ENTERPRISE RISK MANAGEMENT FRAMEWORK

I. BACKGROUND

House of Investments, Inc. (referred hereinafter as "HI") an operating, holding and management company with significant involvement in a number of industries through its various divisions, subsidiaries, associates, joint ventures, and managed companies is exposed to risks that are particular to its nature of operations, and the environment in which it operates.

Risk is defined as the impact of uncertainty on the Company objectives. Accordingly, risk management is the coordinated activities within the Company, facilitating the understanding and management of uncertainties that may affect the attainment of the set objectives.

II. PURPOSE AND OBJECTIVES

The HI's Enterprise Risk Management Framework (ERMF) aims to integrate risk management across the Company with the end objective of creating, protecting and growing its value responsibly and innovatively. The ERMF shall provide the structure and guidance on managing risks faced by the Company. It shall serve as a tool in identifying and managing risks that threaten the business objectives, providing reasonable assurance in achieving the corporate goals.

III. RISK MANAGEMENT FRAMEWORK

The HI's ERMF is based on the International Standard ISO31000:2018 - Risk Management Guidelines. It is also guided by the regulatory requirements on corporate governance and other risk management concepts.

The Risk Management of HI is illustrated as follows:

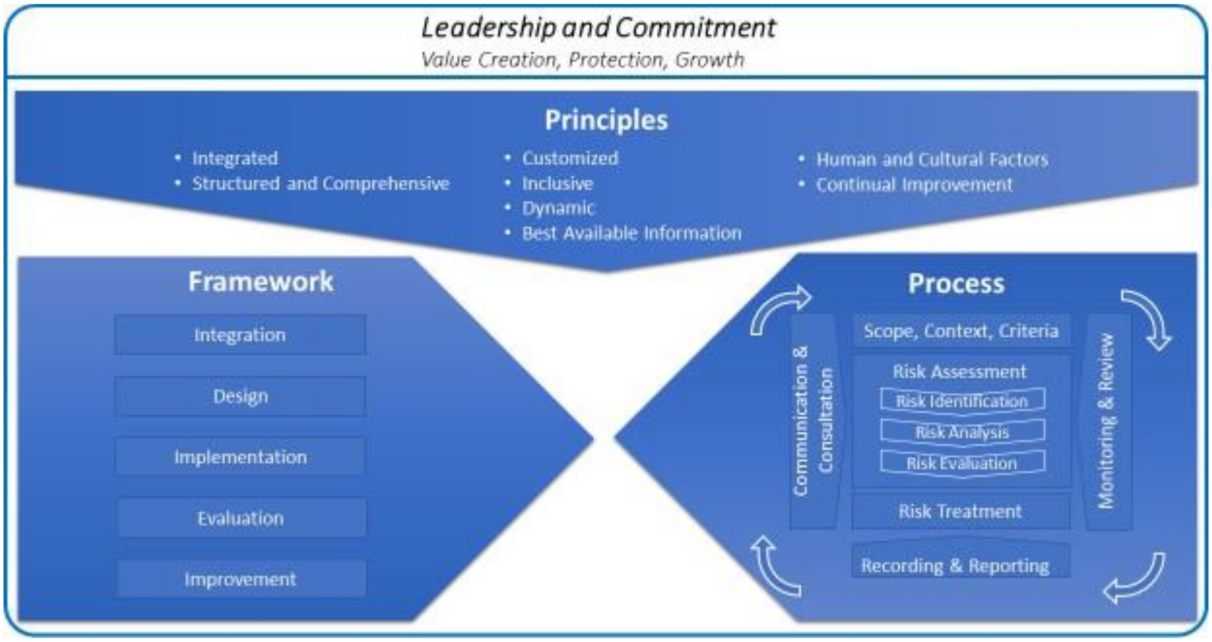

Figure 1 – Enterprise Risk Management Framework

A. Risk Management Principles

Risk management is founded on the following key principles ensuring its effectiveness and efficiency in the creation, protection and sustainable growth of value.

1. Risk management is integrated into all organizational activities and processes.
2. Risk management is based on a structured and comprehensive approach.
3. Risk management is customized to the organization's operations and objectives.
4. Risk management is inclusive, taking into account all stakeholders' perspectives on a timely manner.
5. Risk management is dynamic and responsive to organizational changes and events in an appropriate and timely manner.
6. Risk management is based on the best available information and takes into account any limitations and uncertainties associated with such information.
7. Risk management is mindful of the impact of human and cultural factors.
8. Risk management is continually improved through learning and adapting to the needs of the time.

B. Risk Management Framework

The risk management framework establishes the Management's commitment and support to the risk management function.

The framework incorporates the following components.

1. Integration

Risk management is integrated into the organizational activities and processes. It is embedded in the regular daily functions and operational requirements as part of the accountability in achieving the objectives.

2. Design
   The risk management is designed in accordance with the requirements to achieve the corporate goals, taking into consideration the Company's internal and external context. The principles, objectives, organizational structure, responsibilities, and accountabilities for managing risk shall be clearly defined and communicated. Management must provide the necessary resources, including an appropriate communication and consultation process to support an effective and functioning risk management.

3. Implementation
   Management shall install the necessary structure to implement the risk management process. This includes allocating time and resources and engaging the stakeholders to build up the risk awareness and management.

4. Evaluation
   Management periodically evaluate the risk management framework to assess its effectiveness in providing support towards the achievement of the corporate goals.

5. Improvement
   Management monitor and improve the framework as necessary to adapt to the environmental changes and ensure its effectiveness in managing risk.

C. Risk Management Process

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk.

1. Communication and consultation
   Key to the implementation and effectiveness of the risk management process is availability of an open communication and consultation system with the internal and external stakeholders across all the stages. The periodic communication and consultation promotes a risk-aware culture within the Company and risk ownership.

2. Establishing context
   This process establishes the parameters for managing risk considering the current and the changing internal and external environments. Management define the scope of the risk management, the internal and external context, and the risk the Company may or may not accept relative to its objectives.

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3. Risk assessment
   Risk assessment comprises the identification, analysis, and evaluation of risks. Based on the best available information, Management considers the current and emerging risks that may potentially occur and cause adverse effect on or open opportunities for the Company.
   a. Risk identification
      This is the process by which the Management and the functional risk owners identify the internal and external risks, whether or not the source is within their control, that may have an impact in achieving the objectives of the Company. The identified risks will form the risk universe for assessment.
   b. Risk analysis
      This is the process of understanding the nature and assessing the causes of risk, as well as its consequences. The analysis considers the uncertainties, the likelihood of each risk, and the nature and impact of the consequences.
   c. Risk evaluation
      This involves determining the approach to handle the risk. Management determines whether the risk is acceptable and no further action is necessary; or the risk would require further analysis; or the risk needs to be treated.

4. Risk treatment
   This involves selecting and implementing the options to address the risk. Treatment options are chosen taking into account the economic considerations, commitments and stakeholder perception and consistency with the Company objectives. The implementation of the chosen options is undertaken by the risk owners who are accountable and responsible for the particular risk cognizant of the order in which risk treatment will be implemented, if any.

5. Monitoring and review
   The risk management processes and the related activities are monitored and reviewed periodically to ensure its continued relevance and effectiveness. The risk owners monitor the identified risks to ensure that these are current and that the impact of the changes and developments in the environment is regularly taken into account. In addition, risk reviews promote the maintenance and continuous improvement of the risk management process. The risk review result is considered in the organization’s performance management system.

6. Recording and reporting
   Risk reports are prepared and appropriately discussed with the relevant stakeholders across the organization. Top risks and/or material risk exposures are communicated to the Board of Directors periodically or as deemed necessary through the Board Risk Oversight Committee.

IV. RISK GOVERNANCE

The Board of Directors Risk Oversight Committee (BROC) is responsible for the oversight of the Company's risk management, including risks originating from subsidiaries, affiliates and investments, to ensure its functionality and effectiveness. Management is accountable for managing risk. The functional managers and their respective staff, as the risk owners, are responsible for identifying and managing the risks inherent to their functions. The Internal Audit monitors and evaluates the risk management processes and provides a reasonable assurance of the adequacy and effectiveness.

V. ASSESSMENT

The ERMF shall be assessed as necessary to stay abreast with significant developments in the business environment and regulatory requirements.

VI. DISCLOSURE

The ERMF shall be disclosed in the Company's website.

VII. EFFECTIVE DATE

This framework shall take effect upon approval of the Board Risk Oversight Committee and replaces all previous frameworks.

APPROVED:

DATE:

BY:

Lorenzo V. Tan
President and CEO

BOARD RISK OVERSIGHT COMMITTEE:

Juan B. Santos	**John Mark S. Frondoso**	**Lorenzo Andres T. Roxas**
Chairman	Member	Member

This document is a true copy of the original, which was duly approved.