

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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P A S O N G T A M O E X T . M A K A T I C I T Y

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(Business Address: No., Street City / Town / Province)

HERBERT M. CONSUNJI

Contact Person

888-3000

Company Telephone Number

(Last Wednesday of July)

1 2

Month

3 1

Day

Fiscal Year

SEC Form 17-C

FORM TYPE

0 7

Month

3 1

Day

Annual Meeting

N.A.

Secondary License Type, If Applicable

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Dept Requiring this Doc

[Empty]

Amended Articles Number / Section

Total Amount of Borrowings

[Empty]

Total No. of Stockholders

[Empty]

Domestic

[Empty]

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. November 18, 2014
Date of Report (Date of earliest event reported)
2. SEC Identification Number AS095-002283
3. BIR Tax Identification No. 004-703-376
4. DMCI Holdings, Inc.
Exact name of issuer as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. 3/F Dacon Building, 2281 Don Chino Roces Avenue, Makati City 1231
Address of principal office Postal Code
8. (632) 888-3000
Issuer's telephone number, including area code
9. Not applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	13,277,470,000	Php13,277,470,000.00
Preferred Shares	3,780	3,780.00
TOTAL	13,277,473,780	Php13,277,473,780.00

11. Indicate the item numbers reported herein: Item 9

Item 9. Other Matters

This is to inform the investing public that at the meeting of the Board of Directors held today, November 18, 2014, Mr. David M. Consunji tendered his resignation as Chairman and member of the Board of Directors of the Corporation. In view of the foregoing, upon nomination made and duly seconded, the Board of Directors approved the election of Mr. Isidro A. Consunji as Chairman of the Board of Directors. The Board likewise approved the appointment of Mr. David M. Consunji as Chairman Emeritus of the Corporation.

Further, the Board has also approved the following:

1. Consolidated Financial Statements for the period ended September 30, 2014.

<i>In Million Php</i>	Sept. 2014	Sept. 2013
Revenue	45,855	41,150
Core Net Income	7,540	8,039
<i>One-time Gain</i>	0	8,354
Total Net Income	7,540	16,393

2. Enterprise Risk Management (ERM) Policy in compliance with Corporate Governance principles and practices (a copy of which is attached).

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DMCI Holdings, Inc.
Issuer


Brian T. Lim
Finance Officer

November 18, 2014



DMCI HOLDINGS
I N C O R P O R A T E D

ENTERPRISE RISK MANAGEMENT (ERM) POLICY

November 2014

TABLE OF CONTENTS

I.	INTRODUCTION	3
	A. Purpose	3
	B. Scope	3
	C. Enterprise Risk Management Vision	3
	D. ERM Goals and Objectives	4
II.	RISK MANAGEMENT FRAMEWORK	4
	A. Establish Risk Management (“RM”) Context	4
	1. Establish Risk Management Goals and Objectives	4
	2. Establish Risk Management Oversight Structure	5
	3. Develop Common Language	8
	B. Assess Business Risks	9
	C. Develop Risk Management Strategies	9
	D. Develop Risk Management Action Plans	12
	E. Monitor and Report the ERM Process	12
	F. Continuously Improve the ERM Process	12

I. Introduction

This Enterprise Risk Management Policy (“the ERM Policy”) provides the framework for managing risks across DMCI Holdings, Inc. (“DMCIHI” or “the Company”). It contains the fundamental policies to guide all DMCIHI personnel, including senior executive management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company. This 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.

A. Purpose

This ERM Policy forms part of DMCIHI’s Corporate Governance Manual and shall:

1. Establish the risk management vision, goals and objectives of the Company;
2. Provide an enterprise-wide risk management framework, structure, and organization that support the achievement of the Company’s risk management vision, goals, and objectives;
3. Define the roles and responsibilities of DMCIHI’s Board of Directors (“BOD” or “the Board”), senior management, officers, and all employees with regards to the Company’s risk management processes and activities;
4. Establish a common culture and language that promote consistent definition and understanding of risks and their related impact to the Company’s business; and
5. Establish a consistent and enterprise-wide approach in identifying and prioritizing risks, analyzing inter-relationship among risks, identifying the drivers and sources of risks, development of strategies and action plans in managing risks, monitoring and reporting on the implementation of risk management strategies and action plans, and evaluating the effectiveness of the overall risk management process for continuous improvement.

B. Scope

This ERM Policy applies only to DMCIHI.

C. Enterprise Risk Management Vision

DMCIHI’s enterprise risk management (“ERM”) shall serve as one of the Company’s key enablers for effective corporate governance and achievement of the Company’s strategic objectives.

D. ERM Goals and Objectives

To effectively realize DMCIHI's risk management vision, ERM shall:

1. Establish a sustainable risk management process to enable DMCIHI to focus on and manage its key risks;
2. Embed risk management into the awareness and day-to-day activities of each DMCIHI officer and employee;
3. Integrate a rigorous risk management process into the strategic planning, budgeting and decision-making process; and
4. Provide a structured framework for enhancing DMCIHI's corporate governance.

II. Risk Management Framework



A. Establish Risk Management (“RM”) Context

At the onset of the ERM process, the Company shall establish the context in which risk management will be conducted. This requires consideration of the risk management goals and objectives, risk management oversight structure, and the common risk language existing in the Company.

1. Establish Risk Management Goals and Objectives

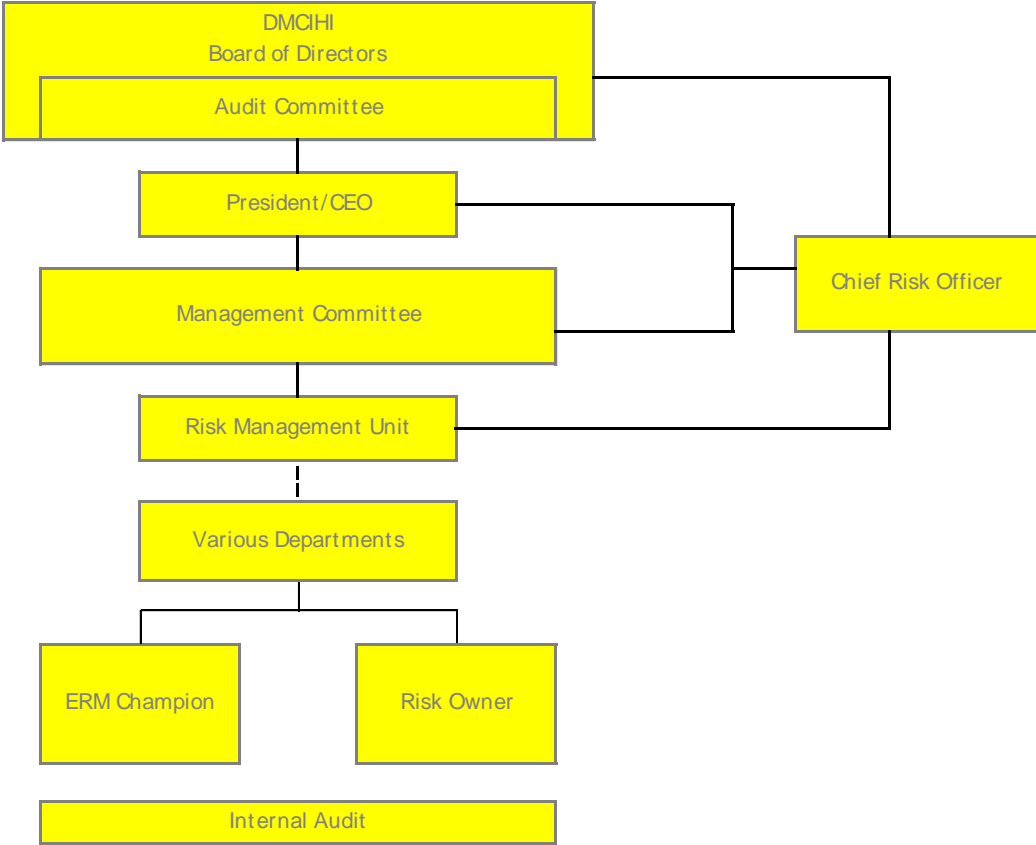
DMCIHI shall ensure that the ERM is aligned with the Company's strategic goals and objectives. This shall be done by establishing risk management goals and objectives

that are geared toward the attainment of the Company's risk management vision and strategic goals and objectives.

2. Establish Risk Management Oversight Structure

To ensure the successful implementation of DMCIHI's ERM, it is important that a risk management structure is in place to have an integrated and independent view of the enterprise-wide risks across the different risks categories (e.g., strategic, operations, compliance and financial). This will allow the Company to reduce any gaps in risk coverage, risk management functional inefficiencies and overlaps, and confusion among concerned personnel due to lack of structured communication and reporting lines.

The following illustration depicts the Company's ERM oversight structure:



Stakeholders	Roles and Responsibilities
1. Audit Committee of the Board of Directors (“BOD” or Board)	<ul style="list-style-type: none"> ▪ Oversee the RM activities of the Company ▪ Authorize the DMCIHI’s ERM Policy and any subsequent modifications. ▪ Examine and assess the reports on the effectiveness of the ERM process and the management of key risks as provided by the President/CEO. ▪ Guide the Board in supervising the Company’s corporate governance process. ▪ Authorize DMCIHI’s desired state of the ERM framework. ▪ Evaluate the sufficiency and effectiveness of the ERM process and the management of key risks. ▪ Provide recommendations and guidance to the risk management activities as reported by the President/CEO or the Chief Risk Officer (“CRO”) ▪ Review the roles and responsibilities of the CRO.
2. President/Chief Executive Officer (“CEO”)	<ul style="list-style-type: none"> ▪ Is the ultimate risk executive and is essentially responsible for ERM priorities, strategies, tolerances and policies. ▪ Head the Management Committee that set the direction and lead the decision-making as they relate to: <ul style="list-style-type: none"> ➢ Recognition of risk priorities; ➢ Alignment of business objectives with risk strategies, action plans and policies; and ➢ Settlement of conflicts with regards to ERM strategies and action plans. ▪ Must ensure that a sufficient resource of the organization is allocated in pursuing ERM initiatives, strategies and action plans. ▪ Must report to the Audit Committee of the BOD on a regular basis about ERM.
3. Management Committee (“ManCom”)	<ul style="list-style-type: none"> ▪ Authorize the ERM Policy and related guidance. ▪ Authorize ERM priorities, tolerances, measures, strategies and action plans. ▪ Assist the Audit Committee of the BOD in improving the ERM Policy. ▪ Supervise the design and implementation of appropriate systems, tools and methodology to support the ERM processes and other risk management activities. ▪ Identify the owners of specific risks (e.g., Risk Owners and Risk Managers) and the enablers of the ERM process (e.g., ERM Champions). ▪ Ascertain the sufficiency and effectiveness of the components of the risk infrastructure that are in place for managing risk, which includes policies, processes, people, management reports, methodologies, systems and data. ▪ Ascertain the adequate allocation of resources and staff requirements. ▪ Ascertain that suitable performance and reward systems are in place to achieve ERM objectives. ▪ Review the roles and responsibilities of the Risk Management Unit.
4. Chief Risk Officer (“CRO”)	<ul style="list-style-type: none"> ▪ Is the ultimate champion of the ERM in DMCIHI ▪ Supervise the entire RM function and spearhead the

Stakeholders	Roles and Responsibilities
	<p>development, implementation, maintenance and continuous improvement of ERM processes and tools.</p> <ul style="list-style-type: none"> ▪ Communicate the top risks and the status of implementation of risk management strategies and action plans to the Audit Committee of the BOD. ▪ Collaborate with the President/CEO in updating and making recommendations to the Audit Committee of the BOD. ▪ Conduct targeted risk analysis outside routine risk management and reporting process as advised.
5. Risk Management Unit (RMU)	<ul style="list-style-type: none"> ▪ Create the ERM Policy and related guidance. ▪ Supervise, support and incorporate the ERM processes across DMCIHI in coordination with the CRO, ERM Champions, Risk Managers and Owners. ▪ Gather, examine and assess the risks reports provided by the ERM champions, Risk Managers and Risk Owners and oversee the status of risk management strategies and action plans. ▪ Provide guidance on ideas on ERM processes developed by the ERM Champions, Risk Managers and Risk Owners. ▪ Organize the sharing of best practices across the Company. ▪ Support the CRO in preparing ERM reports and materials to the Audit Committee of the BOD. ▪ Lead the change management initiatives across DMCIHI. ▪ Drive the improvement of DMCIHI's current ERM process through benchmarking against leading standards and global best practices.
6. ERM Champion	<ul style="list-style-type: none"> ▪ Supervise the consistent execution and continuous improvement of the ERM process in their respective business functions. ▪ Constantly review and provide updates in the risk dictionary and ensure that newly emerging risks are identified and included. ▪ Guide the Risk Owners in making reports for the RMU. ▪ Lead the change initiative plan with their respective business functions. ▪ Act as the ERM resource person within their respective business functions.
7. Risk Owner	<ul style="list-style-type: none"> ▪ Has the responsibility for and ownership of the assigned risks and other risks under the same functional area of responsibility. ▪ Ascertain that appropriate entity level risks are identified at the functional or process level. ▪ Authorize ERM priorities, analysis, strategies and actions plans within his/her functional area of responsibility after approval from the ManCom and BOD. ▪ Designate risk management responsibilities and accountabilities within his/her functional area of responsibility. ▪ Communicate the progress of risk management strategies and action plan to the ERM Champions, ManCom and CRO within his/her functional area of responsibility.

Stakeholders	Roles and Responsibilities
	<ul style="list-style-type: none"> ▪ Ascertain the sufficiency and continuous implementation of ERM programs at business function level assigned to him/her. ▪ Ascertain that ERM objectives and responsibilities form part of the function's periodic performance review.
8. All personnel/employees	<ul style="list-style-type: none"> ▪ Maintain awareness on the intrinsic risks in their jobs and its management as part of their performance management. ▪ Incorporate risk management as part of their everyday activities. ▪ Take charge of their respective internal control as part of their accountability in achieving their objectives. ▪ Communicate to their supervisors any risk that they cannot control.
9. Internal Audit	<ul style="list-style-type: none"> ▪ Provides assurance on the following: <ul style="list-style-type: none"> ➢ Risk management processes are performing as intended; ➢ Controls and key responses on key risks are effective and complied; and ➢ Established policies and procedures are being complied with. ▪ Provides independent assessment of the ERM framework on both enterprise-wide and business function levels.

3. Develop Common Language

To enhance clarity of communication and action on risk-related matters, DMCIHI shall ensure that a common risk language as embodied in the Company's risk dictionary exists, is communicated, and understood by all employees at all levels of the organization. DMCIHI shall also ensure that the common risk language is continuously updated and modified to include new and emerging risks by considering factors that are both internal and external to the Company. This shall be done through the review of the risk dictionary at least annually or if there are any amendments made thereto.

B. Assess Business Risks

DMCIHI shall identify and prioritize risks that are relevant and critical to its business by using the following guidelines:

1. Taking into account the context of the risk management process, DMCIHI shall identify risks that could be relevant and significant to the Company's business by conducting surveys, interviews, brainstorming, and workshops with the members of the ManCom and RMU and other relevant personnel (collectively, "the ERM participants") identified by management to participate in the ERM process. The objective of this activity is to come up with the Company's risk universe.
2. Based on the response of the ERM participants, DMCIHI shall update the risk dictionary by including "new" risks that were identified by the respondents in addition to the risks listed in the current risk dictionary. DMCIHI shall ensure that the newly identified risks are grouped appropriately in the risk dictionary into four categories, namely, strategic, operations, compliance, and financial.
3. Once relevant and critical risks have been identified, DMCIHI shall prioritize risks in terms of severity of impact, likelihood of occurrence and existence of opportunities of risks management improvement (ORMI) to come up with the Company's initial risk profile.
4. DMCIHI shall present the top risks included in its initial risk profile to the BOD for validation and updating of the initial risk profile, as necessary. The objective of this presentation is to come up with the final Company risk profile and the corresponding top risks. DMCIHI shall then analyze the relationship of the top risks that are part of the Company's risk profile with other risks to identify the highly-leveraged risks, or those risks that when managed will significantly contribute to the effective mitigation or management of the top risks.
5. Upon identification of the top risks and highly leveraged risks, DMCIHI shall analyze the drivers and sources of these risks, or simply identifying their root causes (e.g. "Why and how does the risk occur?" and "Where does it originate from?") After this activity, DMCIHI shall assess and identify those risks, considering their drivers and sources, which need to be prioritized and acted upon immediately.
6. DMCIHI shall also identify the owners of the risks. The risk owners shall be identified after evaluation of the specific functions or processes to which the risks relate.

C. Develop Risk Management Strategies

After identifying, prioritizing, and analyzing risks, DMCIHI shall develop strategies to manage risks consistent with the Company's strategic goals and objectives and risk appetite and tolerance levels. The strategy of DMCIHI' to (1) Accept - retain, reduce or exploit or (2) Reject – avoid or transfer, risks shall include cross-checking with other groups and stress-testing which involves developing conservative and aggressive assumptions and scenarios to test the effectiveness of the strategies.

The following table shall be used by DMCIHI as guidance in developing its risk management strategies:

ACCEPT:

RETAIN	
• Reprice	products/services by including an explicit premium in the pricing market conditions permitting to compensate for risk undertaken
• Self-insure	risk through: <ul style="list-style-type: none"> - internal charges to income and loss - borrowed funds (from external sources should a risk event occur) - reserving losses (under accepted accounting principles) - using a pure captive insurance company - participation in a group or an industry captive
• Offset	risk against other within a well-defined pool
• Plan	for well defined contingencies by documenting a responsible plan and empowerment people to make decisions and periodically
REDUCE	
• Disperse	financial, physical or information assets geographically to reduce risk of unacceptable catastrophic losses
• Control	risk through internal processes or actions that reduce the likelihood of undesirable events occurring to an acceptable level (as defined by management's risk threshold)
EXPLOIT	
• Allocate	capital internally within the firm using robust methods to finance the risks taken and generate desired returns
• Diversify	financial, physical, customer, employee/supplier and organizational asset holding used by firm's business model
• Expand	business portfolio by investing in new industries, geographic areas and/or customer groups
• Create	new value-adding products, services and channels
• Redesign	the firm's business model, i.e., its unique combination of assets and technologies for creating value
• Reorganize	processes through restructuring vertical integration, outsourcing,, re-engineering and relocation
• Price	to influence customer choice toward products that suit the firm's risk profile

• Arbitrage	price discrepancies by purchasing securities or other assets in one market for immediate resale in another
• Influence	regulation, public opinion and standards setters through focused lobbying, political activism, public relations, etc.

REJECT:

AVOID	
• Divest	by exiting a market or geographic area or by selling, liquidating or spinning off a product group or business
• Prohibit	unacceptably high risk activities, transactions, financial losses and asset exposures through appropriate limit structures and corporate standards
• Stop	specific activities by redefining objectives, refocusing strategies or redirecting resources
• Target	business development and market expansion to avoid pursuit of “off-strategy” and unacceptably high-risk projects
• Eliminate	at the source by designing and implementing internal preventive processes
TRANSFER	
• Insure	through cost-effective contract with independent, financially capable, party under a well-defined risk strategy
• Reinsure	to reduce portfolio exposure through contracts with other insurers, when such arrangements are available
• Hedge	risk by entering into the capital markets, making feasible changes in operations or executing new borrowings
• Securitize	risk by accessing the capital markets, making feasible changes in operations or executing new borrowings
• Share	risk/rewards of investing in new markets and products by entering into alliances or joint ventures
• Outsource	non-core processes (a viable risk transfer option only when risk is contractually transferred)
• Indemnify	risk by entering into contractual risk-sharing arrangements with independent financially capable parties

D. Develop Risk Management Action Plans

Based on the approved risks management strategies, DMCIHI shall develop specific action plans to support the implementation of these strategies. DMCIHI shall ensure that appropriate communication protocols and channels exist to support the execution of action plans that require coordinated effort across business functions.

E. Monitor and Report on the ERM process

DMCIHI shall continuously monitor the risks and effectiveness of the implementation of the strategies/action plans. This shall be done by ensuring that risk management is a regular agenda item in BOD, ManCom, and functional level meetings. DMCIHI shall also ensure that all initiatives pertaining to the overall ERM process continuously monitored and regularly reported to the appropriate stakeholders in the Company. Monitoring of the ERM process shall be applied on: 1) existing priority risks; 2) new emerging risks; 3) risk management performance; and 4) specific measures, policies and procedures both at the enterprise-wide and business function levels.

Any material weaknesses or significant control deficiencies identified shall be reported and presented to the ManCom and BOD together with the actions being taken to resolve the issues or to follow up on the resolution of long-outstanding issues.

F. Continuously Improve the ERM Process

1. DMCIHI shall evaluate and implement any improvements to policies, processes, people, management reports, methodologies, and systems and data that are identified through monitoring consistent with the Company's continual improvement philosophy. DMCIHI shall ensure that appropriate coordination is in place among ERM stakeholders to identify and evaluate these improvement opportunities through the regular monitoring of action plans and assessment of risk management strategies being implemented.
2. DMCIHI shall assess the effectiveness of the ERM process through regular feedback and assessment with Risk Owners and other risk management stakeholders. DMCIHI shall also evaluate the Company's risk management function through benchmarking with leading standards and global best practices.
3. Common risk language and risk management framework, tools, and methodologies shall form part of DMCIHI's training programs to help employees enhance their understanding of the Company's common risk language and ERM processes and activities.