

**WELLEX INDUSTRIES, INC.**  
**RISK MANAGEMENT COMMITTEE CHARTER**

This Charter establishes the purpose, composition, responsibilities, authority and operations of the Risk Management Committee (the “Committee”). The Committee was organized by the Board to provide an oversight on the risks exposure of the Group. This includes approval and overseeing the process used to identify, evaluate and manage identified risk.

**A. Definition of Terms**

**Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.

**Charter** – refers to this “Risk Management Committee Charter” as may be amended from time to time.

**Committee** – refers to the “Risk Management Committee”.

**Corporate Governance** – the system of stewardship and control to guide organizations in fulfilling their long-term economic, moral, legal, and social obligations towards their stakeholders.

Corporate governance is a system of direction, feedback and control using regulations, performance standards and ethical guidelines to hold the Board and senior management accountable for ensuring ethical behavior – reconciling long-term customer satisfaction with stockholder value – to the benefit of all stakeholders and society.

Its purpose is to maximize the organization’s long-term success, creating sustainable value for its stockholders, stakeholders and the nation.

**Enterprise Risk Management** – a process, effected by an entity’s Board of Directors, management and other personnel, applied in strategy setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risks to be within its risk appetite, and provide reasonable assurance regarding the achievement of entity objectives.

**Independent Director** – a person who is independent of management and controlling stockholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

**Management** – a group of executives given the authority by the Board of Directors to implement policies it has laid down in the conduct of the business of the Corporation.

**Stakeholders** – any individual, organization or society at large who can either affect and/or be affected by the Corporation’s strategies, policies, business decisions and operations, in general. This includes, among others, customers, creditors, employees, suppliers, investors, as well as the government and community in which it operates.

**The Corporation** – refers to Wellex Industries, Incorporated.

## **B. Rules of Interpretation**

All references to the masculine gender in the salient provisions of this Charter shall likewise cover the feminine gender. Unless the context otherwise requires, words in the singular include the plural, and vice versa.

All doubts or questions that may arise in the interpretation or application of this Charter shall be resolved in favor of promoting transparency, accountability and fairness to the stockholders and investors of the Corporation.

The headings in this Charter are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

## **C. Committee Structure and Membership**

### ***C.1. Composition***

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

The members of the Risk Management Committee, including the Chairman of the Committee shall be appointed and may be removed from the Committee, with or without cause, by the majority vote of the Board of Directors.

### ***C.2 Qualification of Committee Members/Chairman***

Each Member must be financially literate and the Chairman must have risk management or related financial management expertise, as such qualifications are interpreted by the Board in its business judgment. A director with extensive business management experience and with competence on financial management systems and environment may also be considered.

Member shall preferably be a Philippine citizen.

### ***C.3 Vacancy***

The office of a Member shall ipso facto be vacated:

1. if he resigns his office as a Member;
2. if he is removed by a resolution of the Board;
3. if he becomes of unsound mind; or
4. if he is subsequently disqualified from becoming a Member

A member shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the Board or its Nomination Committee, a member ceases to meet any of the independence criteria set forth in this Charter, or any of the qualifications set forth by the Corporation, or he becomes disqualified from directorship based on any grounds for disqualification set forth by the Corporation.

#### ***C.4 Delegation of Duties***

The Committee may form subcommittees for any purpose that it deems appropriate and may delegate to such subcommittees or to members of the Corporation's management such power and authority as it deems appropriate, provided, however, that any such subcommittees shall meet all applicable independence requirements and that the Committee shall not delegate to persons other than independent directors any functions that are required — under applicable law, regulation, or stock exchange rule — to be performed by independent directors.

#### **D. Committee Functions**

The Committee shall have the functions set out hereunder, and such other duties and powers as maybe delegated to the Committee by the Board, subject to such limitations as the Board may determine and notify to the Committee:

1. Assist the Board in ensuring that there is an effective and integrated risk management process in place;
2. Develop a formal enterprise risk management plan which contains 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 prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;
3. Oversee the implementation of the enterprise risk management plan. Conducts regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
4. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Risk Management Committee revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
5. Advise the Board on its risk appetite levels and risk tolerance limits;
6. Review at least annually the Corporation's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Corporation;
7. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Corporation and its stakeholders;
8. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
9. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

#### **E. Chief Risk Officer (“CRO”)**

In managing the Corporation’s Risk Management System, the CRO shall be the champion of Enterprise Risk Management (“ERM”) and has authority, stature, resources and support to fulfil his/her responsibilities, subject to a Corporation’s size, risk profile and complexity of operations.

The CRO has the following functions, among others:

1. Supervises the entire ERM process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
2. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Risk Management Committee;
3. Collaborates with the President in updating and making recommendations to the Risk Management Committee;
4. Suggests ERM policies and related guidance, as may be needed; and
5. Provides insights on the following:
  - a. Risk management processes are performing as intended;
  - b. Risk measures reported are continuously reviewed by risk owners for effectiveness; and
  - c. Established risk policies and procedures are being complied with.

#### **F. Meetings**

A meeting of the Committee may be called by its chairman or any of its members. In every meeting, a quorum shall be observed, which is at least a majority of the Members are present throughout the meeting. A Committee meeting shall be convened upon notice in writing or electronic notice, at least three days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting. Notice of a meeting shall be deemed to be duly served upon a Member if it is given to him personally, or sent to him by mail, email, short messaging system, or facsimile transmission to his address or facsimile number, as appropriate.

The Committee may request any officer or employee of the Corporation, or any special counsel or advisor, to attend a meeting of the Committee or to meet with any members of, or consultant to, the Committee.

The Committee may retain any independent counsel, expert or advisor (accounting, financial or otherwise) that the Committee believes to be necessary or appropriate. The Committee may also utilize the services of the Corporation’s regular legal counsel or other advisors to the Corporation.

The Committee shall appoint a Secretary who shall prepare minutes of the meeting of the Committee. Minutes of its meetings will be approved by the Committee and maintained on behalf of the Committee. Such records shall be open for inspection by any Member or Advisor upon reasonable prior notice during usual office hours of the Corporation.

#### **G. Reporting**

To keep the Board apprised on the results of the Committee’s activities, the Committee Chairman shall report to the Board following each meeting, significant matters discussed and acted upon.

#### **H. Performance Evaluation**

To ensure that the Committee will continue to fulfill its responsibilities in accordance with the global best practices, the Committee shall conduct an assessment of its performance through a self-assessment worksheet that has been prepared based on its responsibilities incorporated in the Revised Manual on Corporate Governance and in this Charter. Risk Management Committee shall formulate and implement plans to improve its performance. These shall include attending trainings/seminars intended for the Committee members to keep them updated with the latest corporate governance best practices, accounting and auditing standards, as well as other areas of concerns.

#### **I. Charter Review**

The Committee shall review and assess the adequacy of this Charter annually and recommend changes to the Board of Directors when necessary.

This Charter shall not be amended, altered or varied unless such amendment, alternation or variation shall have been approved by a resolution of the Board.

#### **J. Effectivity**

This Charter shall be effective upon approval by the Board of the Corporation.

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