A. Purpose

The Risk Management Committee (the "Committee") is to assist the MERALCO Board of Directors in fulfilling its oversight responsibilities in establishing a risk management infrastructure capable of addressing risks to the Company.

B. Authority

The Committee shall have the authority, duties and responsibilities as set out herein and such other duties and powers as may be delegated to the Committee by the Board.

In the performance of its duties and responsibilities, the Committee is empowered to:

- Oversee that Management identifies, assesses and addresses the risks to the Company such as but not limited to strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, and reputational risks.
- Ensure the division of risk-related responsibilities and perform a gap analysis to determine that the oversight of any risks is not missed.
- Review and endorse the Company's enterprise wide risk management framework for approval of the Board.
- Lead investigations into any matters within its scope of responsibility and receive auxiliary services from internal and external parties as necessary, to perform its duties and responsibilities.

C. Duties and Responsibilities

To carry out its purposes, the Committee shall have the following duties and responsibilities.

1. Oversee the Company's risk management framework, the policies and processes adopted by Management with respect to risk identification and assessment, development of risk management strategies including the development and implementation of a Business Continuity Plan and monitoring of risk management performance;

Reviewed By:	**Endorsed By:**	**Approved By:**
(Ret.) CJ Artemio V. Panganiban Chairman, Risk Management Committee	**Pedro E. Roxas** Chairman, Nomination and Governance Committee	**Manuel V. Pangilinan** Chairman of the Board

2. Oversee the Company's framework for fraud prevention and detection including its whistle blowing program; and

3. Review the appointment or replacement of the Enterprise Wide Risk Management (EWRM) Head who shall functionally report to the Committee and ensure effectiveness of the Company's risk management framework. The EWRM Head shall oversee risk management activities and shall report and discuss with the Committee about the Company's significant or major risk exposures, if any, and the steps taken by Management to manage and monitor such risks.

D. Members

1. The Members, including the Chairman thereof, shall be appointed by the Board annually.

2. The Committee shall be composed of at least 3 directors, majority of whom shall be Independent Directors. The Chairman shall be an Independent Director.

3. The Committee shall plan for succession for due consideration of the Nomination and Governance Committee. Such plan may consider among other things the continuity of the Committee's work and the orderly transfer of accumulated knowledge.

4. Any member of the Committee may be removed from office only by the Board of Directors.

E. Meetings

1. 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. These meetings shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of majority of the Members. Such meetings shall be convened by not less than three (3) days' notice in writing, specifying the place, date, time and agenda.

2. The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.

Reviewed By:	**Endorsed By:**	**Approved By:**
(Ret.) CJ Artemio V. Panganiban Chairman, Risk Management Committee	**Pedro E. Roxas** Chairman, Nomination and Governance Committee	**Manuel V. Pangilinan** Chairman of the Board

3. Notwithstanding that a meeting shall be called by shorter notice, it shall be deemed duly convened if so agreed by the majority of the Members present in the meeting at which there is a quorum.

4. Members may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

5. Resolutions at a Committee meeting at which there is a quorum shall be passed by a majority of votes of the Members present at such meeting. In case of equality of votes, the Chairman shall not have a casting vote.

F. Amendment of this Charter

This Charter shall not be amended unless such amendment shall have been duly approved by a resolution of the Board of Directors.

Reviewed By:

(Ret.) CJ Artemio V. Panganiban
Chairman, Risk Management Committee

Endorsed By:

Pedro E. Roxas
Chairman, Nomination and Governance Committee

Approved By:

Manuel V. Pangilinan
Chairman of the Board