

# BOARD RISK COMMITTEE CHARTER

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**MediCard**  
*Prescribed by Doctors*

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<b>Related Policies and Standards</b>	MEDICard Philippines, Inc. Corporate Governance and Procedure Manual AIA Group Code of Conduct Insider Trading and Abusive Dealing Policy Related Party Transactions Policy Anti-Corruption Policy Conflict of Interest Policy Employee Health Safety and Welfare Policy And all other relevant Corporate Governance Policies Board and Board-Committee Charters

## VERSION CONTROL\*

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## 1. DEFINITIONS

For the purpose of these charter (Charter):

**Affiliate** means with respect to MEDICard, a body corporate which MEDICard controls;

**ALCO** means an Asset Liability Management Committee, relating to the investment portfolios of the Company;

**Board** means the board of directors of MEDICard;

**Board Audit Committee** refers to the audit committee established by the Board;

**Board Risk Committee (BRC)** refers to the committee established by resolution of the Board in accordance with clause 2 of these Charter;

**Financial Risk** means the potential loss resulting from adverse movements in financial markets, changes in the financial condition of counterparties and in market liquidity to buy and sell investments. Financial Risk is subdivided into credit risk, market risk (which includes interest rate, credit spread, equity price, property price, and foreign exchange rate risk), and liquidity risk;

**Insurance Risk** is the potential loss resulting from mortality, morbidity, persistency, longevity, and adverse expense experience. This includes the potential impacts from catastrophic events such as pandemics and natural disasters;

**Non-Financial Risk** includes risks related to operational risk (the potential direct or indirect loss (including reputational loss) resulting from inadequate or failed internal processes, personnel and systems or from external events) and strategic risk (the risk of unexpected changes in the regulatory, market and competitive environment in which the MEDICard operates);

**AIA PH Group** refers to MEDICard and affiliates;

**AIA Philippines Enterprise Risk Management (ERM)** refers to the office responsible for the governance of the Risk Management Framework (RMF) for the AIA PH Group, working with the business decision-makers, to maintain consistent policies and processes that ensure that AIA PH Group is operating at all times within the Risk Appetite and is adhering to the high standards of conduct expected by our customers and regulators;

**Risk Appetite** refers to the broad level of risk MEDICard is willing to take and serves as a key guide in allocating the resource of an organization in accordance with its strategic planning. An organization's appetite for is reflected in its strategic planning and its corresponding allocations of capital.

**Risk Management Framework** provides the structure for identifying, quantifying, and mitigating risk across MEDICard. An effective RMF is the key to avoiding the financial and reputational damage that arises from inadequate or ineffective control of the risks in the business. The RMF is also the framework for the governance and management of risk within the Risk Appetite;

**Risk Management Policies** refers to guidelines meant to implement the Risk Management Framework;

**Risk Management Statement** means a high level statement of MEDICard's philosophy and approach to risk; and

**Risk Measurement Systems and Metrics** means any measure, approach, quantitative technique, ratio or similar tool that is recognized by the Board to measure level and distribution of risk in MEDICard in the context of its Risk Appetite.

**Risk Working Committee (RWC)** refers to an oversight working committee, related to Financial Risk, Insurance Risk, and Non-Financial Risk, established to have in place a comprehensive and effective system of risk management for MEDICard;

## 2. CONSTITUTION

The Board Risk Committee (Policy and Strategy) (BRC) was established by resolution of the Board on **March 2023**. It is a Committee of the Board of MEDICard Philippines, Inc. (MEDICard). The Charter defines the purpose, authority and responsibilities of the BRC (Policy and Strategy).

To the extent possible, while remaining compliant with their obligations, where efficiencies of function are possible between the Board Audit Committee and BRC, these committees may work together to submit joint reports and otherwise avoid duplication of their functions.

## 3. BRC OBJECTIVES

The Board has, among other things, the responsibility to determine the Risk Appetite, the Risk Management Statement and the Risk Management Framework. The Board Risk Committee shall provide advice to and assist the Board in reviewing and recommending the Risk Appetite, the Risk Management Statement and the Risk Management Framework. The Board Risk Committee shall approve the Risk Measurement Systems and Metrics.

## 4. MEMBERSHIP

The BRC shall be composed of three (3) members, majority of whom shall be independent directors, including the Chairman. If the Chairman is not present at a meeting the BRC may appoint an Acting Chairperson.

The BRC may invite any of the following persons to attend the BRC meeting, (if not already a member):

- a. Chief Risk Officer
- b. Chief Executive Officer
- c. Chief Operating Officer
- d. Chief Financial Officer
- e. Chief Actuary

- f. Chief Compliance Officer
- g. General Counsel
- h. Internal Auditor

## **5. MEETINGS, MINUTES AND RECOMMENDATIONS**

The BRC shall meet quarterly and may meet more frequently, if necessary.

The quorum for a meeting for the BRC is to be no less than three (3) members of all currently appointed BRC members.

The Corporate Secretary or in the absence of the Corporate Secretary, the Assistant Corporate Secretary shall prepare the minutes of the committee meeting and assist the chairperson in administering the business of the committee, including keeping minutes, reports and recommendations of BRC.

## **6. BRC RESPONSIBILITIES, POWERS, AUTHORITIES, AND DISCRETION**

Without limiting the generality of the Board Risk Committee's objectives and in addition to its duties and responsibilities under the Company's Revised Corporate Governance Policy and Procedure Manual, the BRC shall have the following responsibilities, powers, authorities and discretion in exercising non-executive oversight of risk:

- (i) The BRC is authorized by the Board to discharge its duties within these Charter including the creation, and necessary approval of any charter of relevant management committees as the Board sees fit. It is authorised to seek the risk management information it requires from the Directors and/or the management of AIA PH Group who are directed to co-operate with the Board Risk Committee; and
- (ii) The Board Risk committee is authorized by the Board to obtain external advice and to secure the attendance of third parties with relevant experience and expertise if it considers this necessary. The BRC shall be provided with sufficient resources to discharge its duties. The Board Risk Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the charter for any external risk management consultant who directly advises the Board Risk Committee.

In providing advice to the Board, the duties and responsibilities of the BRC shall generally include the following:

### **A. Risk Management Framework**

- (i) Review the adequacy and effectiveness of the Risk Management Framework of AIA PH Group including the allocation of resources to implement such framework at least on an annual basis; such review to cover changes in nature and extent of significant risks, and the Company's ability to respond to changes in its business

and the external environment; the scope and quality of Management ongoing monitoring of risks; and the extent and frequency of reporting to the Board Risk Committee on such monitoring; and

- (ii) Reviewing results of risk measures as reported by the AIA PH Group RWC and to review and approve recommendations as suggested by the Philam Group RWC any outside professional advisor or Board members in relation to the risk management activities of Philam Group.

#### B. Risk Appetite, Risk Management Statement and Risk Management Framework

- (I) In providing advice to the Board on Risk Appetite, the Risk Management Statement and the Risk Management Framework and approving the Risk Measurement Systems and Metrics , the BRC shall seek appropriate support from the MEDICard GRMC, ALCO, RWC, and the MEDICard ERM Office, together with advice and input from the management or functional group heads as deemed appropriate.

#### C. Review

- (i) Review the risk appetite capital adequacy assessment on a quarterly basis, and where necessary approve actions suggested by the Group CRO to bring capital within appetite;
- (ii) Ensure that material risks facing the Group have been identified, and that the Risk Profile adequately represents any significant issues relating to AIA PH Group's control environment with mitigating actions in place;
- (iii) 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 Group or as requested from time to time by any Director in consultation with the chairman of the Board Risk Committee; and
- (iv) Consider any findings of major investigations on risk management matters as delegated by the Board or on its own initiative and Management's response;

#### D. Support

- (i) Seek appropriate support from the MEDICard RWC, ALCO, MEDICard GRMC, together with advice and input from the Management;
- (ii) Assist the Board to obtain an annual confirmation from Management on the effectiveness of the Risk Management Framework;

#### E. Other Risk Duties and Responsibilities

- (i) Undertake or consider on behalf of the Chairman of the Board or the Board such other related tasks or topics as the Chairman of the Board or the Board may from time to time entrust to it; and

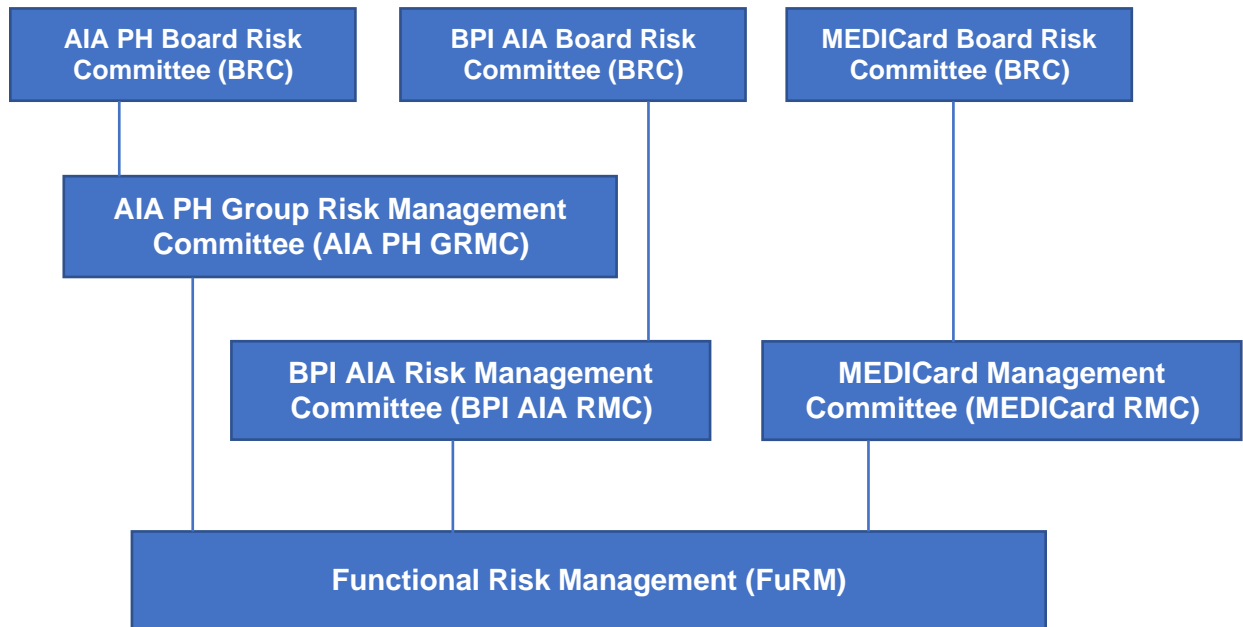


- (ii) Report to the Board on the matters set out in these Charter.

## 7. RELATIONSHIP WITH OTHER BOARD COMMITTEES

The chairman of the Board Risk Committee shall coordinate with chairman of the Audit Committee to help to ensure that both the Board Risk Committee and the Audit Committee have received all information necessary to permit them to fulfill their duties and responsibilities with respect to risk assessment and risk management.

## 8. REPORTING STRUCTURE



## 9. PERFORMANCE STANDARDS

An annual assessment of the performance of the Board Risk Committee shall be undertaken to serve as the best measures of their effectiveness. The Board should regularly carry out evaluations to appraise the performance of the committees. Performance Standards shall be developed for the purpose and shall form part of this Charter.