

LIFE & HEALTH HMP, INC.

RISK OVERSIGHT COMMITTEE CHARTER

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I. PURPOSE

This Charter sets forth the authority and responsibilities of the Risk Oversight Committee (RO Committee or the Committee) of the Board of Directors (BOD) of Life & Health HMP, Inc. (the Company).

The RO Committee assists the BOD in ensuring that there is an effective and integrated risk management process in place. The Committee serves as the oversight of the BOD to ensure the Company's Enterprise Risk Management (ERM) System's functionality and effectiveness.

With an integrated approach, the BOD and Senior 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.

II. AUTHORITY

The RO Committee shall have the authority to examine records, accounts, files, and documentations. The Committee is authorized to review the Company's internal processes and controls and oversee its compliance with applicable laws and regulations as well as the Company's policies and internal regulations.

The Committee shall also have the power and authority to delegate any of its duties or responsibilities herein to a subcommittee comprised of one or more members of the Committee.

There should be clear communication between the RO Committee and the Chief Risk Officer (CRO).

MEMBERSHIP

Composition

1. The RO Committee shall be composed of at least three members of the BOD, all of whom should be independent and non-executive directors including the Chairman. The Chairman of the RO Committee shall not be the Chairman of the BOD or of any other board-level committee.
2. At least one member of the Committee must have relevant and thorough knowledge and experience on risk and risk management.
3. Each member of the RO Committee shall serve a term of one year or until his replacement is duly appointed. The members of the Committee may be re-appointed by the BOD.
4. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced below three, the BOD shall, within three months of that event, appoint such number of new members as may be required to make up the minimum of three members.
5. The member appointed to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly appointed and qualified.
6. The composition of the Committee will be reviewed annually by the BOD.
7. RO Committee members will serve at the pleasure of the BOD and may be removed by the BOD in its discretion.

Appointment

The BOD will appoint annually the RO Committee members and chair. The Company's Chief Risk Officer shall be designated as the Secretary of the Committee.

Qualifications

1. Members of the RO Committee shall be free from any relationships that, in the opinion of the BOD, would interfere with the exercise of his or her independent judgment as a member of the Committee.
2. Committee members shall:
 - Have knowledge of the primary activities of the Company and the industry in which it operates.
 - Have an adequate knowledge and experience on risk and risk management.
 - Attend seminars on risk management and such other trainings as appropriate and conducted by duly recognized private or government entities to keep their skills and expertise current and relevant.
3. The BOD will perform an annual review to confirm the qualifications of the RO Committee.

Disqualifications

1. The office of a member of the RO Committee shall be vacated:
 - If he resigns his office as a member.
 - If he is removed by a resolution of the BOD.
 - If he becomes of unsound mind; and
 - If he is subsequently disqualified from becoming a member.
2. A member shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the BOD, a member ceases to meet any of the independence criteria or to possess any of the qualifications for directorship.

III. RESPONSIBILITIES

The RO Committee has the following duties and responsibilities:

1. Develops a formal ERM 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 ERM plan through a management-level risk committee. The RO Committee conducts regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned business areas are addressing and managing these risks.
3. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. The RO Committee 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 BOD on its risk appetite levels and risk tolerance limits.
5. Reviews at least annually or more frequently as the need arises 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. Promotes open discussions regarding risks faced by the Company that may have potential impact on the Company's operations as a whole and ensures that risk awareness culture is embedded throughout the Company.
7. 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.
8. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal, reputational, and other risk exposures of the Company. This function includes regularly receiving information on risk exposures and risk management activities from Management.
9. Ensures that the Company has elected or appointed a CRO, who is the ultimate champion of ERM and has adequate authority, stature, resources, and support to fulfill his / her responsibilities, subject to the Company's size, risk profile, and complexity of operations.
10. Reports to the BOD 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
11. Perform any other activities consistent with this Charter that the BOD determines are necessary or appropriate; and

IV. MEETINGS

Quorum

A quorum at any meeting of the RO Committee shall consist of a majority of its independent and non-executive members who are present throughout the meeting, **whether physically or through remote communication.**

Frequency of Meetings

The RO Committee shall meet at least once every quarter at the **flr. room** The Coco Mall Osmeña Blvd., Cebu City, or as often as necessary, or at the call of the Chairman or a majority of the members.

Notice of Meetings and Agenda

1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee, or upon the request of majority of the members.
2. Notice of each meeting confirming the venue, time, and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend, no later than one week prior to the meeting.
3. The Chairman will approve the agenda for meetings and any member may suggest items for consideration. Members are authorized to directly request information or seek clarification from Management to facilitate a healthy discussion during the meeting.

Attendance to Meetings

1. All Committee members are expected to attend and actively participate in all meetings in person or via tele- or videoconference, as authorized by the Company's By-laws.
2. The Chairman of the Committee shall preside in all meetings. In the absence of the Chairman, the Committee members present shall elect one of their members to act as the Chairman.
3. The RO Committee may request any officer or employee of the Company or outside counsel to the Company or any special counsel or advisor to the Committee to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

Resolutions

1. Resolutions by the RO Committee shall be subject to any applicable provision of the Company's Risk Management Framework and Policy.
2. Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of the members present at such meeting, whether physically or through remote communication
3. Each member, including the Chairman of the Committee, shall have one vote.
4. Members of the Committee may exercise his vote through remote communication, as authorized by the Company's By-laws.
5. In case of an equality of votes, the Chairman of the Committee shall be entitled to a second or casting vote. The Chairman must act in good faith in this regard to use the casting vote to resolve disputes and attempt to achieve consensus, and not to promote personal interests.

Escalation

The Committee shall timely refer to the BOD its recommendations or decisions which require ratification or approval by the BOD or, if otherwise, as it may deem necessary or proper.

Minutes of Meetings and Records

1. The Secretary shall minute the proceedings and the resolutions of all meetings of the Committee, including the names of those present and in attendance.
2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflict of interest exists, the member subject to the conflict shall not participate or vote on the issue giving rise to the conflict.
3. Minutes of meetings shall be circulated promptly to all members of the Committee and once agreed, to all members of the BOD, unless a conflict of interest exists.
4. Minutes of all meetings shall be formally approved by the RO Committee at its next scheduled meeting.
5. Minutes of all meetings shall be maintained by the Secretary, along with the following records:
 - Appointments and resignations of the members; and
 - All agenda and other documents sent to the members.
6. Any such meetings and records shall be open for inspection by any member upon reasonable prior notice during usual office hours of the Company.

V. REPORTING RESPONSIBILITIES

The RO Committee shall regularly report to the BOD about its activities and issues that arise with respect to compliance with and proper observance of the Company's risk management framework and policy.

The RO Committee, through its Secretary, shall prepare its Annual Committee Report, describing the Committee's composition, number of meetings, meeting attendance, responsibilities, and how they were discharged, and such other accomplishments and activities.

VI. PERFORMANCE EVALUATION AND CONTINUOUS IMPROVEMENT

The Committee shall conduct a self-assessment of its performance at least once a year.

As a body, the Committee shall evaluate its performance by filling up a self-assessment worksheet that shall benchmark its practices against the expectations set out in this Charter.

The Committee members shall obtain and subject itself to an independent assessment by the BOD relative to its performance in accordance with expectations set out in this Charter and the discharge of its responsibilities. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution, or professional organization.

Based on the results of the self-assessment, formulate, and implement plans to improve its performance. These shall include the identification of relevant training needs intended to keep the Committee members up to date with RO best practices.

VII. ANNUAL REVIEW OF THE CHARTER

The RO Committee shall annually review and propose amendments (if any) to the RO Committee Charter and endorse such for BOD approval.