Sustainable Risk Management Solutions for Financial Institutions

OnePuhunan

OnePuhunan

CreditAccess Philippines Financing Company Inc.

Established in 2014, we are a financial services company providing **convenient and reliable financing solutions** to low-income individuals and small businesses.

300+	1.6M+	>10B	5,000+
branches nationwide	clients served	accumulated Portfolio (PHP)	workforce strong

We are OnePuhunan,
funding better futures!

Figures as of June 2026

Foundations of an Integrated Risk Management System

1. **Strong Board and Senior Management Support**
   Active, sustained oversight and accountability from the Board and senior management, anchoring risk management as a strategic priority.

2. **Risk Management Structure**
   Dedicated Credit, Market, and Operational Risk teams, plus Field Risk Coordinators deployed across regions to monitor policy and process implementation on the ground.

3. **Policies and Tools**
   Continuously implemented and updated risk policies, procedures, and tools that keep pace with regulatory expectations and business growth.

4. **Technology Enablement**
   Data science analytics and AI integration strengthening risk identification, monitoring, and decision-making

Embedding ESG Across the Institution

Screen at the Source

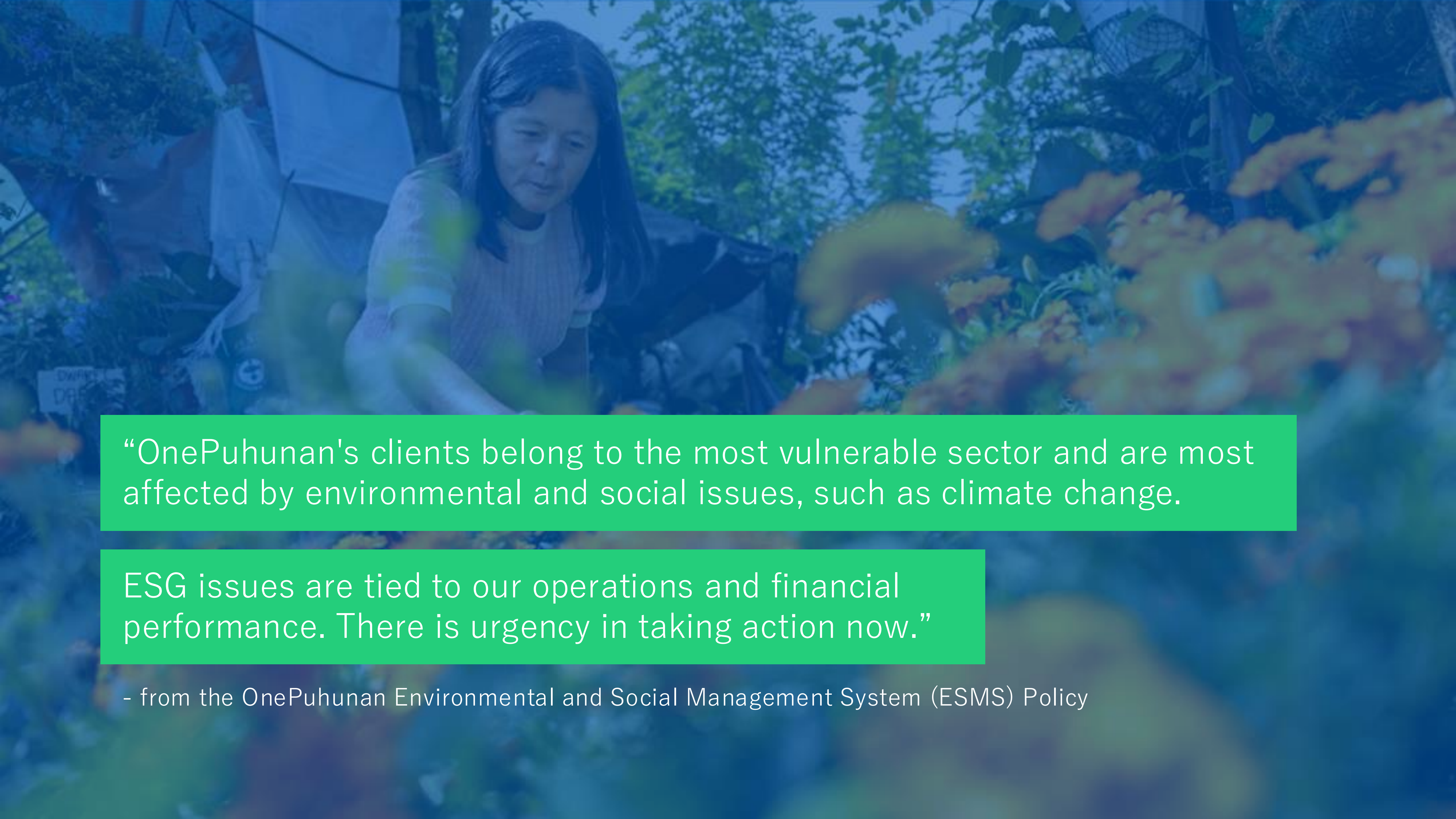
- ✓ Developed a OnePuhunan Exclusions List with IFC
- ✓ Embedded within the Loan Origination System during application

Build Capacity

- ✓ ESG module now part of New Hire Orientation
- ✓ Understanding the framework from day one

Innovate in Products

- ✓ ESG in lending: loans for sustainable transport option and parametric insurance



"OnePuhunan's clients belong to the most vulnerable sector and are most affected by environmental and social issues, such as climate change.

ESG issues are tied to our operations and financial performance. There is urgency in taking action now."

- from the OnePuhunan Environmental and Social Management System (ESMS) Policy

Building an Integrated Risk Management Strategy

OUR TIMELINE

2017

Implemented ESMS guidelines and Exclusion List

2022

Enhanced ESMS Policy

2026

Further enhancements: risk-based CDD, Restrictive Activities, IFC exclusion list alignment, system upgrades

OUR GOVERNANCE STRUCTURE

ESG Committee
reports to Risk Oversight Committee

Chief Risk Officer
ESG focal

Internal Controls

- Risk Management
- Internal Audit
- IT
- Legal and Compliance
- Business Strategy

Head Office Support

- HR
- Data Science
- Finance

Field Support

- Risk Management Officers

ESG Data Monitoring and Reporting

Environment

- Resource consumption (electricity, petroleum, water, paper)
- GHG emissions (total & reduction)
- Portfolio share in high environmental-risk sectors
- Client participation in climate-vulnerability awareness activities

Social

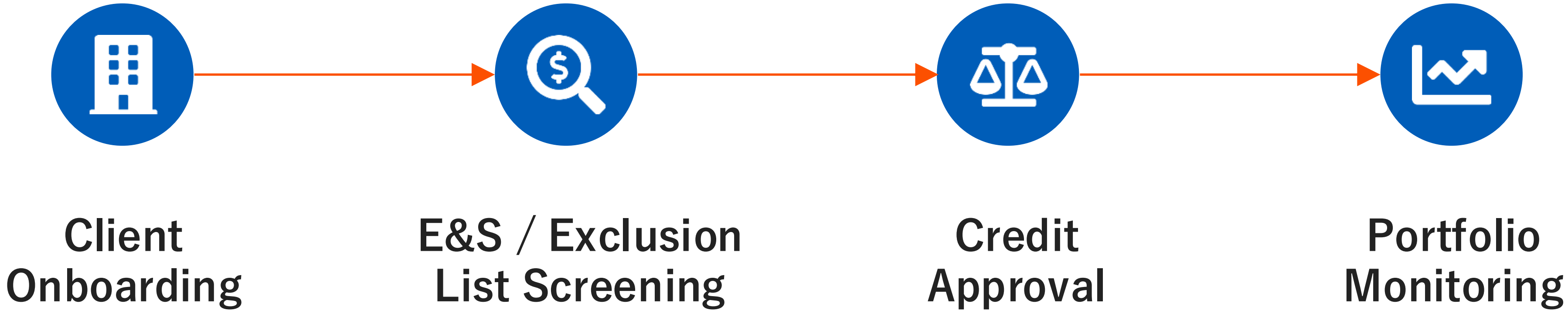
- Financial inclusion (branches & clients by gender/geography)
- Client protection (retention, satisfaction (NPS), complaints, data breaches)
- Responsible HR (turnover, training hours, compensation gap)
- Community outreach activities

Governance

- Board & management gender diversity
- Sanctions (labor, AML, corruption, safety, human rights)
- Ethics (audit opinions, Code of Ethics violations)
- Fair disclosure & regulatory compliance

The Risk Management Team provides **monthly and quarterly updates** and submits **semi-annual and annual reports** to the Senior Management and the Board of Directors through the Executive Committee.

Integrating E&S Assessment into Credit Decisions



Why this matters for credit decisions

- ✓ Excluded or **high-risk activities are flagged before disbursement**, protecting portfolio quality and institutional reputation
- ✓ **Environmental and social risk sits alongside credit risk** in the approval workflow
- ✓ **Branches and client accounts are monitored** continuously by Field Risk Coordinators under the Risk Management Department

What Integration Buys Us: Institutional Efficiency

Improvements in Client Servicing

Paperless loan passbook, PNDS, and mobile-app monitoring replace manual, paper-based tracking

Real-time Client Assessment

Exclusion List tagging happens at loan origination, reducing back-and-forth and loan-processing delays

Single-view Monitoring

Risk indicators and ESG KPIs are monitored continuously and pulled from the same system of records

Alignment with BSP Circular No. 1128: Credit Risk Management System

BOARD

Institutionalizes E&S principles into governance, strategy, and risk appetite

SENIOR MANAGEMENT

Implements and monitors E&S policies day-to-day

ESRMS

Extends into (1) Credit Risk Management System and (2) Operational Risk Management System

OUR COMPLIANCE STRUCTURE

ESMS Policy
issued 2017 • enhanced 2022 • refined 2026

ESG Committee

Capacity Building

- ESG training in New Hire Orientation
- Certification Program for the Risk Management team

Monitoring & Reporting

- ESG KPI framework
- Semi-annual and annual reporting to the Board

Independent Oversight

- Risk Management Officers verify compliance on the field

Alignment with BSP Circular No. 1128: Credit Risk Management System

What BSP Requires

Banks shall consider E&S risks in defining credit risk appetite (type, quantity, and severity evaluated by loan type, borrower location, project/collateral, and industry), with E&S due diligence at inception and on an ongoing basis.

OnePuhunan

How OnePuhunan Delivers This

1. Client business classifications are screened against the **OnePuhunan Exclusion List and Restricted Activities** at loan origination.
2. Risk is categorized A/B/C, with **financing limited to Category C only**.

Challenges and How We Address Them

CHALLENGE	RESPONSE
AI-based exclusion-list flagging system implementation	Phased system roll-out
Branch training rollout across 300+ branches nationwide	Phased training by branch and region
Risk Management team technical capability	Certification training program for Risk Management team members
Monthly resource consumption data collection, analysis, and outlier investigation across all branches	ESG training built into new-hire onboarding; branch-level data input tools; systematic outlier-scanning process

Institutionalizing Risk Management was not a Straight Line

CHALLENGE	RESPONSE
Getting ESG data from last-mile branches consistently and on time	Built ESG data collection into existing digital tools instead of separate reporting burden
Shifting mindsets to treating ESG/E&S as core risk and not just compliance add-on	Embedded an ESG module into new-employee orientation led by Risk Management personnel
Responding to real environmental shocks affecting clients and operations	Activated relief response after the magnitude 6.9 earthquake, distributing over 5,000 relief goods to affected clients
Sustaining CSR and environmental initiatives beyond one-off activities	Established the OnePuhunan Foundation (2026) to house environmental and CSR programs on an ongoing, structured basis

Impact and Results

Current Results

ZERO ONBOARDING OF EXCLUDED-ACTIVITY CLIENTS

Front-line screening is functioning as designed at scale across 300+ branches

Next Phase

MEASUREMENT MATURITY

- More impact assessment on our clients
- PAR/NPL correlation to ESG risk categorization

KEY TAKEAWAY

Strong risk management structure, board and senior management support, and consistent implementation and review are the foundations for effective ESG integration.

OUR WAYS FORWARD

1. Quantify the ESG risk to Portfolio quality link
2. Deepen our own Risk Management maturity path
3. Align with regulatory sustainability reporting

Thank you!

OnePuhunan