

## **Board Risk Oversight Committee**

The Board Risk Oversight Committee (BROC) shall be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three members, the majority of whom shall be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.

In case the company does not have BROC, the Audit Committee shall perform the duties and responsibilities of the said committee, as follows:

- a. Develops a formal enterprise risk, management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk strategies, processes and measures;
- b. Oversees the implementation of the enterprise risk management plan. Conducts regular discussions on the company's prioritized and residual risk exposures based on regular risks management reports and assess how the concerned units or offices are addressing and managing these risk;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. Revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advises the Board on its risk appetite levels and risk tolerance limits;
- e. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;

- f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
- h. Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.