

**HOUSE OF INVESTMENTS, INC.**  
**BOARD RISK OVERSIGHT COMMITTEE (BROC) CHARTER**

**1. PURPOSE AND OBJECTIVES**

House of Investments, Inc. (referred hereinafter as “HI”), an operating, holding and management company with significant involvements 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.

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 HI.

This Committee Charter is established to provide an appropriate structure to oversee that the HI Group of Companies, with respect to its risk management programs and strategies, are adequate and effective to mitigate its 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 the purpose of risk management, the covered companies, consisting of the various divisions, subsidiaries, associates, joint ventures, and managed companies of House of Investments are as follows:

- a) Landev Corporation
- b) Greyhounds Security and Investigation Agency
- c) Blackhounds Security and Investigation Agency
- d) Bluehounds Security and Investigation Agency
- e) Honda Cars Quezon City
- f) Honda Cars Caloocan
- g) Isuzu Manila
- h) iPeople, inc. – MAPUA Group
- i) La Funeraria Paz Sucat, Inc.
- j) Manila Memorial Park Cemetery, Inc.
- k) RCBC Realty Corporation

**3. AUTHORITY**

3.1. It is the responsibility of the Company’s Board of Directors and the Board Risk Oversight Committee to oversee the establishment of and to supervise the risk management systems of the covered companies.

3.2. HI directly manages certain activities herein listed of each covered company where significant risks can arise:

- 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 HI, and by other specified companies, and which, if any, will be outsourced. These central services and supplies are carried out by the HI centralized activities (i.e. procurement, finance, etc.);
- e) Other activities where HI and the covered companies will be exposed to significant risks.

#### **4. COMPOSITION**

The BROCC shall be composed of at least three members, the majority of whom are independent directors, including the Chairman. The Chairman shall not be the Chairman of the Board or of any other committee. At least one member of the Committee must have a relevant thorough knowledge and experience on risk and risk management.

##### **4.1. 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 two (2) voting members.
- d) The notice and agenda of the meeting will include relevant supporting papers as appropriate.
- e) The Chief Risk Officer shall provide the secretariat for the Committee meetings.

#### **5. ROLES AND RESPONSIBILITIES**

- 5.1. Identify and evaluate exposures - The BROCC shall assess the probability of each risk becoming a reality and shall estimate its possible effects/costs. Priority areas of concern are those risks that are most likely to occur and are costly when they happen.
- 5.2. Develop risk management strategies - The BROCC shall develop a written plan defining the strategies for managing and controlling major risks. It shall identify practical strategies to reduce the chance of harm/failure or minimize losses if the risk becomes real. The plan shall contain 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 the prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures.
- 5.3. Implement the risk management plan - The BROCC shall oversee the implementation of the enterprise risk management plan. It shall communicate the risk management plan and loss control procedures to affected parties. The BROCC shall conduct regular discussions on the

company's current risk exposures based on regular management reports of concerned units or offices on how to reduce these risks. It shall advise the board on its risk tolerance limits.

- 5.4. Provide oversight over Management activities in managing credit, market, liquidity, operational, legal and other risks exposures of the Company. These functions include regularly receiving information on risk exposures and risk management activities from management.

## **6. RISK MANAGEMENT COUNCIL**

As a support group for the BROOC, the Risk Management Council shall be created. It shall be composed of a group of officers which shall include the President/Chief Executive Officer, Chief Operating Officer, Head of Treasury-HI Group, Chief Risk Officer, Head of Group Internal Audit, SVP for IT Services, and Compliance Officer.

### **6.1 Duties and Responsibilities**

- a) The council shall define a risk management strategy.
- b) It shall identify and analyze risk exposures relating to economic, environmental social and governance (EESG) factors and the achievement of the organizations strategic objectives.
- c) It shall evaluate and categorize each identified risk using the company's predefined risk categories and parameters.
- d) It is responsible for developing a risk register with clearly defined, prioritized and residual risks.
- e) It is responsible for developing a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy.
- f) It shall communicate and report significant risk exposures including business risks (e.g. strategic, compliance, financial, and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee.
- g) It is responsible for monitoring and evaluating the effectiveness of the organizations risk management processes.

### **6.2 The CHIEF RISK OFFICER (CRO)**

In managing the company's Risk Management System, the company shall have a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfill his/her responsibilities, subject to a company's size, risk profile and complexity of operations.

The CRO has the following functions among others:

- a) Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation.
- b) Communicates top risks and the status of the implementation of risk management strategies and action plans to the Board Risk Oversight Committee.
- c) Collaborates with the President in updating and making recommendations to the Board Risk Oversight Committee.
- d) Suggests ERM policies and related guidance, as maybe needed.

e) Provides insights on the following:

- Risk management processes are performing as intended
- Risk measures reported are continuously reviewed by risk owners for effectiveness
- Established risk policies and procedures are being complied with.

This Charter which was adopted by and approved by the *Risk Management Committee* at its meeting on December 5, 2013, is hereby revised and approved by the *Board Risk Oversight Committee* at its meeting on November 8, 2017.

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