

# UCPB General Insurance Company, Inc. (COCOGEN)

## CHARTER OF THE RISK OVERSIGHT COMMITTEE

### Purpose

The Risk Oversight Committee **shall ensure the functionality and effectiveness of the Enterprise Risk Management system of COCOGEN. (Amended By-Laws).**

The Risk Oversight Committee shall advise and assist the Board in determining the company's Risk Appetite, including the Risk Appetite Statement, Risk Principles and Risk Tolerances, ensure that the company establishes an effective Risk Management Framework; and that sufficient resources are in place for effective risk management.

### Membership

The members of the Risk Oversight Committee shall be appointed by the Board from among themselves and shall consist of **five (5) members, including its Chairman. (Amended By-Laws)**

The Chairman of the Risk Oversight Committee shall be appointed by the Board, should be a non-executive Director, **shall not be the Chairman of the Board of Directors or any other Board committees. (Amended By-Laws)**

**The Chairman of the Board shall be an *ex-officio* member of the Committee. The total membership of the Risk Oversight Committee shall not be more than half**

**of the current composition of the Board of Directors at any given time.**

### Meetings

The Risk Oversight Committee shall schedule to meet at least six (6) times a year. In addition, the Chairman of the Committee may call additional meetings of the Risk Oversight Committee if requested by any member of the Risk Oversight Committee, the Chairman of the Board, the Chief Risk Officer, or the Chief Compliance Officer.

A quorum at a meeting of the Risk Oversight Committee shall consist of a majority of all members thereof and a majority of such quorum may decide on issues that may arise.

The Risk Oversight Committee may invite any member of Management to attend its meetings. The following resource persons are normally invited to attend:

1. President & CEO
2. Chief Risk Officer
3. Chief Compliance Officer

4. Chief Financial Officer
5. Chief Actuary
6. **Chief Legal Officer**

Notice of meetings of the Risk Oversight Committee shall be given within a reasonable time. An agenda and accompanying documents must be provided to all members of the Committee in a timely manner and at least five (5) days (or such other period as may be agreed by its members) before the intended date of the meeting.

Management is obliged to supply the Risk Oversight Committee with complete, accurate, and reliable information in a timely manner, in order to enable the Committee to make informed decisions. Additional information may be requested by any member of the Risk Oversight Committee, as needed.

**Any member may participate in the meeting via teleconference or videoconference.**

### **Risk Governance Structure**

COCOGEN has established the Risk Management Division and Compliance Division, headed by the Chief Risk Officer and Chief Compliance Officer, respectively, to assist the Management, Support and Business Unit heads, the Risk Oversight Committee and the Board to identify, assess, quantify, manage, and mitigate the risks arising from the business operations of the Company. The Chief Risk Officer and/or Chief Compliance Officer shall provide and report all risk and compliance related information to the Risk Oversight Committee, and coordinate the implementation of Board approved policy and instructions to the Management, Support and Business Unit heads.

### **Duties and Responsibilities**

Without prejudice to the Risk Oversight Committee's objectives, the Committee shall review, determine, recommend, and oversee the limits to discretionary authority that the Board delegates to Management, ensure that the Risk Management Framework remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.

The core responsibilities of the Risk Oversight Committee are:

#### **1. Identify and Evaluate Exposures**

The Risk Oversight Committee shall assess the risk and shall analyze the probability of its occurrence, its effects and cost. The Committee shall identify and prioritize the risks by likelihood and severity.

## **2. Develop Risk Management Strategies**

The Risk Oversight Committee shall develop strategies for managing and controlling the identified priority areas. It shall identify practical methods to avoid and mitigate the impact of risk, including the allocation of resources to priority area.

## **3. Oversee the implementation of the Risk Management Framework**

The Risk Oversight Committee shall conduct regular discussions on the Company's current risk exposure based on regular management reports and assess how the concerned units or offices can avoid or mitigate these risks.

## **4. Review and Revise the Framework**

The Risk Oversight Committee shall regularly evaluate the Risk Management Framework to ensure its continued relevance, comprehensiveness, and effectiveness. It shall revisit strategies, identify changes in the nature and extent of significant risks, and stay abreast of developments in the internal and external environment that may affect the Company.

It shall ensure that material risks have been identified, and that the Risk Profile adequately represents any significant issues relating to the Company's control environment with mitigating actions put in place.

It shall review the risks associated with significant transactions, including but not restricted to transactions giving rise to changes in the capital and financing structure of the Company.

It shall also undertake or consider such other related tasks or topics as the Chairman of the Board or the Board may from time to time assign to it.

The Risk Oversight Committee shall regularly report to the Board, COCOGEN's overall risk exposure, actions taken to reduce the risks, and recommend further action or plans as necessary.

### **Review of the Charter**

The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

### **Report and Recommendation**

**The reports and recommendations required under this Charter to be presented for the information and/or approval of the Board, shall first be referred to the Executive Committee for its consideration and further endorsement to the Board of Directors.**