

PORO POINT MANAGEMENT CORPORATION

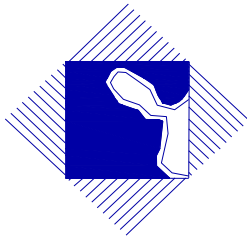
A Member of the Bases Conversion and Development Authority Group

I. AUDIT & RISK OVERSIGHT COMMITTEE REPORT

The Code of Good Corporate Governance of Poro Point Management Corporation (PPMC) articulates the specific functions of the PPMC Board which included among others, constituting an Audit and Risk Oversight (ARO) Committee to assist the Board of Directors fulfill its corporate governance and overseeing responsibilities in relation to financial reporting, internal control system, risk management system and in monitoring compliance with laws and regulations.

The Audit & Risk Oversight Committee in the performance of its oversight functions accomplished the following activities for the CY2022:

- Reviewed and approved the Annual Audit Plan of the Internal Audit Service Office.
- Reviewed the Financial transactions of the year.
- Reviewed the Monitoring of Management's Execution and Implementation of Approved PPMC Board Resolutions of the year.
- Reviewed the Financial Statements and ensure compliance with accounting standards.
- Reviewed the Monitoring of Locator's Importation of the year.
- Reviewed PPMC Collection on Soiltech Pier for the year.
- Approved the participation of the internal audit in the PPMC's ISO 9001:2015 Recertification Audit as the Internal Quality Audit Team Leader and attendance to the Environmental Management System Awareness Training in preparation for the PPMC's Certification on ISO 4001:2015
- Approved the membership of Internal Audit in the Committee on Anti-Red Tape and ensure compliance with Republic Act 11032 otherwise known as the Ease of Doing Business.



PORO POINT MANAGEMENT CORPORATION

A Member of the Bases Conversion and Development Authority Group

- Approved the performance of other Internal Audit Activities such as Inspection of Locator's Imported Materials; Observed the Conduct of Mid-year and Year-end Inventory of Supplies & Materials; Witness in the Conduct of Public Biddings and attendance in meetings and seminars.

The Audit & Risk Oversight Committee has reviewed the adequacy and effectiveness of internal controls through the reports of the Internal Auditor. As a result of the review and assessment, the Committee is of the view that the system of internal control of Poro Point Management Corporation is operating adequately and effectively.

II. RISK MANAGEMENT

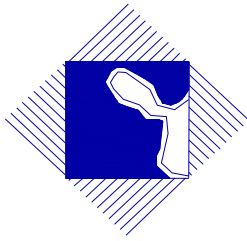
The PPMC's Risk Management Framework defines the responsibilities of the various offices in the effective and efficient identification, assessment and treatment of risks in the performance of their functions, programs or action plans ensuring the accomplishment of its objectives.

Each step of the whole process is communicated and monitored to ensure consistent application and achievement of results. Also, the ARO Committee ensure that PPMC continuously update its Corporate Risk Registry in order to address properly the identified risks.

For CY2022, the PPMC Risk Registry was updated and the action plans on existing risks were reviewed and monitored. The Risk Registry is a consolidated database of risks per office with the corresponding assessment, analysis, evaluation and action plan. It was corporately reviewed during the PPMC Mid-year Assessment, Management Review and Year-end Assessment. It was also one of the focus area of the PPMC ISO Internal Quality Audit. The Internal Quality Auditors checked the Risk Registry per office to ensure that the risks encountered by the office were properly identified, assessed and treated.

The PPMC's nature of operation are remotely exposed to financial risk, however, to ensure that funds are secured and safeguarded, the company placed it only in Government Financial Institution. This is also in compliance with the Department of Finance Circular No. 001-2015, the Revised Guidelines on authorized Government Depository Banks.

Likewise, as a measure to manage operational risk on human error, PPMC endeavors to automate its Permit and Licenses System and is now currently reviewing the existing Value Added Service Provider System of the company. It also undertakes the development of its Billing and



PORO POINT MANAGEMENT CORPORATION

A Member of the Bases Conversion and Development Authority Group

Collection System and is now operational.

Social Risks are business actions that affect the communities around them. As estate manager, PPMC's risk involving communities pertains to the issues on land ownership inside the Poro Point Freeport Zone particularly the lots registered in the name of private individuals. PPMC communicated to these owners and advised them to write a letter of intent to sell. Also on the issues of some titled private property inside the zone which are subject for recovery, the Legal Office of PPMC is assisting the Office of the Solicitor General of the Philippines, Office of the Government Corporate Counsel and BCDA Legal Department in the reversion case filed to recover lots erroneously registered in the name of a private company.

During the period of global pandemic brought about by COVID-19, PPMC mitigated the risk on health and safety through the establishment of policies and guidelines. The Board of Directors approved the Policy on the Prevention and Control of COVID19 in PPMC and in the Poro Point Freeport Zone. PPMC also adopted the alternative work arrangements to ensure the continuity of operations without compromising the health and safety of employees. It also provided vitamins, face mask, face shield and alcohol to all the employees and regular disinfection of offices in the zone was also conducted to reduce the spread of the virus.