

	CORPORATE GOVERNANCE MANUAL	DOC CODE:
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ENTERPRISE RISK MANAGEMENT POLICY		Issue/Rev: 0
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1.0 POLICY STATEMENT:

The Board of Directors and Management of Chelsea Logistics and Infrastructure Holdings Corp. and its subsidiaries (the 'Chelsea Group' or the 'Company') are committed to the implementation and maintenance of a formal enterprise risk management (ERM) system, including the integration of risk management throughout the Group, which is fundamental to the Group achieving its strategic and operational objectives.

The Company recognizes that the aim of risk management is not to eliminate risk totally but to provide the employees with the structural means to identify, prioritize, and manage the risks involved in all activities. Risk management requires a balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

The Company acknowledges that risk management is an essential element in the framework of good corporate governance, and is an integral part of good management practice. The intent is to embed risk management in a very practical way into business processes and functions via approval processes, review processes and controls to add significant value to the Company. It should not be treated as an extra requirement, which adds no value to the Company.

2.0 PURPOSE

The Enterprise Risk Management Policy (the 'Policy') aims to ensure that the activities of the Chelsea Group are undertaken within Board-approved risk appetite and tolerance levels to protect the profitability, financial condition, and reputation of the Chelsea Group.

Embedding Enterprise Risk Management principles and practices into strategy development and daily operational processes is critical to achieving robust and proactive business outcomes – a balance between mitigating threats and exploiting opportunities. This Policy establishes the top-level framework for risk management in the Chelsea Group.

3.0 COVERAGE

The Policy applies to all Directors, officers, employees, and contractors of the Chelsea Group.

Where more detailed risk management policies or procedures are developed to cover specific areas of the Company's operations (e.g. insurance, occupational health and safety, commercial activities, investment, hedging, interest rate), they should comply with the broad directions detailed in this Policy.

4.0 AREAS COVERED BY THE POLICY

The Policy covers the following areas:

- Risk Governance
- Linking Risk Management and Strategy

- Risk Registers with Risk Matrix
- Internal Audit Process
- Risk Reporting
- Risk Management Continuous Improvement

RISK GOVERNANCE

An effective Enterprise Risk Management System is dependent on a governance structure that has clearly defined roles and responsibilities, adequate separation of duties, proper systems of supervision and monitoring of activities and transactions, risk consciousness, and a proactive approach to managing risks across the structure.

• **The Board of Directors**

The Board of Directors retains the ultimate responsibility for risk management and for determining the appropriate level of risk that the Company is willing to accept. The role of the Board of Directors with respect to risk management encompasses both compliance and performance aspects.

• **Board Committees**

The Board of Directors has formally appointed the following Board Committees to monitor the relevant affairs of the Chelsea Group on behalf of the Board:

- Board Risk Oversight Committee
- Audit Committee

Board Risk Committee

The Board Risk Oversight Committee (BROC) is composed of at least three (3) members, the majority of whom should be Independent Directors, including the Chairman. At least one member of the Committee must have relevant knowledge and experience on risk and risk management.

The BROC shall have the duties and responsibilities provided in the Amended By-Laws of Chelsea Logistics and Infrastructure Holdings Corp.

Audit Committee

The Audit Committee is composed of at least three (3) appropriately qualified non-executive Directors, the majority of whom, including the Chairman, should be independent. All members of the Committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

The Audit Committee shall have the duties and responsibilities provided in the Amended By-Laws of Chelsea Logistics and Infrastructure Holdings Corp.

Under this Policy, the BROC and the Audit Committee shall:

- Define a risk management strategy /framework.
- Identify risk associated with business strategies and activities relating to economic, environmental, social and governance of the Chelsea Group;
- Advise the Board of Directors of the level of risk acceptable to the Chelsea Group;
- Communicate and report exposures to strategic, operational, compliance, reporting and financial, reputational and safety matters;
- Monitor and review the effectiveness of the risk and control environment.

On at least an annual basis these Committees shall review the structure and processes in place within each area controlled by each Committee and directly report to the Chief Executive Officer to identify

and assess the risks. This review includes a review of the status of all significant risks together with a review of risk events which have occurred since the last review and the resolution of those issues. The Committees will incorporate the risk management framework into its processes and procedures.

- **Chief Executive Officer**

The Chief Executive Officer (CEO) of the Company has the following roles and responsibilities:

- a. Determines the Company's strategic direction and formulates and implements its strategic plan on the directions of business;
- b. Has a good working knowledge of the Corporation's industry and market, and keeps up-to-date with its core business purpose;
- c. Provides the Board with timely information and interfaces with the Board and employees;
- d. Serves as the link between internal operations and external stakeholders;
- e. Executes on behalf of the Company all contracts, agreements and other instruments affecting the interests of the Company which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors.

Under this Policy, the CEO is additionally required to ensure that a comprehensive control system is operating efficiently and effectively. The CEO has overall responsibility for the management and reporting of risks and the implementation of risk management strategies and policies within the Chelsea Group as determined by the Board.

The Board has delegated to the CEO various risk limits, and the CEO is responsible for the adherence to these risk limits.

The CEO promotes discussion amongst the senior Management team of the Chelsea Group on risk issues, in particular the process of assessing and identifying risks and alternative options for the treatment of these risks in line with changing business conditions, market practices and prudential controls.

- **Chief Risk Officer**

The Chief Risk Officer has the duties and responsibilities provided under the Amended By-Laws of Chelsea Logistics and Infrastructure Holdings Corp.

The Deputy CFO is the Chief Risk Officer and is responsible for the development and implementation of all risk management processes and methodologies. The Deputy CFO reports directly to the CEO on the implementation, operations and effectiveness of the risk management system.

- **Management**

Management concerns itself with issues relating to the general operation of the Company as a whole and specifically with the operation and performance of activities under its direct control.

Management has the mandate to ensure risks are contained within approved risk tolerance levels and managed in accordance with this Policy.

Management has responsibility for ensuring that there are adequate operating procedures and practices in place to identify, assess and manage risk in its direct areas of responsibility and test control systems for effectiveness and relevance. Additionally, Management has responsibility to be generally involved in the management and treatment of risk throughout the Chelsea Group.

Management must hold risk management meetings at least biannually to discuss risk developments and initiatives to mitigate risk.

Management's role with respect to risk management comprises:

- allocating resources to implement the agreed risk mitigation strategies on an ongoing basis
- developing and implementing systems to detect and report all risk events
- providing ongoing education and training in skills required to manage risk
- providing leadership in implementing and maintaining a structured risk management process to identify, assess and manage risks
- developing the enterprise-wide and strategic risks and mitigation strategies
- agreeing to the level of individual residual risks having regard for the agreed organization risk profile
- ensuring the risk profile is aligned with strategy
- monitoring the major risks and risk events to ensure that risks are being properly identified and managed in accordance with the approved risk profile
- monitoring the ongoing effectiveness of the risk management process
- mapping the risk environment of the Company
- drafting and recommending the appropriate risk management structure

- **Employees and Contractors**

It is the responsibility of all Chelsea employees and contractors to:

- be aware of those aspects of the risk management system that are immediately relevant to their jobs. In particular, to be aware of and act in accordance with all policies, procedures, guidelines and work practices related to risk within their area of responsibility.
- comply with all legislative, regulatory and Company policies and communicate any breaches promptly and accurately to the appropriate supervisor or manager
- report to their immediate supervisor or manager any real or perceived risks to the health, safety and working environment of themselves, their peers or the general public
- report to their immediate supervisor or manager any real or perceived risks that may significantly affect the profitability, performance or reputation of the Company or that may leave the Company exposed to legal or regulatory action
- look for opportunities to improve operational efficiencies, optimize outcomes and minimize risk.

All employees are responsible for the ownership of, and for undertaking their part in, the actions and requirements of the Risk Action and Mitigation Plan, which the CRO will put in place in accordance with the risk register of each BU and the general guidelines of this Policy.

LINKING RISK MANAGEMENT AND STRATEGY

Embedding Risk Management principles and practices into strategy development as well as day-to-day

operational processes is critical to achieving robust and proactive business outcomes – a balance between mitigating threats and exploiting opportunity.

As a general principle, the Risk Management process will be undertaken in conjunction with strategic planning. The risks identified and evaluated as part of the strategic planning process will be the risks that will affect the entire Chelsea Group and its ability to achieve its Vision.

Risk Registers are the primary mechanisms to bring corporate, business and operational/functional strategies, as articulated in the hierarchy of strategic plans, together to ensure appropriate risk minimization plans are built into strategic implementation plans.

RISK REGISTERS WITH RISK MATRIX

The Risk Register that the Chief Risk Officer will provide, comprises a series of unrelated spreadsheets across a combination of business units and/or departments and risk types. It will be accompanied by the risk questionnaire as guide. The Company's intention is to move to an appropriate integrated Risk Management platform that is robust, easy to use, and capable of upward scalability to meet the needs of the Company's Vision.

Each direct report to the CEO has responsibility for maintaining risk registers for his/her areas of responsibility. The registers are to:

- use a system of unique Risk Identifications (IDs) that provide a linkage of risk to the Company's core strategies and functional business areas
- list the risks which could cause losses to be incurred, possible causes and consequences
- provide an assessment of the inherent risks
- detail the existing risk mitigators
- provide an assessment of the strength of the mitigators
- provide an assessment of the residual risks
- detail any action plans to reduce residual risks

Risk Matrix is a visual tool depicting potential risks affecting a business indicating the likelihood the risk event will occur and the potential impact the risk will have.

The Risk Register with Risk Matrix will show the risks to prioritize.

Whenever any functions or systems are developed or changed, or new strategies, products or projects are considered, Management is required to carry out a risk appraisal. This review is carried out using the procedures and tools set out in this Policy. The respective Risk Register is to be updated accordingly.

INTERNAL AUDIT PROCESS

The Internal Auditor is charged with the responsibility for completing the agreed program of independent reviews of the major risk areas. The audit program is constructed having regard for the major risks of the business and the time since the last review was carried out on these risks.

The Internal Auditor is responsible for reviewing the risks that have been identified, testing controls and following up to confirm that mitigation initiatives and recommendations have been implemented.

The Internal Audit function is the subject of an annual review by the Audit Committee having regard for information supplied by the external auditors and management as well as any third party, including regulatory authority reports.

RISK REPORTING

Risk is reported in the following ways:

A. Board Reporting

Board meetings generally convene quarterly. One function of quarterly meetings is for the Board to be informed by Management of current events, new developments and potential exposures to losses, as identified through the risk management system. In particular, the Board has a special role in reviewing, and when necessary, deciding on actions related to material business risks.

Material business risks are risks that could have a material impact on a Company's business. Material business risks are dealt with in standard Board reports, which encompass marketing, operations, financial performance, investor relations and business development. Financial and production reports incorporate performance benchmarks. Significant deviations from benchmarks act as a mechanism to flag potential exposure to risk.

Board meetings are structured to involve Management participation to allow Directors to obtain Management's comments on matters likely or capable of affecting the Company's financial position or future performance.

B. Assessment of Effectiveness

On a six-monthly basis the Board will, on the advice of the BROCC, receive the certification provided by the CEO and the CFO as to the effectiveness in all material respects of the risk management and internal control system in relation to material business risks.

Business Unit Managers will provide a six-monthly certification that risks have been managed in line with this Policy. At the year end and half year, each Business Unit completes an internal control questionnaire; this is signed by the Business Unit Manager. The Company Secretary will provide a consolidated exceptions report to the Board Risk Committee and to the Board on a six-monthly basis, reflecting the current Business Unit certifications and a summary of any major changes since the last report.

C. Internal Audit Reporting

The Internal Auditor provides the Audit Committee with a report after completing its work program as per the scope of work agreed between the Internal Auditor, Business Unit management and the Audit Committee.

The report describes the review undertaken and tests performed, conclusions reached, corrective action plan, personnel responsible to take corrective action and completion dates. Preparation of the report includes Management's review to confirm accuracy of facts. Copies of the report are provided to the BROCC, CEO, CFO and Company Secretary. Relevant sections of the report are also provided to Managers responsible for areas reviewed.

D. Statutory Compliance

Board reporting includes incident reporting as a standing item. Managers are required to forward to the Company Secretary all details of statutory and regulatory non-compliance, and ensure that letters and responses to regulatory authorities are maintained, and made available to the Company Secretary, if requested.

The relevant executive is given responsibility for tracking any matters through to completion.

Issues with the potential to affect the share price of the parent Company or the financial performance of Chelsea Group are reported at the earliest possible time to all Board members.

E. Assurance Reporting

The BROC's reporting includes half-yearly assurance reports on investigations into non-compliances. Managers are required to provide the CRO's nominated manager with updates on investigations into non-compliances and remedial action being taken to address risks relating to non-compliance.

F. Risk Mitigation Action Plans

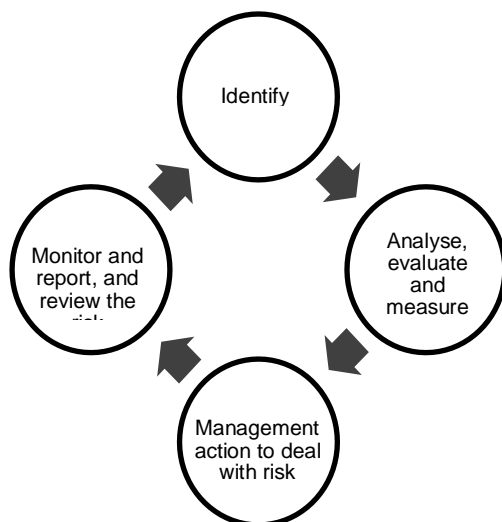
Actions to improve risk mitigation are documented in the Risk Register. The CRO is to monitor the progress of implementing mitigating initiatives and reporting progress to the BROC.

ENTERPRISE RISK MANAGEMENT CONTINUOUS IMPROVEMENT

The Chelsea Group assesses the effectiveness of its risk management system through a well-structured continuous improvement process to ensure risks and controls are continually monitored and reviewed. This includes appraisal of actions taken by risk owners to manage risks, input from the Internal Auditor and other assurance processes.

The diagram below illustrates the continuous improvement cycle in relation to risk management.

Enterprise Risk Management Continuous Improvement Cycle



5.0 POLICY MANAGEMENT

The Enterprise Risk Management Policy is a 'living' document that will be altered as required.

Approval of the Policy is vested with the Board of Directors.

Review of the Policy is the responsibility of the BROC and will be conducted annually.

Advice and opinions on the Policy will be provided by the Audit Committee.

6.0 APPROVAL AND EFFECTIVITY

This Policy shall take effect upon approval of the Board of Directors of Chelsea Logistics and Infrastructure Holdings Corp.

7.0 POLICY IMPLEMENTATION

Implementation of this Policy is the responsibility of the CEO.

8.0 REFERENCES

The Enterprise Risk Management Policy defines principles related to risk management, requiring Management to develop, implement and maintain a structured and documented approach to risk management that is integrated within the day-to-day business activities.

The Enterprise Risk Management Policy is part of a suite of policies developed to define the principles which Management is required to adopt in directing and controlling the Chelsea Group's activities.

This Enterprise Risk Management Policy is supported by, and linked to, specific Chelsea Group's policies and procedures as issued from time to time. As at the date of this Policy, these policies and procedures include, but are not limited to:

- Code of Conduct
- Information Security Policy
- Investment Policy
- Interest Rate Risk
- Hedging Policy

** This Policy is a proposed policy subject to the approval of the Board of Directors of Chelsea Logistics and Infrastructure Holdings Corp.*