



## **BOARD RISK OVERSIGHT COMMITTEE CHARTER**

This Board Risk Oversight Committee Charter shall define the functions, duties and responsibilities of the committee and its organizational structure as well as the procedures in the performance of its functions.

### **1. PURPOSE**

The Committee aims to ensure the establishment of Enterprise Risk Management (ERM) structure that will effectively identify, assess and manage key areas of business risks. The risk management structure shall guide the Board in identifying risk exposures per product lines level and enterprise-level vis-à-vis the effectiveness of risk management strategies. The Committee shall be responsible in defining the Company's level of risk tolerance based on risk-based capital as set forth by the Insurance Commission and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

### **2. DUTIES AND RESPONSIBILITIES**

The following are the duties and responsibilities of the Committee:

- a. To oversee the development and implementation of a formal ERM Plan that contains the following areas of concerns:
  - i. Completeness of registry of risks;
  - ii. Well-defined risk management goals, objectives and oversight;
  - iii. Uniform processes of identifying, assessing and measuring risks as well developing strategies to manage and mitigate risks depending on their probabilities and importance;
  - iv. Designing and implementing risk management strategies; and
  - v. Continuing assessments and monitoring to improve risk strategies, processes and measures.
- b. To evaluate and assess whether the existing ERM Plan is still aligned with the new management strategies or remains effective or applicable to the existing industry developments which may have material risk exposures;

- c. To conduct a periodic review on the company's risk appetite levels and risk tolerance limits vis-à-vis on the possible issuance of new regulations, amendments on existing laws, or circulars, and occurrence of events that may have a significant financial impact on the company;
- d. To provide oversight over management's activities in particularly in determining the risk-based capital ratio of the company is within the limit prescribed by the Insurance Commission; and
- e. To report to the Board the identified company's risk and the correspondent significant financial impact, the actions taken to reduce or minimize the risks, and make recommendation to strengthen company's financial standing by reason of identified risk and such recommendation shall be subject to the prior approval of the Board.
- f. To perform other relevant duties and responsibilities as may be provided by the Articles of Incorporation, By-laws, any amendments thereto and its Manual on Corporate Governance.

### **3. Committee Composition**

- a. The Committee shall be composed of at least three (3) members but not more than five (5) members. The members of the Committee including the Chairman, shall be appointed by the Board of Directors annually.
- b. The Chairman or any member of the Committee may be removed from office only by the Board of Directors.
- c. The Corporate Secretary shall provide the necessary staff support to the Committee upon its written request.

### **4. Committee Procedures**

#### **I. Meetings**

- a. The Committee shall hold meeting at least once a year. However, the Chairman may, upon his own judgment or as exigency may arise,

call for a special meeting, at any given time with due notice to all members of the committee.

- b. Meetings of the Committee shall be presided by the Chairman of the Committee either upon his own initiative to call a meeting or upon the request of a majority of the members of the Committee.
- c. Notice of meeting shall be put in writing specifying the place, date and time and the corresponding agenda. The Corporate Secretary shall ensure receipt of the notice at least one (1) week of the intended date of meeting, except in case of urgency as may be determined by the Chairman of the committee.
- d. Notice of a meeting of the Committee shall be deemed to be duly given to a Member if it is given to him personally, in writing or orally, or sent to him by registered mail or through a private courier to his address, e-mail address as provided by him to the Corporate Secretary.
- e. A majority of all the Members of the Committee shall constitute a quorum.
- f. Members of the Committee may participate in a meeting of the Committee through tele-conference or video-conference.
- g. Any resolutions of the Committee constituting a quorum shall be passed upon by a majority votes of the members present at such meeting. Each member is counted as one (1) vote. In case of conflict of interest or he has material interest to the subject matter to be voted or resolved upon, such member shall be prohibited to cast his vote. In case of a tie, the resolution shall be automatically referred to the Board constituted as a Committee of the Whole and majority of the Committee of the Whole constituting the quorum may be passed upon.

## **II. Minutes and Records**

- a. The Committee shall appoint the Corporate Secretary or any deputized officer under the direct control and supervision of the Corporate Secretary who shall issue notices and agenda for the meetings; disseminate meeting materials, if necessary; prepare

minutes of meetings of the Committee and keep books and records of the Committee.

- b. The Committee shall cause records to be kept for the following:
  - i. Appointment, removal and resignation of members of the Committee;
  - ii. All agenda and other documents of the Committee; and
  - iii. Minutes of proceedings and meetings of the Committee.
- c. Any such books and records shall be open for ocular inspection by any Member of the Committee upon reasonable prior notice during usual office hours and working day of the company.
- d. The minutes of the meeting of the Committee duly signed by the Chairman of the Committee shall be considered conclusive evidence of the proceedings and resolutions of such meeting.
- e. The Corporate Secretary shall ensure that the draft and final versions of the minutes of Committee meetings shall be sent to all Committee Members who attended the meeting, for their comment and records, within a reasonable period of time after the meeting but in no case shall exceed more than thirty (30) days from such meeting.

#### **4. Remuneration of Members**

Only per diem or allowances authorized and approved by the Board shall be given with respect to their attendance at meetings of the Committee.

#### **5. Committee Reports and Performance Evaluation**

- a. The Committee shall report its activities to the Board on a regular basis and other matters as may deem it necessary.
- b. The Committee shall prepare its annual performance evaluation and set its goals and objectives for the following year and subject for further review of the Board.

#### **6. Amendment, Alteration or Modification**

This Charter shall be amended, altered or modified by the majority vote of the Board constituting a quorum called for the purpose.