	<b>Aboitiz Board Risk and Reputation Management Committee Charter</b>	<b>Document No.</b> RMT - 01
		<b>Effectivity Date</b> October 10, 2013
		<b>Revision</b> 2.00

# **BOARD RISK AND REPUTATION MANAGEMENT COMMITTEE CHARTER**

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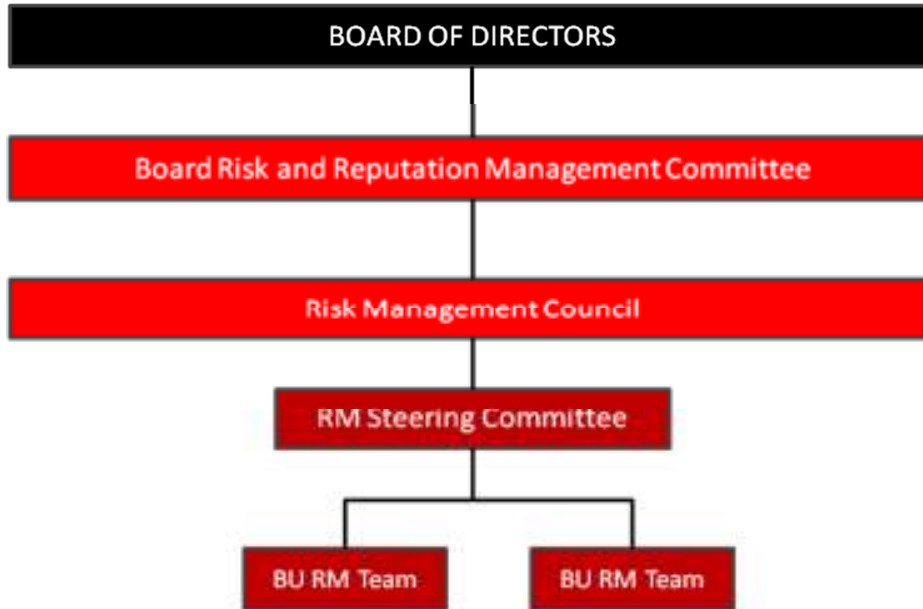
Governance Structure

**Board Risk and Reputation Management Structure**



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**Risk Management Structure**



**Reputation Management Governance Structure**



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### *General Purpose*

1. Oversight responsibilities with regards to the:

Risk Management

- Risk Appetite and Tolerance of the Group
- Risk Profile of the Group and its performance against the Defined Risk Appetite and Tolerance
- Risk Management Framework
- Governance Structure That Supports Its Framework

Reputation Management

- Reputation Issues Management
- Corporate Branding & Communication Strategy
- Governance structure to support its framework

1. Establish and maintain a constructive, collaborative relationship, with the Group's senior leadership, especially, the Group CEO, the Group Chief Risk Management Officer and the heads of each of the businesses within the Group.
2. Assist the Board, and to some extent the Board Audit Committee, in fulfilling its corporate governance responsibilities relating to risk management and reputation management.
3. Intended to assist the Board and not to pre-empt any Board responsibilities in making decisions related to risk management and reputation management. As appropriate, make recommendations to the Board for policy adoption.

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### *Composition*

- At least three (3) Directors, one (1) of whom shall be an independent director
- With another two (2) non-voting members in the persons of the
  - Chief Finance Officer
  - Chief Reputation and Risk Management Officer

### *Meetings*

- The Committee will formally meet at least four (4) times a year
- Otherwise, the Committee will meet at such times as determined by its Chairperson, or upon the request of any two (2) of its members.
- The Committee may meet by telephone or video conference and may take action by written consent, where such written consent may be in written or electronic form.

### *Quorum*

- The quorum for all meetings shall be no less than two-thirds the membership. However, for recommendations to be made to the Board on any matter all members have the right to input and agree, or register their disagreement

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## *Duties and Responsibilities – Risk Management*

### **Focus on Risk Management:**

#### **Governance**

- Approve principles, policies, strategies and structures to guide and support the RM process and implementation across the Group

#### **Process and Integration**

- Review of the methodology, tools and processes for identification, assessing, treating, monitoring and reporting risks. These include reviewing:
  - With management on an annual basis: the established risk appetite and risk tolerance,
  - The identification, assessment and treatment of key risks at Strategic, Project and Operational levels
  - Monitoring and follow-up the significant risks identified, including emerging risk issues and trends
  - The key strategies and results of the development, testing and audits of Business Continuity Plans (Emergency Response, Incident & Crisis Management and Business Recovery)
- Reviewing the integration and alignment of the Risk Management framework, concepts and process with key internal and external processes and management systems

#### **Risk Finance**

- Reviewing the framework and process for achieving the optimal balance between retaining and transferring risks. This includes the structures for the Risk Finance activities and the processes of Risk Finance with regards to.
  - Procurement and renewal of insurance lines
  - Claims management
  - Risk engineering surveys.
  - Captives management

#### **Capability Building**

- Review of the plan and performance of the Capability Building programs developed to raise awareness and enhance the Group's understanding and appreciation of risk management

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## RISK REPORTING

- Review the Group's risk management policy, at least on an annual basis.
- Provide a forum to review exposures and strategies to mitigate risks with relevant Group senior leaders and business managers
- Undertake a periodic review of the delegated authorization and control levels. Following consultation with the Group CEO and Group CFO, make recommendations to the Board related to any changes in these levels seen to be appropriate, based on this review.
- As and when appropriate, recommend to the Board seeking expert advice from external providers for specific needs for which internal expertise is unavailable, or for which an independent perspective is considered valuable.
- Review reports and significant findings of Internal Audit with respect to the risk management activities, together with management's responses and follow-up to these report
- Review significant reports from regulatory and government agencies relating to risk management and compliance issues, and management's responses, if any
- Ensure that risk reports (risk management plan, risk maps, etc.) are updated to reflect audit reports and findings above, including any additional risk information and mitigation
- Escalate to the Board Audit Committee for discussion at a joint session of the Audit and Risk Committees any items that have a significant financial statement impact or require significant financial statement/regulatory disclosures; and escalate other significant issues, including, but not limited to, significant compliance issues, as soon as deemed necessary by the Committee to a joint session of the Audit and Risk Committees.
- Review the appointment, performance and replacement of the Chief Risk Management Officer

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***Duties and Responsibilities – Reputation Management***

- Ensure proper Reputation Management framework implementation across the group
  - Issues Identification
  - Issues Evaluation (Analysis & Action)
  - Issues Monitoring
  -
- Review with management on an annual basis – Reputation Survey
- Review of Corporate Brand & Communication Strategy
- Review exposures and strategies to mitigate Reputation risks
- Review Social Media Strategy & Corporate Policy
- Review group CSR Strategy & Programs

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