



MEGA RE INTERNATIONAL, INC.

RISK OVERSIGHT COMMITTEE CHARTER

1. PURPOSE AND AUTHORITY

Purpose Statement The Risk Oversight Committee is established to assist the Board in fulfilling its responsibility for oversight of Mega Re's risk management framework, including risk appetite, risk tolerance levels, and risk management strategies.

The Committee provides an independent perspective on the company's risk profile and ensures alignment with strategic objectives.

Authority

The Committee derives its authority from the Board of Directors and operates in accordance with the Company's Manual on Corporate Governance, applicable laws, rules, and regulations, particularly those issued by the Insurance Commission, including but not limited to:

- The Revised Corporation Code of the Philippines
- The Insurance Code of the Philippines, as amended by R.A. No. 10607
- IC Circular Letter No. 2020-71 on Corporate Governance Framework for Insurance Companies
- Other applicable regulations and best practices in risk governance

2. COMPOSITION

Membership Requirements

- The Committee shall be composed of at least three (3) members, the majority of whom shall be independent directors, including the Chairman
- The Chairperson of the Committee shall not concurrently serve as Chairman of the Board or of any other committee
- Members shall possess adequate knowledge and experience in the insurance industry risk management, financial/accounting background, and/or related fields

Appointment Process

- Members appointed by the Board upon recommendation of the Nomination Committee
- Terms aligned with Board directorship terms
- Provisions for rotation to balance continuity and fresh perspectives
- Process for filling vacancies mid-term, if any

3. ROLES AND RESPONSIBILITIES

Insurance Risk Management and Assessment Oversight

- Review and recommend for Board approval the Company's enterprise risk management (ERM) framework, risk appetite statement, and risk tolerance levels
- Oversee the implementation and effectiveness of the ERM framework across all levels of the organization
- Oversee implementation of the ORSA process and review results

Ensure integration of risk management into the strategic and operational planning processes.

- Review significant risk exposures and mitigation strategies
- Review capital adequacy relative to risk profile and regulatory requirements
- Oversee stress testing and scenario analysis programs

Investment Risk

- Review investment policy from a risk perspective
- Evaluate asset-liability management strategies
- Monitor market, credit, and liquidity risks in the investment portfolio
- Review investment performance against risk parameters

Monitoring and Evaluation

- Monitor key risk exposures, emerging risks, and the Company's responses thereto, including risks related to underwriting, reinsurance, reserves, investments, operations, legal/regulatory compliance, IT/cybersecurity, and natural catastrophes
- Regularly evaluate reports from management and internal audit on the status of risk exposures and mitigation efforts

Operational and Strategic Risks

- Oversee IT and cybersecurity risk management
- Review business continuity and disaster recovery plans
- Assess fraud prevention and detection processes
- Evaluate strategic and emerging risks

Coordination

- Work closely with the Audit Committee, Compliance Officer, Chief Risk Officer (CRO), and Internal Audit in ensuring a cohesive approach to internal controls and risk management
- Ensure risk-related findings and recommendations are addressed in a timely and effective manner Regulatory Compliance
- Ensure that the Company complies with relevant risk governance requirements imposed by the Insurance Commission and other regulatory bodies
- Facilitate the annual review of the Risk Management System as required by law
- Monitor compliance with regulatory requirements, particularly Insurance Commission regulations
- Review procedures for identifying and managing regulatory changes

Other Duties

- Periodically assess the Committee's effectiveness and recommend improvements
- Perform other duties and responsibilities as may be delegated by the Board or as required by regulation

4. MEETING PROCEDURES

- The Committee shall meet regularly or quarterly meetings at minimum
- A majority of the members shall constitute a quorum
 - The Committee may invite members of management, the CRO, external advisors, or other personnel as needed