

## BOARD RISK OVERSIGHT COMMITTEE

### I. PURPOSE

The Board Risk Oversight Committee (“BROC”) of PGA Sampo Insurance Corporation (the “Company”) is established to support the Board of Directors (“Board”) in ensuring that there is an effective and integrated risk management process in place in the Company. The BROC shall be responsible for the oversight of the Company’s Enterprise Risk Management system to ensure its functionality and effectiveness.

### II. COMPOSITION

The BROC shall be composed of at least three (3) members, the majority of whom shall be Independent Directors, including the Chairman.

The Chairman shall not be the Chairman of the Board or of any other committee and at least one (1) member of the Committee must have relevant thorough knowledge and experience on risk and risk management.

### III. DUTIES AND RESPONSIBILITIES

The BROC shall have the following duties and functions:

1. Develops 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.
2. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the Company’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;
3. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC 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;

4. Advises the Board on its risk appetite levels and risk tolerance limits;
5. Reviews at least annually the Company'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 company;
6. Assesses 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 Company and its stakeholders;
7. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
8. 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.

#### **IV. MEETINGS**

The Committee shall hold meetings at such times and places as it considers appropriate provided that not less than four (4) meetings shall be held each year.

The meetings shall be upon a call of the Chairman of the Committee or at least majority of the members, with the majority of them present in person or via tele/videoconferencing.

#### **V. REMUNERATION OF THE MEMBERS**

The members of the BROCC shall not receive any fees or remuneration in their capacity as such and in connection with the services provided with the Committee except for per diems as may be authorized and approved by the Board.

#### **VI. RESOURCES AND AUTHORITIES**

1. The Committee shall have the resources and authorities appropriate to discharge its functions, duties, and responsibilities including the authority to engage appropriate internal and external consultants and other experts;
2. The Committee shall report directly to the Board on its decision or recommendation unless there are legal or regulatory restrictions on its ability to do so;
3. The Committee shall have the right to require Management of the Company to attend the Committee Meetings or to provide information and reports that may be required in performing its duties.

## **V. PERFORMANCE ASSESSMENT**

1. The Committee shall be subject to an annual performance evaluation by the Board;
2. Such assessments shall cover the following aspects:
  - a. The Committee Charter and the requirements thereto;
  - b. Composition of the Committee;
  - c. Duties and Responsibilities;
  - d. Meetings; and
  - e. Individual Performance of the Members including their attendance at the Committee meetings.

## **VI. AMENDMENT OF THE CHARTER**

The Committee shall revisit, review, and evaluate the contents of this Charter at least annually. The updates and amendments thereto shall be approved by the Board.

This Board Risk Oversight Committee Charter was approved by the Board on May 28, 2020.