



Republic of the Philippines
OFFICE OF THE PRESIDENT
PHILIPPINE RECLAMATION AUTHORITY

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**RISK MANAGEMENT COMMITTEE
REPORT FOR CALENDAR YEAR 2020**

Committee Membership for CY (as of December 31, 2020)

Chairperson: Atty. Alberto C. Agra

Members: Dir. Dioscoro E. Esteban Jr.
Dir. Oscar T. Lactao
Dir. Michael B. Peloton
Dir. Ulysses T. Sevilla

Functions of the PRA Board Risk Management Committee (BRMC)

Pursuant to the Philippine Reclamation Authority Revised Manual of Corporate Governance (3rd Revision), the PRA BRMC shall be responsible for the following:

- a. Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational, and any other risks of the PRA, and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;
- b. Developing the Risk Management Policy of the PRA, ensuring compliance with the same and ensure that the risk management process and compliance are embedded throughout the operations of the PRA, especially at the Board and Management level; and
- c. Providing quarterly reporting and updating the Board on key risk management issues as well as *ad hoc* reporting and evaluation on investment proposals.

2020 PRA RMC Accomplishment

On 8 March 2020, a State Public Health Emergency throughout the Philippines due to Coronavirus Disease 2019 (COVID-19) was declared. Three (3) days after, the World Health Organization (WHO) characterized COVID-19 as pandemic. A state of calamity was declared and the Government imposed Enhanced Community Quarantine (ECQ) throughout Luzon. Eventually, a State of National emergency was declared over the entire Philippines.

To ensure the continuity and minimize the impact of COVID-19 to PRA's operations while ensuring the health and safety of the PRA employees, the PRA Governing Board, through the BRMC approved the PRA COVID-19 Risk Management Plan (RMP). The approval was pursuant to Board Resolution No 5118, series of 2020, as amended by Resolution No. 5138, series of 2020.

The RMP identified the associative risks in PRA's operation due to COVID-19. These risks pertain to Financial Risk, Operation Disruption Risk, Health and Safety Risk, and Cyber Security Risk. These associative risks are identified under the RMP as follows:

1. **Financial Risk-** This relate to the financial operation of PRA. It is risk of financial loss due to failure to achieve financial targets.
2. **Operational Disruption Risk-** This refers to the interruption of the essential functions or processes, or related activities in the discharge of PRA's mandate.
3. **Health and Safety Risk-** Exposure of the employees to Covid19 that may cause disruption of PRA's operations.
4. **Cyber Security Risk-** The probability of exposure or loss resulting from a cyber-attack or data breach which may disrupt PRA's operations.

An objective is identified for each associative risk and corresponding impact, or risk mitigation plan was put in place. For the Financial risk, the impact on key business areas, such Reclamation and Estates Management and Development, were identified and its corresponding mitigation measures and action plan. For Operational Disruption Risk, the risk plan was on the impact to PRA's core functions. Strategies were identified to address the Health and Safety Risk. And lastly, an IT disaster Recovery Plan was directed to be crafted as a mitigating measure to ensure the protection of PRA's information/data against cyber-attacks or data breach to minimize the disruption of PRA's operations. Regular updates on the compliance to the RMP was submitted and discussed by the BRMC.

Aside from the RMP, one of the risk management measures pursued by the BRMC is the approval of the PRA Contract Guidelines (PCG). This was approved by the PRA Governing Board under Resolution No. 5135, series of 2020.

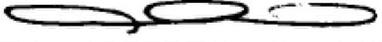
The purpose of the proposed guidelines is to ensure adequate review of the legal, financial and technical obligations of the PRA, and proper monitoring and implementation of contracts. All contracts shall be reviewed and approved by the PRA's statutory counsel, the Office of the Government Corporate Counsel (OGCC). Prior to the approval of the PCG, the PRA sought the OGCC's comments or input to the PCG. This is to ensure that the review process of the OGCC is aligned with PRA's internal process.

The guidelines set out the type of contract requiring legal review, the process for execution of contracts, required approvals, responsibilities in monitoring, implementation, reporting and contract close out. The approval of the PCG is also in line with GCG Memorandum Circular No. 2018-2 requiring the favorable legal opinion and/or contract review by the OGCC before Government Owned or Controlled Corporations (GOCC) may enter into agreements.

Prepared by:


Atty. Johanna Maramba-Gargantiel
Chief Risk Officer
Date: 13 September 2021

Approved by:


ATTY. ALBERTO C. AGRA
Chairperson
Board RMC