

	Board Risk Oversight Committee Charter	
	Effectivity Date 20 February 2017	Page 1 of 2

This Charter establishes the purpose, composition, authority and responsibilities of the Board Risk Oversight Committee (the “Committee”).

I. PURPOSE AND AUTHORITY

The Board of Directors of SM Prime recognizes that risk management plays an integral part to achieving the Company’s long-term business and value creation objectives.

To allow the Board Risk Oversight Committee to discharge its duties and responsibilities, the Committee is authorized to call for a meeting, gain access to all relevant data/resources within the Company, obtain professional training, advice or expertise and may cause for investigation of any activities within the scope of its responsibilities.

II. COMPOSITION AND MEETINGS

1. The Committee shall consist of at least three (3) members of the Board, majority of whom shall be independent directors. The Committee shall be chaired by an independent director, who is not at the same time the Chairman of the Board or of any other Board Committee. Its members shall have adequate and competent understanding of risk management principles, in addition to thorough knowledge of the Company’s business and industry in which it operates.
2. Members of the Committee shall be designated by the Board annually and each member shall serve until such member’s successor is duly designated or until such member’s resignation or removal. Any member of the Committee may be removed from the Committee, with or without cause, by a majority vote of the Board.
3. The Committee shall meet at least quarterly with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting. The Committee may invite the Chief Risk Officer and/or other members of Management, heads of business units, Chief Audit Executive, and the external auditor, to attend meetings and provide pertinent information, as necessary.
4. The Committee Secretary, under the direction of the Committee Chairman, shall prepare and provide in advance to all Committee members the notice of meeting, the meeting agenda, minutes of previous Committee meeting and the appropriate briefing materials.

III. DUTIES AND RESPONSIBILITIES

The Committee is duty-bound to perform and carry out the following responsibilities:

- a. Develops a formal enterprise risk management plan;
- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness;



Board Risk Oversight Committee Charter

Effectivity Date
20 February 2017

Page
2 of 2

- d. Advises the Board on its risk appetite levels and risk tolerance limits;
- e. Reviews at least annually the Company's risk appetite levels and risk tolerance limits;
- f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company;
- h. Reports to the Board on a regular basis, or as deemed necessary, the Company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary; and
- i. Performs other duties and responsibilities as the Committee may deem appropriate within the scope of its primary functions or as may be assigned by the Board.