

PACIFIC UNION INSURANCE COMPANY
BOARD RISK OVERSIGHT COMMITTEE CHARTER

1. PURPOSE

The Board Risk Oversight Committee (BROC) is responsible for the oversight of the company's Enterprise Risk Management system to ensure its functionality and effectiveness.

2. COMPOSITION

The Committee shall consist of at least three members, majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The Chairman shall conduct and preside at each meeting of the Committee. If the Chairman is not present, the members of the Committee may designate a Chair by majority vote of the Committee membership. Each appointed Committee member will be subject to annual reconfirmation and may be removed by the Board at any time, with or without cause. Each Committee member must meet the approved standards/requirements set by the Board.

3. DUTIES AND FUNCTIONS

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee, and the Committee shall perform such duties and responsibilities consistent with and subject to applicable law and rules and regulations promulgated by the SEC, BIR, Insurance Commission or any other applicable regulatory authority. The Committee 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 Committee has the following duties and responsibilities, among others:

- A. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risk, (b) well defined risk management goals, objectives and oversight, (c) uniform processes of assessing risk 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;
- B. 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 risk;
- C. 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;

- D. Advises the Board on its risk appetite levels and risk tolerance limits;
- E. 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;
- F. 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 corporation and its stakeholders;
- G. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This includes regularly receiving information on risk exposures and risk management activities from Management; and
- H. Reports to the Board on a regular basis, or as deemed necessary, the company's materials risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

4. OTHER POWERS AND RESPONSIBILITIES

A. Evaluation of the Committee

The Committee shall, on an annual basis, evaluate its performance. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy and quality of the information and adequate for the Committee to completes its work in a thorough and thoughtful manner. The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended changes to the Company's or the Board's policies or procedures.

B. Reports

The Committee shall make regular reports to the Board, providing an overview of its activities and summarizing Committee actions. The Committee shall also present resolutions to the Board that the Committee has recommended be adopted by the Board.

C. Miscellaneous

The Committee shall perform any other activities consistent with this Charter, the Company's Articles of Incorporation, By-Laws and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee shall be given direct and complete access to the Company's Board and management as is deemed necessary by the Committee, in order to perform its duties under this Charter.

The Company shall provide any and all funding requested by the Committee to enable the Committee to carry out its duties and responsibilities.

5. MEETING AND PROCEDURES

A. Meetings

The Committee shall fix its own rules of procedure, which shall be consistent with the By-Laws of the Company and this Charter. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portion thereof) and to provide pertinent information as necessary.

Special meeting of the Committee may be held at any time deemed necessary by the Board, the Committee Chairman or a majority of the Committee members. Management may request the Board or the Committee Chairman to call a special meeting of the Committee.

B. Subcommittees

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

C. Minutes

Minutes of each meeting of the Committee shall be prepared documenting the activities of the Committee. After review and comment by Committee members, the minutes of each meeting of the Committee shall be finalized and sent to the Company's Corporate Secretary for permanent filing in the Company's minute book.

APPROVED AND ATTESTED BY:


ROY G. PADIERNOS
Chairman



ATTY. JAN ERIK D.L. PADIERNOS
Director



GREGORIO STA. MARIA
Director



JAN ADRIAN D.L. PADIERNOS
Director


GRACE T. LIM
Director


JON P. CARLOS
Director


JOSE GAY G. PADIERNOS
Director


GEORGE T. REGALADO
Director


MAY P. CARANDANG
Director


ATTY. LUISITO C. DEVEZA
Compliance Officer