

**HOUSE OF INVESTMENTS, INC.
RISK MANAGEMENT COMMITTEE CHARTER**

1. PURPOSE AND OBJECTIVES

The House of Investments, Inc., (referred hereinafter as ***H.I.***) an operating, holding and management company with significant involvement in a number of industries through its various divisions, subsidiaries, associates, joint ventures, and managed companies, is exposed to risks that are particular to its nature of operations, and the environment in which it operates.

Risks arising from the operations across the enterprise of the companies mentioned below are the overall responsibility of ***H.I.***'s board (the ***Board***). To support it in this oversight responsibility, a *risk framework* will be set in place comprising of risk management committee (the ***Committee***) and risk management programs. The *risk framework* provides reasonable assurance that risks are assessed, treated, recorded, and monitored.

The objective of the ***Committee*** is to assist the ***Board*** in fulfilling its corporate governance responsibilities by monitoring and reviewing the corporate policies for identifying and managing relevant risk associated with the business of ***H.I.***

This risk management committee charter of ***H.I.*** is established to provide an appropriate structure that shall oversee that the covered companies, with respect to its risk management programs and strategies, are adequate and effective to mitigate the risk exposures. To perform one's role effectively, each ***Committee*** member shall obtain understanding of the detailed responsibilities of ***Committee*** membership as well as adequate knowledge of the relevant risk exposures.

2. COVERED COMPANIES

For purposes of risk management, the covered companies, consisting of the various divisions, subsidiaries, associates, joint ventures, and managed companies of ***H.I.*** are classified into ***Type 1*** companies and ***Type 2*** companies:

2.1 ***Type 1*** companies consist of entities under *direct control* for risk management purposes and they are as follows:

- a) Landev Corporation
- b) Greyhounds Security and Investigation Agency
- c) Blackhounds Security and Investigation Agency
- d) Honda Cars Quezon City
- e) Honda Cars Caloocan
- f) Isuzu Manila
- g) Zamboanga Industrial and Finance Corporation
- h) Hi-Eisai Pharmaceutical Inc.
- i) La Funeraria Paz Sucat, Inc
- j) Manila Memorial Park Cemetery, Inc
- k) RCBC Realty Corporation

2.2 **Type 2** companies consist of entities where risk management is *delegated and supervised* because these companies have established their own separate risk management charter and committee, by reason of the complexities of their operations, or if required by law or regulations.

- a) iPeople
- b) EEI Corporation

Each of the **Type 2** companies above has its own subsidiaries. The risk management of these subsidiaries is performed by the corresponding **Type 2** company.

3. AUTHORITY

- 3.1. It is the responsibility of the **H. I. Board** and the risk management committee of **H.I.** to oversee the establishment of and to supervise the risk management systems of the companies covered, either thru *direct control* of the **Type 1** companies, or *delegation of authority* to the **Type 2** companies.
- 3.2. *Direct control* and management of the risk is performed when a certain company under **Type 1** has no separate risk management committee and charter. *Direct control* involves **H.I.** conducting its own risk management and close supervision of this company.
- 3.3. Risk management is *delegated* and supervised when a certain company under **Type 2** has its own separate risk management committee and charter. Under the delegation model, **H.I.** nominates its directors on the board and risk management committee of the company. In addition, **H.I.** provides guidance and advice for the risk management systems of the company. **H.I.** takes the lead in risk management through the introduction of its risk management general framework and principles. Notwithstanding that risk management is delegated, certain risks of these companies are *directly managed* such as those mentioned under 3.4 below.
- 3.4. **H.I.** also conducts *direct control and management* on certain activities herein listed of each company whether belonging to **Type 1** or **Type 2**:
 - a) borrowing and financing;
 - b) approving all standard policies related to the general conduct of business, personnel and investment strategy;
 - c) approving contractual arrangements;
 - d) Stipulating which central services and supplies must be provided by **H.I.**, and by other specified companies, and which, if any will be outsourced. This central services and supplies are carried out by the **H.I.**'s centralized procurement office; and,
 - e) Other activities where **H.I.**, and the covered companies will be exposed to significant risks.

4. ORGANIZATION AND MEMBERSHIP

4.1. H.I. Risk Management Committee

- a) The *Committee* shall be composed of four (4) voting members of the *Board*, two (2) of whom shall be independent directors.
- b) There shall be *H.I.*'s Chief Risk Officer (*CRO*) who shall be an ex-officio non-voting member of the *Committee*.
- c) The chairman of the *Committee*, who must be an independent director, will be appointed by the *Board* from time to time.

4.2. *H.I.* also nominates its directors on boards, and risk management committee of certain covered companies under Section 2.

4.3. Membership Meetings

- a) The *Committee* shall meet at least quarterly, but more frequently if deemed necessary.
- b) The meeting shall be presided by the *Committee* chairman or in his absence, a delegated alternate.
- c) A quorum of the meeting will be three (3) voting members.
- d) The notice and agenda of the meeting will include relevant supporting papers as appropriate.
- e) The minutes of all meetings shall be submitted to the *Board*.
- f) The *CRO* shall provide the secretariat for the *Committee* meetings.

5. ROLES AND RESPONSIBILITIES

5.1. The *H.I. Board* is responsible for providing oversight for the covered companies' management of enterprise risks, including adherence to the risk management programs, policies and procedures, and applicable regulatory requirements.

5.2. The *Board* authorizes the *Committee*, within the scope of its responsibilities, to:

- a) Have full and free access to the covered companies' records and reports for the performance of its duties, and;
- b) Obtain assistance of other entities or seek outside professional help whenever necessary to accomplish assigned responsibilities.

5.3. The *Committee* will:

- a) Assess the major risk areas that impact across the enterprise of the covered companies;
- b) Review and evaluate effectiveness of the covered companies' risk management framework, programs, policies and procedures in relation to any local and international regulations and risk management standards;
- c) Review and update this charter as necessary, subject to *Board* approval.

5.4. The *CRO* will:

- a) Establish and communicate the risk management vision, mission, objectives and strategies in coordination with the Risk Management Committee;
- b) Act as the risk management champion, driving all the risk management activities in consultative and collaborative role across the enterprise such as the implementation of the appropriate Enterprise Risk Management (ERM) infrastructure;
- c) Keep abreast of ERM developments and the department's risk management capabilities;
- d) Coordinate the development of the risk recording and reporting tools and the ERM reporting requirements;
- e) Ensure that management action plans developed by program managers in response to audit, and evaluate recommendations to adequately address the risks identified in audit and evaluation reports;
- f) Implement the departmental crisis communications plan when an issue has been designated as a crisis by the President.

This Charter which was adopted by and approved by the *Board* at its meeting on the 27th day of March, 2009, is hereby revised and approved by the *Board* at its meeting on the 5th day of December, 2013.