

# NAT RE REVISED RISK OVERSIGHT COMMITTEE CHARTER

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## 1. INTRODUCTION

The Risk Oversight Committee (ROC) was established by resolution of the Board of Directors (BOD) on 19 November 2009. It is a Committee of the BOD of National Reinsurance Corporation of the Philippines (Nat Re). This Charter defines the purpose, authority, and responsibilities of the ROC of Nat Re. Approval of this charter resides with the BOD.

## 2. PURPOSE AND SCOPE

The ROC has been established by the BOD of Nat Re to assist the BOD in the development and oversight of the Company's risk management program.

It shall likewise assist the BOD:

- a. In making risk management an integral part of the planning and operations of Nat Re in order to meet corporate goals and objectives;
- b. In overseeing that a proper risk assessment is carried out at least annually and that risks are being managed and monitored effectively;
- c. In overseeing the identification and management of Technology risks and related activities, including but not limited to information security;
- d. In fulfilling corporate governance requirement of having a robust risk management and help ensure that corporate and shareholders' value are preserved and enhanced;
- e. In seeing to it there is an effective risk management communication throughout Nat Re;
- f. Together with other committees, especially the Audit Committee, in providing a framework of assurance that risks are appropriately identified and managed.

## 3. MEMBERSHIP

- a. The Chair and members of the ROC shall be appointed by a majority vote of the BOD and shall serve until their successors are duly appointed.
- b. The ROC in general shall be composed of at least three (3) members, majority of whom should be Independent Directors, including the Chairman. *(Amended By-Laws, Art V. Board Committees, Section 6. Risk Oversight Committee)*
- c. An independent director shall chair the committee.
- d. 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.

## 4. MEETINGS

- a. 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. *(Amended By-Laws, Art V. Board Committees, Section 9. Quorum of Committee Meetings)*

- b. 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.
- c. The ROC Chair and the Head of Risk and Compliance shall develop and distribute an agenda for each meeting.
- d. The ROC may invite any officer, employee or external parties to attend its meetings, as it deems necessary.
- e. The ROC shall maintain minutes or records of its meetings and shall give regular reports to the BOD on such meetings and such other matters as required by this Charter or as the BOD shall, from time to time, specify. Reports to the BOD 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.
- f. The designated Secretary of the meeting will prepare the minutes of the committee meeting.
- g. The Head of Risk and Compliance shall assist the ROC Chair in administering the business of the committee, including keeping minutes, reports and recommendations of the ROC.

## 5. 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:

- a. Access any information it requires from employees and external parties
- b. Investigate any activities within its terms of reference
- c. Obtain external advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The ROC will be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external risk management consultant who will directly advise the ROC.
- d. Ask the Company officers or employees to attend its ROC meetings as appropriate.

## 6. RESPONSIBILITIES

The ROC shall carry out the following responsibilities:

- a. Review and approve the following:
  - o risks identified that threaten Nat Re's existence, strategy, goals and objectives
  - o risk management plan which defines the appropriate and practical strategies for managing major risks
  - o annual risk management program for the risk management activities of Nat Re
  - o risk management policy to guide implementation of the risk management activities throughout the organization, covering risk management philosophy and responsibilities

- reports from the Senior Leaders Group (SLG) on risk exposures and risk management activities
- b. Report regularly to the BOD about the committee activities, risk-related issues and recommendations for action.
- c. Oversee the overall effectiveness of the risk management process in place.
- d. May attend joint committee meetings with other board committees to have better understanding of risk-related issues and risk mitigating actions for implementation.
- e. Act as the clearing house for all the risks identified and corresponding corrective measures taken/proposed by the other board level committees.
- f. Review the overall level of risk maturity, geared towards a culture of improving risk-management throughout the organization.

## **7. ANNUAL 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 shall refer any recommended changes to the BOD for its approval.

## **8. EFFECTIVITY**

The Board of Directors during its meeting on October 28, 2021, approved this Revised Charter of the Risk Oversight Committee (ROC).

## ANNEX

| TERM                       | DEFINITION   |
|----------------------------|--|
| BOD                        | is the Board of Directors of Nat Re. The BOD has the responsibility for determining the strategic direction of Nat Re and for creating the environment and the structures for risk management to operate effectively.  |
| ROC                        | is the Risk Oversight Committee. The Risk Oversight Committee in general shall be composed of at least three (3) members, majority of whom should be Independent Directors, including the Chairman. The Committee shall assist the Board in the development and oversight of the company's risk management program. <i>(Amended By-Laws, Art V. Board Committees, Section 6. Risk Oversight Committee)</i> |
| Risk Assessment*           | Overall process of risk identification, risk analysis and risk evaluation  |
| Risk Management*           | coordinated activities to direct and control an organization with regard to risk   |
| Risk Management Framework* | set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization  |
| Risk Management Plan*      | scheme within the risk management framework specifying the approach, the management components, and resources to be applied to the management of risk  |
| Risk Management Policy*    | statement of the overall intentions and direction of an organization related to risk management  |
| Risk Management Process*   | systematic application of management policies, procedures, and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring, and reviewing risk  |
| Risk Management Program    | A formal process to understand and identify risks and prepare strategies to deal with them. This includes <i>identifying risks, quantifying, mitigating, implementing, reviewing, and continually monitoring the environment in which the company operates.</i>  |

*\*ISO/IEC Guide 73 Risk Management-vocabulary-Guidelines for use in standards/ISO 31000-Risk Management*