

**Upson International Corp.**  
**Risk Management Committee**  
**Charter**

**I. Introductory Statement**

This Risk Management Committee (or “RiskCom”) Charter enumerates the composition and members’ qualifications, duties and responsibilities, and other rules and procedures of the Risk Management Committee of Upson International Corp. (“Upson” or UIC), which may be necessary for the RiskCom to effectively perform its function to assist the Board of Directors (the “Board”) of Upson.

**II. Composition and Members’ Qualifications**

- a. The Risk Management Committee shall be composed of at least three (3) appropriately qualified directors, at least two (2) of whom should be independent directors, including its Chairperson. The Chairperson should not be the Chairperson of the Board.
- b. The Board shall be the one to appoint the members, including the Chairperson, of the Risk Management Committee.
- c. In case of vacancy, the Board shall appoint a qualified replacement to avert possible impairment to the RiskCom’s functions.

**III. Duties and Responsibilities**

- a. The RiskCom has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. With an integrated approach, the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

The Risk Management Committee shall have the following duties and responsibilities, among others:

- i. 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;
- ii. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The RiskCom shall conduct regular discussions on UIC’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;

- iii. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Risk Management Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
  - iv. Advise the Board on its risk appetite levels and risk tolerance limits;
  - v. Review at least annually Upson'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 UIC;
  - vi. Assess the probability of each identified risk becoming a reality and estimate 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 Upson and its stakeholders;
  - vii. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of UIC. This function includes regularly receiving information on risk exposures and risk management activities from Management; and
  - viii. Report to the Board on a regular basis, or as deemed necessary, UIC's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary.
- b. Regularly appraise the Board of its committee activities. The appraisal shall include an annual Risk Management Committee report and/or matters to be ratified, endorsed, or approved by the Board.
  - c. Annual review of this Charter. If deemed necessary, the updating of this Charter shall be endorsed to the Board for approval.
  - d. The compliance with regulatory requirements concerning risk management matters, subject to the Board's review and approval.
  - e. Other functions, as delegated by the Board, shall also be performed by the RiskCom.

#### **IV. Meetings**

- a. The Risk Management Committee shall meet at least twice every year, which may also be attended by the President and/or Chief Executive Officer, other management team members, and external experts, as it may deem necessary.
- b. The majority of the RiskCom members shall be required to constitute a quorum, carry an act, or approve a resolution.
- c. Minutes of Risk Management Committee meetings shall be recorded and made available for inspection purposes.
- d. Members of the RiskCom and other invited attendees who cannot physically attend a meeting can participate through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunities to participate, and shall be considered present during the meeting.
- e. A Risk Management Committee member who has a potential interest in any related party transaction must recuse from participating in the discussion of the related party transaction without prejudice to compliance with the requirements of Section 31 of the Revised Corporation Code.

#### **V. Other Rules and Procedures**

- a. An annual evaluation shall be conducted to assess the RiskCom's performance, and to determine, implement, and monitor plans to improve its performance.
- b. The Risk Management Committee shall be assisted by the Management team in the execution of its functions.
- c. In the fulfillment of its functions, the RiskCom shall be guided by Upson's mission and vision.
- d. This Charter likewise directs the Risk Management Committee to adhere with best local and international standards and practices, subject to the RiskCom and Board's discretion.