



RISK OVERSIGHT COMMITTEE CHARTER

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I. Introduction

The Board supports and endorses the establishment of the Risk Oversight Committee (ROC). This charter defines the purpose, authority and responsibilities of the ROC of National Reinsurance Corporation of the Philippines (PhilNaRe). Approval of this charter resides with the Board of Directors.

II. Purpose

The Risk Oversight Committee has been established by the Board of Directors of PhilNaRe to assist the Board in the development and oversight of the company's risk management program.

It shall likewise assist the Board:

- in ensuring that risk management become an integral part of the planning and operations of PhilNaRe in order to meet corporate goals and objectives
- in ensuring that a proper risk assessment is carried out at least annually and that risks are being managed and monitored effectively
- in fulfilling corporate governance requirements and help ensure that corporate and shareholders' values are preserved and enhanced.
- in ensuring that risk management is communicated across PhilNaRe and understood by all employees.
- together with other committees, especially the Audit Committee, in providing a framework of assurance that risks are appropriately identified and managed

III. Authority

The ROC shall have direct communication with management and may request and inspect relevant corporate records and reports to execute its duties and responsibilities. It also has the Board's authority to:

- access any information it requires from employees and external parties
- investigate any activities within its terms of reference
- obtain outside legal or other independent professional advice at Company's expense
- ask the Company officers or employees to attend its ROC meetings as

appropriate

IV. Responsibilities

The ROC shall carry out the following responsibilities:

- identify the risks that threaten PhilNaRe's existence, strategy, goals and objectives.
- Identify and analyze the Company's risk exposures, the likelihood of occurrence and the possible impact the risks may have on PhilNaRe
- review and approve a risk management plan which defines the appropriate and practical strategies for managing major risks
- review and approve an annual risk management program for the risk management activities of PhilNaRe
- review and approve a enterprise risk management policy which will serve as the framework for all risk management activities of PhilNaRe, covering risk management philosophy and responsibilities
- ensure that appropriate levels of awareness are clearly defined throughout the organization
- receive reports from Risk Management Council about information on risk exposures and risk management activities
- report regularly to the Board of Directors about the committee activities, risk-related issues and recommendations
- ensure that the risk management processes are working effectively and are in place to manage the risks to which PhilNaRe is exposed to
- act as the clearing house for all the risks identified and corresponding corrective measures taken/proposed in the other Board level committees

V. Membership

- The Chair and members of the ROC shall be appointed by a majority vote of the Board and shall serve until their successors are duly appointed.
- The Committee shall be composed of at least five (5) members of the Board of Directors, three (3) of whom shall be independent directors.
- An independent director shall chair the committee.

- All members shall have an adequate understanding of the business environment and the risks facing the company, the industry in which the company operates and risk management principles and practices.
- The Chief Risk Officer shall serve as secretary of the ROC unless the Board appoints another person to act as secretary of the ROC.

VI. Meetings

- The ROC shall convene at least once every quarter or as deemed necessary. A simple majority of the members must attend to constitute a quorum.
- Actions to be taken by the ROC shall require the affirmative votes of a majority of the votes cast by the ROC members present at any meeting.
- The ROC Chair and the Secretary of the Committee shall develop and distribute an agenda for each meeting.
- The ROC may invite any officer or employee and external parties of the Company to attend its meeting as it deems necessary.
- The ROC shall maintain minutes or records of its meetings and shall give regular reports to the Board on such meetings and such other matters as required by this Charter or as the Board shall, from time to time, specify. Reports to the Board may take the form of oral reports by the ROC Chair or any member of the ROC designated by the ROC Chair to give such report.

VII. Reporting

The Chairman of ROC shall report its activities to the Board of Directors and its recommendations for action every Board Meeting.

VIII. Review

The ROC shall conduct an annual review of its performance and effectiveness by reference to this Charter and leading practices. This review process shall include a review of this Charter. ROC is to refer any recommended changes for decision by the Board.

IX. Effectivity

Approved by the Board of Directors on **19 November 2009**.