related guidance, as may be needed; and
- 4.5.5 Provide insights if the: risk management processes are performing as intended, the risk measures reported are continuously reviewed by risk owners for effectiveness, and established risk policies and procedures are being complied with.

Internal Audit

- 4.6 The Internal Audit shall be responsible for maintaining and regularly reviewing the risk register, providing assistance to the RO, and performing regular review of key controls to ensure that they remain relevant, robust and effective. Among the core roles for Internal Audit in ERM implementation are as follows:
 - Giving assurance on the risk management process
 - Giving assurance that risks are correctly evaluated
 - Evaluating risk management processes
 - Evaluating the reporting of key risks
 - Reviewing the management of key risks

Employees

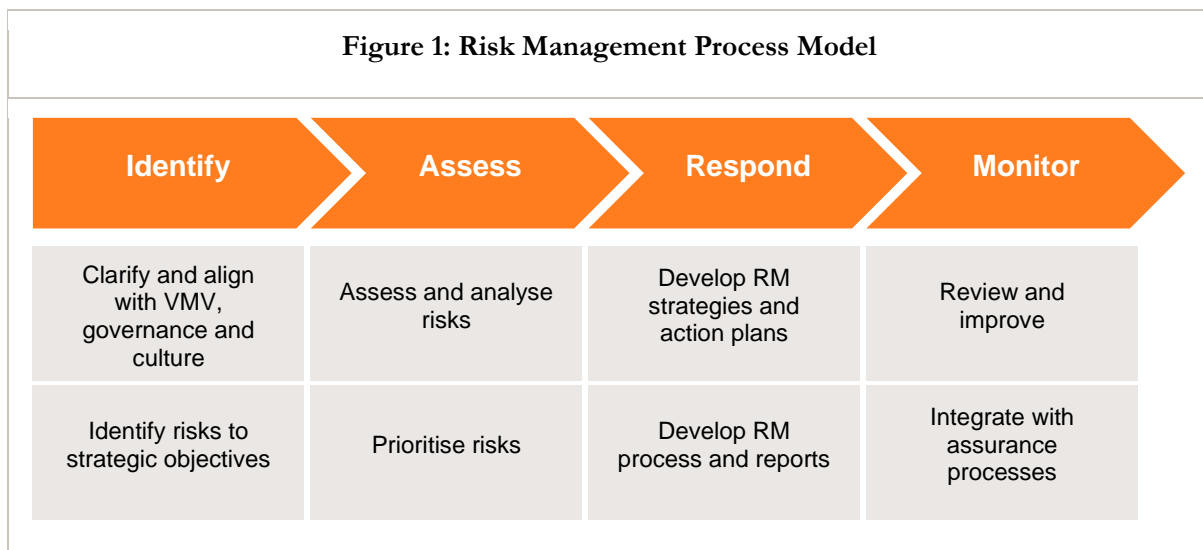
- 4.7 All employees shall be responsible for the proactive assessment and documentation of significant risks in every business decision and taking prompt action to manage and communicate business challenges in accordance with Management directions.

5 Risk Management Approach

5.1 This Chapter details the approach to be implemented by DMW in identifying, assessing and prioritizing risks, and developing risk responses.

Risk Management Process

5.2 Enterprise Risk Management is a structured process and requires a disciplined approach for the identification, assessment, prioritization and treatment of material risks. These risks represent uncertain events that can threaten the Company's success; it incorporates both internal and external factors. The ERM process also cycles back through its inception on a continuous basis to provide improvements in the strategies and treatments employed.



Identifying Risk

5.3 The Company identifies the internal and external risks that impacts the performance of strategy and business objectives. When identifying the risks, the Company also considers the environmental, social, and governance (ESG)-related factors that could affect the Company's ability to achieve its strategy or objectives.

The identification process may include surveys, workshops and interviews with risk owners and executives to confirm existing risks or understand new or emerging risks.

5.4 DMW maintains a risk register to list the risks that the Company face. This inventory provides common categories and standard definitions through which risks can be described and discussed. The risk register also includes the categories of the risks.

5.5 When identifying risks, DMW shall articulate precisely in terms of the impact to the strategy and business objectives as well as understanding the nature and root cause of the risk. Considerations that the company may apply when defining the risks include:

- Naming of risks – ensure that management can easily recall the nature of the risk by simply referring to its name. This also helps with the assimilation by the management of the Company's common risk language.
- Clear and concise – those that are easily understood and articulated in a way which the management and staff appreciates.

- Simple and organized – those that avoid highfalutin words and uncommon technical terms. Construction of the risks shall flow through a structured format where the objective targeted is selected first; risks are drafted with the nature of the risk coming first, its impact or effect, and finally the naming of the risk.

See Risk Register for the results of the facilitated sessions.

Assessing and Prioritizing Risk

- 5.6 Once the risks are identified, DMW examines the extent to which identified risks impact the entity's strategy and business objectives. This step allows the company to understand the potential business impact and likelihood of these risks and allow the company to prioritize risks and allocate resources to respond and monitor the risk over time.
- 5.7 DMW assesses the impact and likelihood of each risks using defined impact criteria and likelihood criteria (see *Appendix A.2. Risk Impact - Criteria and Definition* and *Appendix A.2. Risk Likelihood - Criteria and Definition*). When assessing the risk involves obtaining a thorough understanding of the risk, its causes and sources, its impact, and the likelihood and frequency of the risk happening.
- 5.8 Once the risks are assessed, DMW determines the “top 10 risks” of the company. DMW uses a 25-box Risk Heat Map (see *Appendix B. 25-box Risk Heat Map*) to depict the prioritization of its most critical risks according to the impact and likelihood. The company assesses the risk against its target risk rating or the target residual risk that it aims to retain once risk responses are deployed.
- 5.9 Risk assessment needs to be done continuously and throughout the Company.

See Key Risk Profile Section for the results of the facilitated sessions.

Developing Action Plans and Strategies

- 5.10 Once the “top 10 risks” are identified, DMW selects and deploys an appropriate risk response, which may be to avoid, transfer, reduce, accept, or exploit the risk.
- Avoiding the risk – If the risk exposure far exceeds the Company's risk appetite, the Company does not believe it can manage the risk, and the risk is not core to the Company's strategy, then the Company shall consider avoiding or eliminating the risk.
 - Transferring the risk - If the risk impact is high relative to the Company's tolerance or the Company does not believe it can manage the risk on its own but the risk is close to its core or cannot be avoided, then the Company shall consider sharing or transferring the risk to third parties who have the ability or capacity to accept or manage the risk better than the Company.
 - Reducing the risk - If the risk impact exceeds the Company's appetite but Management is confident that the risk can be reduced to a lower, more acceptable level, risk reduction is an appropriate management strategy.
 - Accepting the risk - If the risk impact is consistent with the Company's appetite, the risk may be retained at the current level,
 - Exploiting the risk - If the risk impact relates to opportunities where the Company has a competitive advantage or some other capability to create value, the Company may look to take on more of the risk to exploit this advantage.
- 5.11 Risk management action plans may be specific actions that are determined to be necessary to manage a risk to the tolerable level. It may be necessary to perform further analysis and assessment at a more specific risk level to determine the specific risk management action plan (i.e. a process risk assessment may be required.)
- 5.12 Action plans are classified into management action plans or audit action plans.

- For management action plans, the focus areas are the key risk areas for which the specific management actions may require significant time and resources.
- For audit projects, the focus areas are the key risk areas for which specific management actions are already in place to address the risks. The audits are carried out to ensure that the actions are designed and operating as intended and/or to improve the management of the key inherent risks.

5.13 Recommendations shall be developed, timeliness estimated, responsibilities explicitly assigned, and results submitted to those accountable for ensuring that the action plans and strategies are implemented.

See Risk Response Section for the results of the facilitated sessions.

Evaluation and Monitoring

5.14 The Company shall continuously monitor the risks and effectiveness of the implementation of the strategies and action plans, as well as the effectiveness of the Company's ERM framework. In addition, all initiatives pertaining to the ERM process shall be continuously monitored and evaluated.

5.15 The results of evaluation and monitoring shall be regularly reported to the appropriate stakeholders in the Company. Any significant issues identified shall be reported to the Audit and Risk Committee and the Board, including the actions being taken to resolve the issues.

Improving the ERM Process

5.16 The ERM process is not a one-time or static activity. It is a continuous, real-time process that must remain alive in the Company. It is important to cycle back through the steps on a continuous basis to comprehensively manage additional or emerging risks.

5.17 The Company shall assess the effectiveness of the ERM process through regular feedback and assessment with the management and other stakeholders. Benchmarking with leading standards and industry best practices shall be periodically done to evaluate the risk management function.

Results of the Facilitated Sessions

1 Risk Register

The Company initially identified 45 risks. These risks were then scrutinized and improved to come up with the current risk register consisting of 30 risks.

Risk ID	Risk Statement	Risk category	Description
R01	Economic downturn affecting property values	Market Risk	Economic conditions leading to lower property values and decreased investor confidence.
R02	Interest rate fluctuations impacting financing costs	Financial Risk	Variability in interest rates impacting borrowing costs and project financing.
R03	Regulatory changes in property laws	Regulatory Risk	Changes in laws and regulations affecting property development and ownership.
R04	Natural disasters damaging property	Environmental Risk	Damage to properties caused by natural events like earthquakes and typhoons.
R05	Environmental regulations	Regulatory Risk	Increased costs and operational adjustments due to new environmental regulations.
R06	Cybersecurity threats compromising data integrity	Operational Risk	Threats to digital security affecting confidential information and operational integrity.
R07	Operational disruptions due to pandemic resurgence	Operational Risk	Pandemic-related disruptions causing operational delays and increased health measures.
R08	Supply chain disruptions	Operational Risk	Interruptions in supply chains causing delays and increased costs in construction projects.
R09	Labor shortages	Operational Risk	Shortages in skilled labor affecting project timelines and quality.
R10	Heightened market competition	Market Risk	Increased competition reducing project profitability.
R11	Tenant default on lease agreements	Financial Risk	Risk of tenants failing to meet lease obligations affecting cash flow.
R12	Steep rise in construction materials	Financial Risk	Rising costs of materials, labor, and services affecting operational budgets.
R13	Credit risk from financial instability of partners and clients	Financial Risk	Risk of partners and clients failing to meet financial commitments.
R14	Changes in tax policies	Regulatory Risk	Adjustments in tax regulations impacting financial planning and profitability.
R15	Reputation risk from negative publicity	Reputation Risk	Negative media coverage or public perception affecting brand and market position.

Risk ID	Risk Statement	Risk category	Description
R16	Legal liabilities from contractual disputes	Legal Risk	Litigations and disputes arising from contractual disagreements.
R17	Work-from-home trend reducing demand for traditional office space	Market Risk	Preference for remote work reducing demand for traditional office spaces.
R18	Health and safety incidents at construction sites	Health & Safety Risk	Incidents affecting the safety and health of workers at construction sites.
R19	Security risks at properties	Security Risk	Threats to the physical security of properties and occupants.
R20	Failure to obtain necessary permits and approvals	Regulatory Risk	Delays and costs associated with obtaining necessary development permits.
R22	Community opposition to new developments	Community Risk	Resistance from local communities to new developments.
R23	Loss of key personnel	Operational Risk	Departure of key personnel affecting organizational continuity and expertise.
R24	Fraud and corruption	Operational Risk	Unethical practices leading to financial and reputational damage.
R25	Concentration Risk	Strategic Risk	Concentration of assets in Aseana City
R26	Misalignment of project timelines with market demand	Strategic Risk	Projects not aligning with current market demand leading to lower than expected take up or missed opportunities on the flipside
R27	Difficulty in securing financing for new projects	Financial Risk	Challenges in securing financing for new projects affecting growth and expansion plans.
R28	Failure to meet sustainability goals	Reputational Risk	Failure to achieve set sustainability targets impacting reputation and compliance.
R29	Shifts in consumer preferences impacting demand	Market Risk	Changes in consumer preferences leading to decreased demand for certain property types.
R30	Energy and water supply disruptions affecting operations	Operational Risk	Interruptions in energy and water supply affecting operational efficiency and tenant satisfaction.

2 Key Risk Profile

The impact and likelihood of each risk were assessed by each participant during the facilitated sessions, using the criteria and definition set out in Appendix A Risk Assessment Matrix. The initial results were then reviewed and rearranged to reflect the Top Risks - the risks for which management required development of action plans and corresponding strategies.

Below is the list of the Top Risks of the Company:

1. (R01) Economic downturn affecting property values - Economic conditions leading to lower property values and decreased investor confidence.
2. (R02) Interest rate fluctuations impacting financing costs - Variability in interest rates impacting borrowing costs and project financing.
3. (R03) Regulatory changes in property laws - Changes in laws and regulations affecting property development and ownership.
4. (R04) Natural disasters damaging property – Property damage and losses resulting from natural disasters.
5. (R07) Operational disruptions due to pandemic resurgence - Pandemic-related disruptions causing operational delays and increased health measures.
6. (R10) Heightened market competition - Increased competition reducing project profitability.
7. (R12) Steep rise in construction materials - Rising costs of materials, labor, and services affecting operational budgets.
8. (R13) Credit risk from financial instability of partners and clients - Risk of partners and clients failing to meet financial commitments.
9. (R17) Work-from-home trend reducing demand for traditional office space - Preference for remote work reducing demand for traditional office spaces.
10. (R20) Failure to obtain necessary permits and approvals - Delays and costs associated with obtaining necessary development permits.
11. (R26) Misalignment of project timelines with market demand - Projects not aligning with current market demand leading to lower occupancy rates.
12. (R28) Failure to meet sustainability goals – Reputational risk from failure to meet sustainability goals

The top risks were plotted in the 25-box matrix. Note that the low-rated risks were not plotted in the heat map.

		LIKELIHOOD				
Severity	Classification	1	2	3	4	5
		Rare	Remote	Possible	Likely	Almost certain
IMPACT	5 Disastrous					
	4 Catastrophic		R07 - Operational disruptions due to pandemic resurgence			
	3 Major			R13 - Credit risk from financial instability of partners and clients R20 - Failure to obtain necessary permits and approvals R26 - Misalignment of project timelines with market demand R28 - Failure to meet sustainability goals	R01 - Economic downturn affecting property values R04 - Natural disasters damaging property R12 - Steep rise in construction materials	R17 - Work-from-home trend reducing demand for traditional office space
	2 Serious			R10 - Heightened market competition	R02 - Interest rate fluctuations impacting financing costs R03 - Regulatory changes in property laws	
	1 Moderate					

3 Risk Responses

After the Company's top risks were identified, the management identified the appropriate risk response and developed the action plans. In developing the action plans, management considered the policy, processes, people, and technology drivers.

Risk Statement	Management Action Plans	Audit Action Plan	Assurance Providers
(R01) Economic downturn affecting property values	<p>Policy/Process</p> <ul style="list-style-type: none"> • Regular market analysis and monitoring • Segment-diversification of property portfolio • Consistent updates on contingency plans for economic downturns <p>Technology</p> <ul style="list-style-type: none"> • Financial data terminals • Predictive analytics for market trends • Financial modeling software 	<ul style="list-style-type: none"> • Regular review of market conditions • Monitoring of tenant performance • Assessment of portfolio diversification 	<ul style="list-style-type: none"> • Senior Management • Finance Department • Investor Relations Team • Risk Management Team
(R02) Interest rate fluctuations impacting financing costs	<p>Policy/Process</p> <ul style="list-style-type: none"> • Hedging strategies for interest rate exposure • Regular review of debt portfolio • Negotiation of favorable loan terms • Maintaining an optimal mix of fixed and floating rate debt <p>Technology</p> <ul style="list-style-type: none"> • Financial data terminals • Forecasting tools • Financial risk management software 	<ul style="list-style-type: none"> • Review of hedging strategies • Monitoring of debt levels and interest rate exposure • Assessment of financial performance under different interest rate scenarios 	<ul style="list-style-type: none"> • Senior Management • Treasury Department • Investor Relations Team • Finance Department • Risk Management Team

Risk Statement	Management Action Plans	Audit Action Plan	Assurance Providers
(R03) Regulatory changes in property laws	<p>Policy/Process</p> <ul style="list-style-type: none"> • Continuous monitoring of regulatory environment • Engagement with industry associations and regulatory bodies • Legal compliance audits • Training programs on regulatory changes <p>Technology</p> <ul style="list-style-type: none"> • Regulatory compliance software • Legal research tools 	<ul style="list-style-type: none"> • Regular compliance audits • Review of regulatory changes and their impact on operations • Monitoring of legal risks 	<ul style="list-style-type: none"> • Legal Department • Compliance Team
(R04) Natural disasters damaging property	<p>Policy/Process</p> <ul style="list-style-type: none"> • Implement weather-related emergency response plans • Regular maintenance and checks of property infrastructure • Ensure comprehensive insurance coverage for weather-related damages • Regular on-site inspection of flood hazard and storm surge levels followed by necessary technical adjustments to sea wall and drainage system treatment across the estate <p>Technology</p> <ul style="list-style-type: none"> • Weather monitoring systems • Sea level and flood hazard forecasting software 	<ul style="list-style-type: none"> • Emergency response plan audits • Infrastructure maintenance reviews • Insurance coverage assessments • Flood hazard and storm surge level assessment 	<ul style="list-style-type: none"> • Planning Department • Property Management Team • Maintenance Team • Internal Audit
(R07) Operational disruptions due to pandemic resurgence	<p>Policy/Process</p> <ul style="list-style-type: none"> • Development and regular update of a Pandemic Response Plan • Implementation of strict health and safety protocols across all sites • Implementation of contingency plans for remote working and virtual collaboration • Regular communication and training on pandemic preparedness and response measures <p>Technology</p> <ul style="list-style-type: none"> • Virtual collaboration tools and platforms • Advanced health monitoring systems at workplace entrances • Health status monitoring 	<ul style="list-style-type: none"> • Regular review and testing of the Pandemic Response Plan • Evaluation of compliance with health and safety protocols • Continuous monitoring of pandemic trends and updates from health authorities 	<ul style="list-style-type: none"> • Health and Safety Committee • Internal Audit • Human Resources • IT Department

Risk Statement	Management Action Plans	Audit Action Plan	Assurance Providers
(R10) Heightened market competition	<p>Policy/Process</p> <ul style="list-style-type: none"> • Leverage Aseana’s unique selling proposition • Investment in marketing and branding • Strategic partnerships and collaborations • Continuous improvement of property offerings <p>Technology</p> <ul style="list-style-type: none"> • Market analysis tools • Customer relationship management (CRM) systems 	<ul style="list-style-type: none"> • Monitoring of competitive landscape • Assessment of marketing effectiveness • Review of customer feedback and satisfaction 	<ul style="list-style-type: none"> • Senior Management • Marketing Department • Business Development Team • Customer Service Team • Leasing Department • Residential Department
(R12) Steep rise in construction materials	<p>Policy/Process</p> <ul style="list-style-type: none"> • Forward contracts with select suppliers • Diversification of the supplier base • Regular review of construction material costs and adjustment of budgets accordingly • Implementation of cost-saving measures and efficient material usage practices <p>Technology</p> <ul style="list-style-type: none"> • Procurement software • Inventory management systems 	<ul style="list-style-type: none"> • Regular audits of procurement practices and supplier contracts • Evaluation of cost management strategies and their effectiveness • Continuous monitoring of material usage and waste reduction initiatives 	<ul style="list-style-type: none"> • Procurement Department • Internal Audit • Finance
(R13) Credit risk from financial instability of partners and clients	<p>Policy/Process</p> <ul style="list-style-type: none"> • Creditworthiness assessments • Diversification of client base • Regular review of accounts receivable • Use of credit insurance <p>Technology</p> <ul style="list-style-type: none"> • Credit risk assessment tools • Financial monitoring software 	<ul style="list-style-type: none"> • Regular credit risk audits • Monitoring of client financial health • Review of accounts receivable aging reports 	<ul style="list-style-type: none"> • Finance Department • Risk Management Team • Accounts Receivable Team

Risk Statement	Management Action Plans	Audit Action Plan	Assurance Providers
(R17) Work-from-home trend reducing demand for traditional office space	<p>Policy/Process</p> <ul style="list-style-type: none"> • Enrich tenant experience through integrated amenities and design innovations that promote well-being and productivity • Design spaces that seamlessly blend public and private areas to provide a more dynamic and flexible environment • Create a holistic environment where one can work, socialize, and relax within the same vicinity • Leverage live-work-play community <p>Technology</p> <ul style="list-style-type: none"> • Health and wellness technology • Aseana City Showcase App • 3D masterplan and walkthrough of Aseana City 	<ul style="list-style-type: none"> • Monitoring of occupancy rates and leasing trends • Assessment of market demand for ‘experiential’ offerings • Review of tenant feedback 	<ul style="list-style-type: none"> • Senior Management • Property Management • Planning Department • Engineering Department • Marketing Department • Business Development Team • Customer Service Team • Leasing Department
(R20) Failure to obtain necessary permits and approvals	<p>Policy/Process</p> <ul style="list-style-type: none"> • Early engagement with regulatory authorities • Thorough documentation and compliance checks • Regular follow-ups on permit applications • Establishment of a dedicated permits and approvals team <p>Technology</p> <ul style="list-style-type: none"> • Permit tracking systems • Compliance management software 	<ul style="list-style-type: none"> • Regular review of permit application processes • Monitoring of compliance with regulatory requirements • Assessment of project timelines related to permits 	<ul style="list-style-type: none"> • Compliance Department • Project Management • Legal Department

Risk Statement	Management Action Plans	Audit Action Plan	Assurance Providers
(R26) Misalignment of project timelines with market demand	<p>Policy/Process</p> <ul style="list-style-type: none"> Market demand forecasting integrated into project planning and development Regular market research and analysis to inform project timelines Flexible project management frameworks to adapt to changing market conditions Continuous engagement with stakeholders to align project objectives with market needs <p>Technology</p> <ul style="list-style-type: none"> Project management software with market trend analysis capabilities Data analytics tools 	<ul style="list-style-type: none"> Periodic review of project timelines against market demand forecasts Assessment of project alignment with market conditions during project audits Evaluation of stakeholder feedback and its integration into project planning 	<ul style="list-style-type: none"> Project Management Team Project Development Team Internal Audit
(R28) Failure to meet sustainability goals	<p>Policy/Process</p> <ul style="list-style-type: none"> Implementation of comprehensive sustainability strategy aligned with global standards Regular monitoring and reporting of sustainability performance against targets Incorporation of sustainability criteria in vendor selection and contract management ESG committee to oversee initiatives and progress Integration of sustainability goals into the company's overall strategic planning process <p>Technology</p> <ul style="list-style-type: none"> Renewable energy supply via retail electricity supply contracts On-site renewable energy Sustainable building materials and energy efficient systems Sustainability management software 	<ul style="list-style-type: none"> Regular audits of sustainability practices and performance metrics Evaluation of compliance with environmental regulations and sustainability standards Assessment of progress towards sustainability targets and identification of areas for improvement 	<ul style="list-style-type: none"> ESG Committee Internal Audit Environmental Team Property Management Team

Appendices

A. Risk Assessment Matrix

A.1. Risk Impact - Criteria and Definition

Severity	Criteria/Definition			
	Financial	Operational	Strategic	Political, Environmental, or Regulatory
5 - Disastrous	Over catastrophic	Major damages/increase in cost Indefinite cessation or operation not recoverable. Extended project schedule slip of 75% of plan	Market/customer concentration = 30% of revenue Remaining land reserves < 5 years Average occupancy = 40% Attrition rate > 20%	Extended project schedule slip of over 75% of plan
4 - Catastrophic	Assets = 20% decline/loss CNI = 30% variance Share price = 80% change	Major damages/increase in cost. Long-term operation cut-back or up to 50% not recoverable. Project schedule slip of 40% to 75% of plan.	Market/customer concentration = 25% of revenue Remaining land reserves = 5-9years Average occupancy = 50% Attrition rate ≤ 20%	25% of the gross revenue Project schedule slip of 40% to 75% of plan.
3 - Major	Assets = 10% decline/loss CNI = 20% variance Share price = 50% change	Medium damage/increase in cost. Medium term operation/production cut-back not wholly recoverable through normal production. Project schedule slip of 20% to 40% of plan.	Market/customer concentration = 20% of revenue Remaining land reserves < 10-14years Average occupancy = 60% Attrition rate ≤ 15%	10% of the gross revenue Project schedule slip of 20% to 40% of plan.
2 - Serious	Assets = 5% decline/loss CNI = 10% variance Share price = 25% change	Minor damage/increase in cost. Short term operation/production cut-back. Recovery through normal operations/production. Project schedule slip of 10% to 20% of plan.	Market/customer concentration = 15% of revenue Remaining land reserves < 15-19 years Average occupancy = 70% Attrition rate ≤ 10%	5% of the gross revenue Project schedule slip of 10% to 20% of plan.
1 - Moderate	No material impact on value of assets, CNI, or share price	Little to no effect. Operations/productions easily recovered.	Market/customer concentration = 10% of revenue Remaining land reserves ≥ 20 years Average occupancy = 80% Attrition rate ≤ 3%	Little to no effect.

A.2. Risk Likelihood - Criteria and Definition

Severity	Criteria/Definition
5 – Almost Certain	<ul style="list-style-type: none"> Expected to occur frequently or in most circumstances More likely to occur than not daily/weekly/monthly
4 – Likely	<ul style="list-style-type: none"> Probably will occur, strong possibility that this could occur Likely to occur (quarterly)
3 – Possible	<ul style="list-style-type: none"> May occur or may occur occasionally Has happened before on occasions Reasonable chance of occurring (annually)
2 – Remote	<ul style="list-style-type: none"> Probably won't occur Not expected to happen, but definite potential exists Unlikely to occur (2 to 5 years)
1 – Rare	<ul style="list-style-type: none"> Little chance of occurrence Can't believe this event would happen Will only happen in exceptional circumstances (5-10 years)

A.3. Overall rating definition

Severity	Description	Criteria/Definition
	Extreme	Risks that require immediate attention. These risks are likely or certain to occur and the impact could be catastrophic to disastrous. Strategies should be developed to reduce or eliminate the risk. When not managed, these risks could result to substantial losses, serious reputation damage, or significant regulatory fines.
	Critical	
	High	Risks that are considered significant and should be managed by line managers. They have remote to certain likelihood of occurrence, but the impact could be serious to disastrous. Hence, timely attention is warranted to reduce or eliminate the risks. When not manage, they could result to financial losses, insignificant reputation damage, such as negative publicity in local or regional media, or minimal regulatory fines.
	Moderate	These risks are less significant but may cause upset and inconvenience in the short term. These risks should be monitored to ensure that they are being appropriately managed. Managing these risks could improve the quality and/or efficiency of the organizational entity or processes.
	Low	These risks are not likely to occur and does not have catastrophic impact. They should be managed using normal agreed program. Managing these risks could also improve governance, risk management or control processes of the Company.

B. 25-box Risk Heat Map

		LIKELIHOOD					
		1	2	3	4	5	
IMPACT	Severity	Classification	Rare	Remote	Possible	Likely	Almost certain
	5	Disastrous					
	4	Catastrophic					
	3	Major					
	2	Serious					
	1	Moderate					