

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Republic Glass Holdings Corporation

Purpose

This Enterprise Risk Management Policy (the “ERM” policy) provides the framework for managing risks across Republic Glass Holdings Corporation (“RGHC” or “the Company”). It contains the policies to guide employees, management and the Board of Directors, who are directly or indirectly involved in the operations of the Company. This policy will serve as the guide to enable the concerned Company personnel to make appropriate actions and decisions pertaining to the management of the Company’s portfolio of risks.

The purpose of this policy is to:

- Establish the risk management vision, goals and objectives of the Company;
- Provide an enterprise-wide risk management framework, structure, and organization that supports the achievement of the Company’s risk management vision, goals and objectives;
- Define the roles and responsibilities of the Company’s Board of Directors (“BOD”), senior management and all employees with regards to the Company’s risk management processes and activities;
- Establish a common culture and language that promotes a consistent definition and understanding of risks and their related impact to the Company’s business; and

Vision

The Company’s enterprise risk management (“ERM”) shall aid the Company in effectively managing risks and achieving strategic objectives.

Goals

The Company aims to support the achievement of its objectives of continuing operations and growth by putting the following principles into practice:

- Ensure prevention, detection and investigation of fraud;
- Ensure availability of all relevant information about risks, including opportunities for benefits and threats to success;
- Ensure systematic means to assess, monitor and control risk exposure;
- Training of all employees in ethics, privacy and fraud awareness activities;
- Training of all employees in risk and fraud control activities;
- Discipline of offenders, including those involving routine or minor instances of fraud when appropriate; and
- Recovery of the proceeds of fraudulent activity.

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Republic Glass Holdings Corporation

Objectives

The objective of this policy is to:

- Establish a sustainable risk management process to enable the Company to focus and manage its appropriate risks;
- Embed risk management into the day-to-day activities of each employee;
- Integrate ERM into the strategic planning, activity planning, performance management and management decisions.
- Manage a transparent approach to risk through open and meaningful communication and monitoring of all key risks that balances the cost of managing risk with anticipated benefit;
- Incorporate a consistent approach to risk management into the culture and strategic planning processes of the Company that supports decisions making for both operational and strategic levels;
- Conduct and facilitate enterprise risk assessment, focusing on the likelihood and impact of the potential risks;
- Improve controls, processes to maximize risk management and identify areas where risk may be assumed.

Risk

Risks are the possibility that events will occur and affect the execution of their strategy and achievement of business objectives.

Generally, the risks that affect the Company are as follows:

Risk Types	Examples
Liquidity risks	Risk arises from the possibility that adverse changes in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.
Credit risks	Risk arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss.
Market Risk - Foreign Currency risks	Risk arises from the possibility that future cash flows of financial instruments fluctuate because of changes in foreign currency exchange rates.
Market Risk - Equity risks	Risk that the fair values of investments in equity decreases as a result of changes in the levels of equity indices and the value of individual shares.
Regulatory risks	Risk arises from regulatory changes made by the various regulators, such as tax law and others.

ENTERPRISE RISK MANAGEMENT (ERM) POLICY
 Republic Glass Holdings Corporation

<i>Risk Types</i>	<i>Examples</i>
Operational risks	Risk arises from inadequate internal procedures, human error or as consequences of external event, including economic, social and legal risk.
Reputation Risk	Risk arises from loss of credibility.
Strategic Risk	Risk that the organization does not engage in activities that enable it to fulfill its goals.

ERM (Enterprise Risk Management) Framework



Set the organization's tone and establish oversight responsibilities

Risk management is a central part of the strategic management of the Company. One of the conditions for effective ERM implementation is the tone set by the board of directors and the top management, who has the overall responsibility of risk management. Risk management must be integrated into the culture of the organization which includes mandate, leadership and commitment from the Board.

Risk Identification and Assessment

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Republic Glass Holdings Corporation

Identification of risks should occur on an on-going basis for existing processes and form part of the strategic planning process of the Company in identifying internal or external events that may affect the achievements of the Company's objectives. Risk Assessment includes consideration of the likelihood of a risk occurrence and the impact of a risk on the achievement of the Company's objectives. The likelihood of occurrence is based on the probability or frequency that the risk might occur while the impact of occurrence is often stated in terms of amount of loss or percentage of impact on earnings or capital.

The Company shall identify and prioritize risks that are relevant and critical by using the following guidelines:

1. The Company shall conduct s

Determine Appropriate Risk Response

For each identified risk the Company will establish an appropriate "response" option in order to optimize risk management. The response is determined based upon the overall risk exposure, considered as a function of likelihood and impact of the occurrence. Four possible risk responses are as follows:

<i>Response</i>	<i>Definition</i>
Accept	The Company decides to accept, manage and monitor the level of risk and take no action to reduce the risk.
Mitigate	The Company is willing to accept some risk by implementing control processes to manage the risk within risk tolerance.
Transfer	The Company chooses to transfer the risk to a third party (e.g. insurance contracts)
Avoid	The Company feels the risk is unacceptable and will specifically avoid the risk.

If the impact of the risk under consideration is high, then risk response needs to be strong (mitigate, transfer or avoid). Each risk and related response should be assigned to a risk owner who is responsible for the area affected by the risk. The risk response should bring the Company's overall residual risk with its risk tolerance.

Monitor and Review the ERM process

The risks and risk response activities should be monitored by the risk owner to ensure that significant risks remain within acceptable risk levels, developing risk are identified and that risk response and control activities are adequate and appropriate. Internal Audit and the Audit Committee play an important role in confirming that management is monitoring and managing risks in accordance with the Company's risk tolerance. Risks that is beyond the

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Republic Glass Holdings Corporation

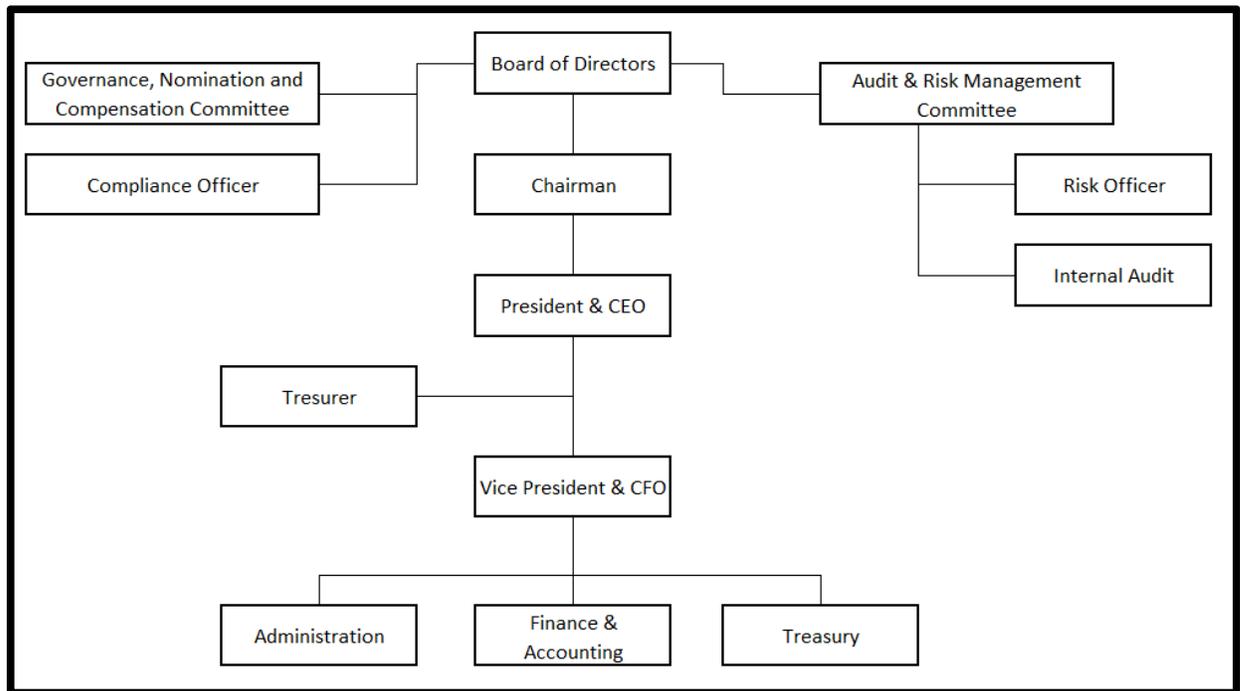
acceptable risk levels should be escalated with appropriate action plans to bring it back to the risk tolerance. Residual risks that remain above the risk tolerance should be discussed with the Board for approval of any resolution strategies.

Reporting

Risk owners are responsible for risks in their respective areas. A report of the results of ERM will be submitted to The Board, Audit Committee and senior management for reassurance that risks are being managed within the approved risk tolerance. A vital part of the reporting process includes monitoring and reviewing risk performance indicators to measure ERM contribution. The effectiveness of the ERM Framework should be assessed from time to time including a review of all significant risks and the risk environment of the Company.

Governance and Oversight

To ensure the successful implementation of the Company's ERM, it is important that the responsibilities of those in-charge are well communicated.



Responsibilities

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Republic Glass Holdings Corporation

The Board of Directors is responsible for:

- Oversight role over the Company's risk management activities;
- Ensures that the planning, information, and control systems for risk management are in place and are sufficient and in compliance with the business management goals;
- Setting of risk appetite levels;
- Reviewing reports on the assessment of risk levels compared to established strategic risk targets; and
- Annually reviewing risk management policies, including risk appetite, and strategies to ensure that risk exposures remain appropriate and sensible.

The Audit Committee is responsible for:

- Reviews risk management and its compliance with the Corporate Governance;
- Reviews management's identification of the significant risks of the Company;
- Ensures that the enterprise risk management processes are in place to measure, monitor, manage and mitigate significant risk exposures, including appropriate policies, procedures and controls;
- Overseeing the application of ERM practices and the on-going identification of emerging risks; and
- Reporting to the Board on risk exposure levels.

The President/Chief Executive Officer is responsible for:

- Responsible for ERM priorities, strategies, tolerance and policies and is the ultimate risk executive; and
- Set the direction and lead decision-making in terms of recognition of risk priorities, alignment of business objectives with risk strategies.

Risk Officer is responsible for:

- Supervise the implementation of all aspects of the risk function, including implementation of the process, tools and systems to identify, assess, measure, manage, monitor and report risks;
- Assist in the development of and manage process to identify and evaluate the Company's risk and risk control;
- Constantly review and provide updates in the risk dictionary and ensure that emerging risks are identified and included;
- Manage the process of developing risk policies and procedures;
- Monitor major and critical risk issues;

Internal Audit is responsible for:

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Republic Glass Holdings Corporation

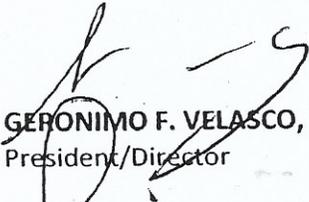
- Provides assurance that risk management processes are performing as intended, controls and key responses on key risks are effective and compiled and established policies and procedures are being complied with; and
- Provide independent assessment of the ERM Framework.

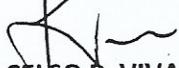
Conclusion

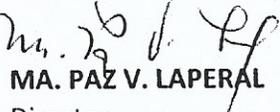
Since risk is inherent in every business, it is the Company's responsibility to uphold a strong risk management practices to allow us to strengthen our organization through strategic decision making by considering all possibilities of both positive and negative aspects of risk thereby staying true to the Company's mission to deliver a sustainable rate of return and enhance the value of the Company over time.

ENTERPRISE RISK MANAGEMENT (ERM) POLICY
Republic Glass Holdings Corporation


BIENVENIDO A. TAN, JR.
Chairman of the Board


GERONIMO F. VELASCO, JR.
President/Director

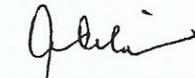

CELSO P. VIVAS
Independent Director


MA. PAZ V. LAPERAL
Director


LIZANNE C. UYCHACO
Director


**CORAZON S. DE LA PAZ-
BERNARDO**
Independent director


RENATO R. ERMITA
Director


ADELINE S. LIM
Director


JOSE MIGUEL F. VELASCO
Director