

1. Submission Info		1. Company		1. Department		1. Process Owner		1. Risk Calculator		RISK TREATMENT													
2. RISK IDENTIFICATION PROCESS		3. Risk Categorization		4. Description of Key Risks (Risk Event + Cause + Impact)		5. Inherent Risk/Group Assessment (Risk at face value without considering any existing controls/mitigating efforts)		6. Control Assessment (existing systems, policies, processes and procedures designed to address risk)		7. Residual/Net Risk (risk remaining after taking into account existing controls)		8. Risk Exposure Level (based on Risk Score)		9. Risk Appetite (EO tolerance level)		10. Action Plans (to mitigate/reduce/risk and supplement existing controls, if there is no existing control, this must be included)		11. Expected Date of Completion of Action (mm/dd/yyyy)		12. Person & Office Responsible		13. Frequency of Monitoring	
#	Major Category	Sub Category	Likelihood (1-5)		Severity (1-5)		Risk Score		Controls		Likelihood (1-5)		Severity (1-5)		Risk Score								
<b>A. POTENTIAL RISKS OTHER THAN FRAUD</b>																							
1																							
2																							
3																							
4																							
5																							
6																							
7																							
<b>B. POTENTIAL FRAUD RISKS</b>																							
1																							
2																							
3																							

7/11/2017

## Risk Sub-Categories and Samples

#	MAJOR CATEGORY	SUB-CATEGORY	RISK SAMPLE
1	Compliance Risk	a) Regulatory/Statutory	1) Non-compliance with laws and regulations 2) Statutory reporting violations 3) Workplace health and safety standards violation 4) Non-conformance with financial and corporate changes disclosure requirement 5) Breach of security, privacy and confidentiality laws 6) Infringement on external legal liabilities and litigations
		b) Market Practices	1) Misuse of confidential information 2) Improper trade/ market practice/ market conduct 3) Unlicensed activity
		c) External Agreements and Contractual Obligations	1) Non-payment of contractual obligations 2) Non-compliance with terms and conditions of legal agreements
		d) Code of Conduct/Ethics/Discipline	Violations of the Code of Conduct and corporate policies
		e) Authorized Organizational Functions	Non-compliance with organizational objectives and job functions
		f) Internal Agreements and Contractual Obligations	1) Non-payment of contractual obligations to employees 2) Non-compliance with terms and conditions of legal agreements with employees
		g) Internal Policies and Procedures	Non-compliance with internal policies and procedures
2	Environmental Risk	a) Regulatory/Statutory	1) Breach of environmental protection guidelines 2) Non-disclosure of environmental hazards
		b) Market Practices	1) Improper trade/ market practice/ market conduct 2) Unlicensed environmental activity
		c) Internal Environmental Policies and Procedures	Violations of internal environmental policies and procedures
3	Financial Risk	a) Credit	Borrowers unable or unwilling to meet its obligations to the Company
		b) Market	1) Drastic drop in foreign currencies 2) Fluctuation in equity and commodity prices, and their increased levels of volatility 3) Adverse fluctuations in interest rates
		c) Liquidity and Solvency	1) Unable to meet trade payment obligations when they become due 2) Lack of funds to fulfill statutory obligations (SDMP, EPEP, FMRD, etc.) 3) Poor cash flow management
		d) Financial Accounting, Reporting, Monitoring and Disclosure	1) Failure to deliver timely financial reporting 2) Inaccurate internal/external financial reporting and disclosures 3) Lack of financial data analysis 4) Poor accounting and bookkeeping practices
4	Group Risk	a) BC departments	1) Poor business decisions 2) Lack of support
		b) BC subsidiaries	1) Poor business decisions 2) Lack of support
5	Operational Risk	Business Operations	Risks relating to business operations and practices (front, middle and back-office)

#	MAJOR CATEGORY	SUB-CATEGORY	RISK SAMPLE
		a) Transaction Processing	<ol style="list-style-type: none"> <li>1) Inadequate approval process</li> <li>2) Execution errors; delivery failures</li> <li>3) Data entry, maintenance errors Data entry, maintenance errors</li> <li>4) Inadequate controls surrounding transactions process</li> <li>5) Inadequate business continuity planning</li> <li>6) Failure to properly identify potential complex financial transactions.</li> </ol>
		b) Customer Services	<ol style="list-style-type: none"> <li>1) Inappropriate treatment of customers</li> <li>2) Unapproved account access</li> <li>3) Incorrect client records, statements, etc.</li> </ol>
		c) Vendors, Suppliers & Contractors	<ol style="list-style-type: none"> <li>1) Inadequate vendor//outsourcing providers</li> <li>2) Poor management of providers and contractors</li> <li>3) Vendor disputes or failures such as unpaid bills, unreconciled items, etc.</li> <li>4) Delay in deliveries. Poor supply chain process</li> <li>5) Shortages in materials and supplies</li> <li>6) Irresponsible and unprofessional contractors</li> </ol>
		d) Trade Counterparties	<ol style="list-style-type: none"> <li>1) Improper counterparty activities</li> <li>2) Unapproved counterparties</li> </ol>
		e) Operations Policies & Procedures	<ol style="list-style-type: none"> <li>1) Ineffective policies and requirements</li> <li>2) Inadequate documentation of policies, procedures</li> <li>3) Inadequately designed and/or implemented procedures</li> </ol>
		f) Record Management	Records not retained or disposed of in accordance with policy
		g) Capital Assets	<ol style="list-style-type: none"> <li>1) Shortage in equipment and machineries</li> <li>2) Poor repair and maintenance program</li> <li>3) Poor/Lack of infrastructures installation and maintenance</li> <li>4) Unanticipated technical breakdowns</li> </ol>
		<b>External Forces</b>	<b>Risks relating to changes in political, regulatory and competitive environments where Benguet Corp. and subsidiaries do business, including:</b>
		g) Political	<ol style="list-style-type: none"> <li>1) Adverse government/political environment resulting from actions resulting from actions of sovereign government (e.g., nationalization or privately owned property) or expropriation of independent events</li> <li>2) Political instability such as war, riots, civil unrest</li> </ol>
		h) Regulatory	<ol style="list-style-type: none"> <li>1) Unfair or adverse regulatory environment of the local government and its agencies, as well as other national governments and agencies</li> <li>2) Government bureaucracy for obtaining licenses, permits, etc.</li> <li>3) Pressure from the government inspectors (DENR, MGB, local officials, etc.)</li> </ol>
		i) Competition	Damaging strategic moves of competitors
		j) Damaging Conditions	<ol style="list-style-type: none"> <li>1) Man-made and natural disasters. Inclement weather</li> <li>2) Vandalism; Terrorism</li> <li>3) Physical security and access</li> <li>4) Shortage in gas/oil/power/water supply and other business components</li> </ol>
		<b>Fraud/Irregularities</b>	<b>Risks relating to internal/external fraudulent and/or unauthorized activities and events, including:</b>

#	MAJOR CATEGORY	SUB-CATEGORY	RISK SAMPLE
		k) Internal fraud	<ol style="list-style-type: none"> <li>1) Leak out confidential data</li> <li>2) Unauthorized access to data/information</li> <li>3) Misappropriation of funds</li> <li>4) Insider trading / fraudulent investment</li> <li>5) Fraudulent expense claim</li> <li>6) Financial report manipulation</li> <li>7) Connivance with contractors by employees</li> </ol>
		l) External fraud	<ol style="list-style-type: none"> <li>1) Vendor, supplier, or other third party fraud</li> <li>2) Corruption and bribes</li> </ol>
		<b>Information Technology</b>	<b>Risks relating to inadequate or failed systems and security, including:</b>
		m) Business Disruption & System Failures	<ol style="list-style-type: none"> <li>1) Poor/Lack of efficient telecommunication system</li> <li>2) High hardware and/or software-related risks</li> <li>3) Frequent utility outages/ disruptions</li> <li>4) Poor/Lack of data protection and back-up</li> </ol>
		n) Systems Security	<ol style="list-style-type: none"> <li>1) No logical access configuration and functionality for systems and applications</li> <li>2) Inadequate set-up of a router/firewall</li> <li>3) Failure to manage, prevent, and detect security threats</li> </ol>
		o) Change Control Management	<ol style="list-style-type: none"> <li>1) Inappropriately controlled transfer of programs into production environment</li> <li>2) Program changes not meeting user requirements or negatively impacting processes</li> <li>3) Inadequate controls and management over infrastructure changes</li> <li>4) Ineffective identification, management and/or resolution of issues within the changes control process</li> </ol>
		p) System & Project Development and Implementation	<ol style="list-style-type: none"> <li>1) Lack of governance/oversight, program management</li> <li>2) Inappropriately controlled implementation of new applications</li> <li>3) Failure of new applications to meet required business/application control requirements</li> </ol>
		<b>People/ Human Resources</b>	<b>Risks relating to activities, practices, and areas involving people, including:</b>
		q) Employee Practices, Development & Relations	<ol style="list-style-type: none"> <li>1) Inadequate resource management, staffing and/or supervision (capacity, skill sets, competencies, career planning, etc.).</li> <li>2) Shortage of skilled manpower</li> <li>3) Mis-aligned performance measurement and/or incentive compensation.</li> <li>4) Lack of recruitment, training, and retention planning including succession planning.</li> <li>5) Poor/Low manpower productivity</li> <li>6) Ineffective organizational structure</li> </ol>
		r) Health & Safety	<ol style="list-style-type: none"> <li>1) Poor workplace safety</li> <li>2) Accidents during construction and operations</li> <li>3) Poor health promotion among employees</li> <li>4) High general liability exposure</li> </ol>
6	<b>Strategic Risk</b>	a) General Management	<ol style="list-style-type: none"> <li>1) Ineffective management of business and operations; Poor corporate governance</li> <li>2) Ineffective risk management and control structure</li> <li>3) Poor delegation of authority/approving process</li> <li>4) Bad business decisions</li> <li>5) Shareholders' financial difficulties</li> </ol>
		b) Planning	<ol style="list-style-type: none"> <li>1) Ineffective strategic growth planning</li> <li>2) Ineffective budget planning and monitoring</li> <li>3) Incorrect mining mineral resources calculations</li> </ol>

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		c) Issues Reporting/ Escalation	1) Ineffective reporting and escalation process to senior management 2) Ineffective communication
		c) Monitoring	Ineffective monitoring of business activities by senior management