



RECORD


BOARD RISK AND REPUTATION MANAGEMENT COMMITTEE CHARTER

1AP-ROP-ERM-001-R015

Communication Plan	
Target Date of Cascade	
Method of Cascade <input checked="" type="checkbox"/>	<input type="checkbox"/> Email <input type="checkbox"/> SPOC Meeting <input type="checkbox"/> Other Meeting <input type="checkbox"/> Training <input type="checkbox"/> Bulletin Board <input type="checkbox"/> Others: _____
Target Participants	

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<3.7, 5.2>	<1>	<3.7 Group's Senior Leadership - refers to Risk Management Council (RMC) composed of IAP Management Committee (Mancom) members 5.2 Three (3) non-voting members, addition of AP CCSO>	April 21, 2022

Document Approval				
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Approved by	AP BOD	AP Board of Directors		

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This Charter outlines the Board Risk and Reputation Management Committee’s mission and authority, governance structure, membership duties and responsibilities (including those of the committee members) and meetings and procedures.

1. PURPOSE

The Board Risk and Reputation Management Committee is established for the purpose of:


- 1.1 Providing a venue to discuss risk and reputation management strategies and plans of the Group
- 1.2 Establishing and maintaining a constructive and collaborative relationship among the Group’s senior management team and the Board
- 1.3 Assisting the Board, and to some extent the Board Audit Committee, in fulfilling its corporate governance responsibilities through better integration and collaboration of risk, reputation and audit management functions.

2. SCOPE

This document covers all Aboitiz Power Business Units and AP Corporate Service Units.

3. DEFINITION OF TERMS

- 3.1 SBUs - Strategic Business Units
- 3.2 BUs - Business Units composed of GEN BUs and DUs
- 3.3 CSUs - Corporate Service Units (CSUs)
- 3.4 ESCG - Environmental, Social and Corporate Governance Committee
- 3.5 Group - refers to 1AP composed of all AP Bus and AP CSUs
- 3.6 BOD - Board of Directors
- 3.7 Group’s Senior Leadership - refers to Risk Management Council (RMC) composed of 1AP Management Committee (Mancom) members
- 3.8 ESG - Environmental, Social and Governance

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4. GOVERNANCE STRUCTURE




Refer to Section 7 for the duties and responsibilities of each committee

5. MEMBERSHIP

The regular members of the Board Risk and Reputation Management Committee shall be the following:

- 5.1 At least five (5) Directors, with at least fifty percent (50%) of whom shall be independent directors and non-executive directors.
- 5.2 Three (3) non-voting members in the persons of the:
 - 5.2.1 Head of Risk Management
 - 5.2.1 Chief Corporate Service Officer

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5.2.3 Chief Finance Officer

6. CHAIRMAN OF THE COMMITTEE

Upon the recommendation of the Committee, the Board shall appoint one member of the Committee to be its chairman.

7. DUTIES AND RESPONSIBILITIES

7.1. Board of Directors


Please refer to the AP Board Charter

7.2. Board Risk and Reputation Management Committee

The committee is authorized to deal with any activity within its Charter, including the authority to secure the attendance of outsider experts with relevant experience and expertise as it deems necessary in the performance of its duties.

The Board Risk and Reputation Committee shall represent the Board in discharging its responsibility relating to risk and reputation management related matters across the Group as outlined below. The Committee does not have decision-making authority, except in the circumstances described herein or to the extent that such authority is delegated by the Board.

- 7.2.1. At least annually, reviews and approves the Group's Senior Leadership proposed changes or updates in the Risk Management Manual and Policies in consultation with individual business leaders and risk managers and recommend changes as appropriate.
- 7.2.2. Review and approve the Group's Senior Leadership proposed Group's risk appetite and tolerance at least annually and in consultation with Subject Matter Experts (SMEs) and risk managers. And if needed, recommend it for Board approval;
- 7.2.3. Review and oversee the following Group's Senior Leadership reports:
 - 7.2.3.1. AP Group-wide Top Risks, risk profile and treatment/mitigation plans (at least bi-annually) and make recommendations to the Board related to changes to the policy based on this review;
 - 7.2.3.2. SBU Top Risks (at least bi-annually)
 - 7.2.3.3. Emerging Risks (at least bi-annually)
 - 7.2.3.4. Project Risks (key projects with major impact to the Group or projects deemed as critical by the Group's Senior Leadership and/or the Board Risk and Reputation Management Committee)

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- 7.2.3.5. Risks deemed as critical by the-Group’s Senior Leadership and/or the Board Risk and Reputation Management Committee
- 7.2.3.6. Issues and trends (if necessary)
- 7.2.3.7. Compliance with the risk appetite and risk tolerance limits and established policies and procedures
- 7.2.3.8. Integration of risk management to other key processes (if necessary)
- 7.2.3.9. Overall adherence to the Group’s defined risk appetite;

- 7.2.4. Undertake a periodic review of the delegated authorization and control levels within the area of responsibility of the Board Risk Committee. Following consultation with the CEO, COO and CFO, make recommendations to the Board related to any changes in these levels seen to be appropriate based on this review;

- 7.2.5. Recommend to the Board external advisers when desired expertise for the specific need is not available internally


- 7.2.6. Ensure the proper implementation of the reputation management framework across the Group by identifying, evaluating and monitoring reputation issues to mitigate risks, including identified Environmental, Social and Governance (ESG) risks;

- 7.2.7. Review with the Group Senior Leadership the following:
 - 7.2.7.1. results of the reputation survey every two (2) years while the reputation maturity index shall be assessed and conducted annually by the reputation management team;
 - 7.2.7.2. Group’s strategy on corporate brand and communication, social media (including corporate policy), ESG/sustainability and corporate social responsibility
 - 7.2.7.3. exposures and strategies that will mitigate reputation risks, including manipulated content or propaganda to undermine the Group and monitoring of potential reputation issues in media;
 - 7.2.7.4. Relevant research broker and/or ESG reports impacting or potentially impacting the Company’s profile and reputation

7.3. Risk Management Council

- 7.3.1. Ensure a structured and consistent approach to Group risk management through establishing four major focus areas demonstrated as risk management strategic pillars: *Governance, Business Partnering, Process and Integration and Capability Building*.

- 7.3.2. At least annually, reviews and recommends to the Board Risk and Reputation Committee for their approval of the proposed changes or updates in the Risk


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Management Manual and Policies, including the Group’s risk appetite and tolerance, in consultation with individual business leaders, Subject Matter Experts (SMEs) and risk managers.

- 7.3.3 Continuously enhance corporate governance through regular review and assessment of the effectiveness of the Group’s Enterprise Risk Management (ERM) program, initiatives and capabilities; implement, as appropriate, improvements for deficiencies that arise with respect to the effectiveness of the program, initiatives and capabilities.
- 7.3.4 Assist the board in ensuring that the company has an effective risk management process by monitoring and reviewing the following risk management reports:
 - 7.3.4.1 Aboitiz Group-wide Top Risks, risk profile and treatment/mitigation plans (at least bi-annually) and make recommendations to the Group CEO related to changes to the policy based on this review;
 - 7.3.4.2 SBU Top Risks (at least bi-annually)
 - 7.3.4.3 Emerging Risks (at least bi-annually)
 - 7.3.4.4 Project Risks ((key projects with major impact to the Group or projects deemed as critical by the Group’s Senior Leadership and/or the Board Risk and Reputation Management Committee)
 - 7.3.4.5 Risks deemed as critical by the Group’s Senior Leadership and/or the Board Risk and Reputation Management Committee
 - 7.3.4.6 Issues and trends (if necessary)
 - 7.3.4.7 Compliance with the risk appetite and risk tolerance limits and established policies and procedures
 - 7.3.4.8 Integration of risk management to other key processes (if necessary)
 - 7.3.4.9 Overall adherence to the Group’s defined risk appetite;
- 7.3.5 Promote a proactive and dynamic perspective in monitoring and-managing all known and emerging risks, risk trends and mitigation strategies.
- 7.3.6 Establish a clear and credible approach to fulfilling its environmental, social and governance (ESG) responsibilities to avoid exposure to reputational risks.
- 7.3.7 Continually obtain reasonable assurance from risk management heads that all known and emerging risks have been identified and mitigated or managed
- 7.3.8 Reviews and approves any deviations by the business unit from the Group governance or policies related to risk finance strategies and/or programs

7.4. Risk Management Steering Committee

Please refer to the AP Risk Management Steering Committee Charter

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7.5. Insurance Management Committee

Please refer to the Insurance Management Committee Charter


7.6. Joint Board Risk and Reputation Management and Board Audit Committee

- 7.6.1. Review reports and significant findings of Internal Audit with respect to risk management activities especially risk treatment plan implementation.
- 7.6.2. Assess significant risk trends including regulatory changes and government actions and identify business areas where assurance is required and that this informs and updates the organization's risk profile.
- 7.6.3. Review and recommend to the Board new and significant amendments to policies and related items, in the areas of risk management, compliance management, and ensure compliance with applicable laws and regulations.
- 7.6.4. Oversee the adequacy of measures taken to mitigate organizational exposure to fraud and corruption, including receiving a report detailing all significant incidents and the manner in which they were dealt with.
- 7.6.5. Meet with the board, the external auditors and the internal auditors and other assurance functions on a need-basis to discuss issues and concerns warranting committee attention, including but not limited to the assessment reports of the effectiveness of the internal controls and risks management systems and the process for improvement.
- 7.6.6. Monitor the effectiveness of risk management functions across the Group and ensure that infrastructure, resources and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline.
- 7.6.7. Review annually the performance and terms of reference of the Committee in order to determine whether it is functioning effectively by reference to best practices

7.7. Committee Members

Each Committee member must:

- 7.7.1. Become familiar with the Committee mandate and obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business and operating environment.

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- 7.7.2. Act honestly and in good faith with a view of promoting the best interest of all stakeholders.
- 7.7.3. Exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances.
- 7.7.4. Regularly attend Committee meetings.
- 7.7.5. Effectively contribute during discussions.
- 7.7.6. Willingly offer alternative viewpoints to reflect own personal experiences and opinions.
- 7.7.7. Constructively engage with the COO, CFO and any other senior leader of the Company, who may be consulted for the purpose of the Committee being better informed or better positioned to offer the Company a more reliable recommendation.
- 7.7.8. Maintain external confidentiality related to details of Committee discussion, including the individual views of members other than as agreed for formal communication to the Company and/or Senior Management by the Committee as a whole.
- 7.7.9. Seek to find ways to continuously improve the efficiency and effectiveness of the Committee, taking any suggestions related to this to the Committee Chairperson for his consideration
- 7.7.10. Be prepared to receive and act upon any feedback received through the Committee Chairperson on ways that the member might improve performance as a Committee member.

8. MEETINGS AND PROCEDURES


8.1. Frequency

8.1.1. Regular Meetings

- 8.1.1.1. The Committee formally meet at least three (3) times a year
- 8.1.1.2. As necessary, the Committee may meet at such times as determined by its Chairperson, or upon the request of any two (2) of its members.

8.1.2. Joint Meeting with AP Board Audit Committee

- 8.1.2.1. The Joint Committees will formally meet once a year.
- 8.1.2.2. As necessary, the Committee will meet at such times as determined by both Chairpersons of the Board Risk and Reputation and Board

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Audit Committee, or upon the request of any two (2) joint committee members.

8.2. Conduct of Meetings

- 8.2.1. Invitations to meetings shall be sent by AEV Governance and Compliance Team through email and other electronic means prior to the date of the meeting.
- 8.2.2. The Committee may meet by telephone or video conference and may take action by written consent, where such written consent may be in written or electronic form.

8.3. Notice of Meetings


- 8.3.1. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, shall be forwarded by AEV Governance and Compliance Team to each member of the Committee and any other person required to attend no later than four (4) weeks or 28 days before the date of the meeting.
- 8.3.2. Should the Committee Chair decide that confidentiality is required on a particular agenda item, a general description of the subject to be discussed and an explanation of the need for confidentiality needs to be provided to the Committee members in advance.

8.4. Agenda

- 8.4.1. The agenda for the meetings will be set by the Chairperson of the Committee.
- 8.4.2. Individual members of the Committee will have the right to place items on the meeting agenda. Items to be discussed in the meeting must be included on the agenda, but under exceptional circumstances an item not on the agenda may be addressed at the meeting provided all members present or represented agree to this addition.
- 8.4.3. Agenda of meetings will be sent out by the AEV Governance and Compliance Team through email and other electronic means two (2) weeks or 14 days prior to the date of the meeting.
- 8.4.4. Board Committee materials shall be circulated by the AEV Governance and Compliance Team five (5) days prior to the date of actual meeting in accordance with the existing Board Charter of the company.

8.5. Quorum

The quorum for all meetings shall be no less than two-thirds the membership. However, for recommendations to be made to the Board on any matter all members have the right to input and agree, or register their disagreement

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8.6. Minutes of Meetings

- 8.6.1. The assigned member shall document the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.6.2. The assigned person will keep a record of its meetings for reference and tracking of action items.
- 8.6.3. Minutes of Committee meetings shall be circulated not later than three (3) working days from the date of the meeting to all members of the Committee for review.

8.7. *Per Diems*

The committee members shall be entitled to per diem for every attendance to a Committee meeting.

9. REPORTS OF THE BOARD RISK AND REPUTATION MANAGEMENT COMMITTEE

The Chairman of the Committee shall submit to the Board a copy of the minutes of the Committee meeting six (6) calendar days prior to the meeting of the Board and discuss with the Board the highlights of the matter discussed during the Committee meetings.

10. ANNUAL PERFORMANCE REVIEW

The Board Risk and Reputation Committee shall perform an annual self-assessment exercise. The results shall be communicated to Environmental Social and Corporate Governance Committee (ESCG)


11. CONFIDENTIALITY

In the course of its deliberations, or through reports and other information provided to it, Committee members may become party to knowledge that is confidential or sensitive in nature.

The Committee and each of its members has a duty of care related to such knowledge and a responsibility that such knowledge not be transferred knowingly or unknowingly to any person not entitled to such information.

In situations where such knowledge is extremely confidential or sensitive, the Committee may choose to avoid any record in writing of that particular knowledge, to avoid risk of inadvertent spreading of such knowledge.

12. REVIEW AND AMENDMENT OF CHARTER

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The Committee shall review and assess, at the last committee meeting of the year, the adequacy of the charter at least annually and obtain the approval of the full Board of Directors for any revisions thereto or for any case where external bodies may suggest a change.

Suggestions by such external bodies, however, are subject to the approval of the full Board of Directors.

13. EFFECTIVITY CLAUSE

This Charter will be endorsed for approval to the Board of Directors of Aboitiz Power Corporate, Inc. during their regular meeting on April 21, 2022 and shall take effect immediately.