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"Bayani ka, gurong Pilipino. Ang PPSTA, kumakalinga sa iyo."

# RISK MANAGEMENT AND RELATED PARTY TRANSACTION COMMITTEE CHARTER

## I. Purpose

The Committee's goal is to guarantee that related party transactions (RPTs) and risk management systems are suitable, well-executed, and in accordance with all applicable laws, rules, and standards.

## II. Principles of Good Governance

As outlined in the Governance Committee Charter, the PPSTA Manual of Corporate Governance, and relevant regulatory rules, the Committee will uphold the fundamentals of sound corporate governance.

## III. Scope

The Committee will be in charge of overseeing issues related to RPTs, major risk management, and other particular PPSTA strategic goals that the Board of Trustees may designate.

## IV. Authority

Within the parameters of its duties, the Board gives the Committee permission to:

A. Ask for whatever information it needs from: 1. whatever officer or employee instructed to assist with requests; 2. Outside parties; 3. Board of Trustees, Management, line managers, supervisors, and the TWG members.

B. When required, seek independent professional, legal, or expert opinion.

C. When necessary, mandate that Association officers attend meetings.

Each Committee member and the Chairman may rely on the veracity of the information provided as well as the honesty and knowledge of those supplying it.

## V. Resources

The Committee will have the tools and power required to fulfill its duties, including the ability to hire, retain, and fire independent consultants, the expenses of which will be covered by PPSTA.

## VI. Responsibilities

### A. Risk Management

The Committee will:

1. Create an official corporate risk management plan that consists of the following:
- A common vocabulary or risk registry;
- Clearly stated goals, objectives, and supervision for risk management;
- Consistent procedures for risk assessment and risk management strategy development;
- Creating and putting into practice risk management plans;
- Ongoing evaluations to enhance risk management plans, procedures, and controls.

2. Make that the risk management plan is adopted and properly implemented; review and make any necessary revisions.

3. Have frequent conversations about residual and prioritized risks, as well as how concerned units are handling them.

4. Provide the Board with advice regarding tolerance and risk appetite levels.

5. Evaluate risk tolerance and appetite once a year, or more frequently as needed.

6. Evaluate the likelihood and financial impact of the risks that have been identified, giving priority to those that are more likely to have an influence on the stability and performance of PPSTA.

7. Supervise management's efforts to control operational, legal, market, credit, and liquidity risks, among others.

8. Inform the Board of significant risk exposures and suggest countermeasures.

9. Ensure that the Association as a whole has a culture of caution and risk awareness.

## B. Related Party Transactions (RPTs)

The Committee will:
1. Examine material RPTs that are over the board approval criteria.
2. For board confirmation, support RPTs below the materiality level.
3. Constantly assess counterparty relationships to guarantee accurate RPT identification and tracking.
4. Make sure RPTs are fair, done at arm's length, and in PPSTA's best interests.
5. Make sure that regulators and overseeing authorities are properly informed about RPT exposures and conflict-of-interest management.
6. Provide the Board with frequent updates on the exposure levels and status of RPTs.
7. Verify that RPTs and associated write-offs are audited or reviewed by an outside party.
8. Defend the rights of minority members by making sure that there are recourse options for abusive behavior.
9. Supervise the deployment of an RPT management system to detect, track, quantify, regulate, and report RPTs.

## VII. Membership

A majority of the non-executive trustees appointed by the Board of Trustees, including the Chairman and Vice Chairman, will be independent members of the Committee. The chairman will not serve as the chairman of any other committee or the chairman of the board. A minimum of one person must possess pertinent risk management knowledge and expertise. Board membership and Committee membership will be concurrent.

## VIII. Meetings

Before board meetings, the Committee will meet once a month or more frequently as needed. When needed, resource people may be invited. Meeting minutes will be prepared and securely stored by the Board Relations Office.

## IX. Role of the Technical Working Group (TWG)

The chairman of the risk management committee, the risk officer, and the heads of the compliance and risk management offices will make up the TWG. It will:

1. Report on related party transactions and risk management.
2. Carry out administrative tasks associated with committee duties.
3. Perform studies or research as needed and report findings to the Committee.

## X. Board Assessment of the Committee

The Board of Trustees-approved Performance Management System will serve as the basis for the Committee's evaluation.

## XI. Charter Review

At least every two years, or more frequently as needed, this Charter will be revised. The Board of Trustees will review and approve all changes.