

Risk Management Charter

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I. INTRODUCTION

A. Background

With the ever increasing pressure from regulators, increasing vulnerabilities caused by technological advancements and stiffer competition in the market, companies are expected to have a more robust and comprehensive risk management process.

While the risk management is the responsibility of all employees of Caritas Health Shield, Inc. (CHSI), it will be the responsibility of the risk management department to design, manage and improve the Risk Management Framework (the "Framework"), coordinate efforts in ensuring that CHSI is operating at an acceptable risk level and ensure alignment with best market practice.

B. Purpose and Scope

The Risk Management Charter (the "Charter") applies to all CHSI staffs, services, functions and external stakeholders dealing with the Company.

The Charter codifies CHSI's approach to identifying, measuring, managing, reporting and controlling various material risks surrounding the Company. It documents sound practices to help ensure that material risks are managed to an acceptable level and measured in an effective and consistent manner across CHSI departments and describes the key elements of the Framework, including the main roles and responsibilities. The Charter also sets the basis of CHSI's risk management culture.

II. GOVERNANCE

A. Key Principles

"At CHSI, everyone is a risk manager."

Guidance

The CHSI Board of Directors approves the Charter, including the governance aspects and the general framework. The Board of Directors, through the Risk Management Oversight Committee (RMOC), approves various risk tolerance limits covering material risks of CHSI as described under section IV of the Charter.

Ownership

The Chief Operating Officer ("COO") and the Risk Management Head ("RM Head") are responsible for ensuring that appropriate risk management practices are in place and operating effectively. The RMOC retains the ultimate responsibility for the effectiveness of risk management.

Independence

For it to be able to provide objective and independent assessments, risk management must be independent from operations and will be held responsible for the design and implementation of the Framework.

Access to information

RMD has full, free and unrestricted access to any document or information deemed useful for the conduct of risk identification, assessment, treatment, monitoring and reporting.

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Meeting

Risk Management Head will report at least every quarter to the RMOC on its performance relative to its plans and directives. Reporting will also include, at a minimum, the following:

- Significant risk exposures;
- Status of risk treatment plans for the covered risks;
- Emerging risks that could potentially impact the Company.

Timing of reporting will be at least a week before the Board of Directors meeting.

Periodic Review

Internal Audit performs regular reviews of the risk management processes.

B. Organization

The Risk Management Head will report functionally to the Risk Management Oversight Committee and administratively (i.e., day to day operations) to the Chief Operating Officer.

C. Responsibilities

Risk Management Oversight Committee

- Review CHSI's Risk Management Charter, including risk appetite and thresholds, at least annually and recommend approval to the Board of Directors;
- Evaluate the adequacy of the risk management department, and the qualifications and background of the risk officers;
- Review the independence and authority of the risk management department;
- Receive information from the Risk Management Head, Internal Audit Head, Legal Department and others in Management regarding matters related to the risk management of CHSI;
- Review risks related to information security and cybersecurity, including risk treatment plans to mitigate risks arising such risks;
- Approve risk management plans, programs and initiatives;
- Maintain an appropriate culture and set a tone conducive to effective and transparent risk management;
- Review the adequacy and frequency of risk reporting to the Board.

The Chief Operating Officer

- Provide sufficient human and technical resources to support effective risk management;
- Sponsor the risk management programs and initiatives.

Risk Management Department

- Implement the Framework to support the management of all material risks;
- Develop risk management policies and procedures in compliance with the Charter;
- Operate and/or coordinate processes for the identification, assessment, treatment, reporting, monitoring and mitigation of material risks;
- Provide advisory support to operations with regard to risk management and internal controls;
- Cascade enterprise-wide risk awareness and training program.

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Risk Owner / Department Heads or Managers

- Ensure that risks associated with their respective processes, people and systems are identified and understood;
- On a daily basis, ensure that expected controls are adequate and effective;
- In case of control breakdown, report such to the Risk Management Head for analysis and treatment;
- Timely contribute to the monitoring, reporting and escalation processes.

III. RISK MANAGEMENT FRAMEWORK

The Framework is a set of integrated processes, tools and mitigation strategies that assist CHSI in managing and measuring covered risks.

The Framework supports CHSI Senior Management in the alignment of business and risk management goals and provides a foundation which enables a consistent approach to risk management across the organization. Furthermore, the Framework aims at establishing a common understanding of risk management, promoting consistent application of techniques, and capture of relevant data.

A. Risk Management Tools

The main components of the Framework, supporting the identification, assessment, measurement, treatment and reporting of material risks, and the objectives of each, are the following:

Risk Assessment Workshops / Process Risk & Control Assessment

The identification of risks inherent to CHSI's activities and environment, the assessment of the adequacy of the related internal controls to determine the residual risk for the Company and the classification of the risks according to their potential impact and likelihood.

Key Risk Indicators (KRI) Definition and Monitoring

The identification and analysis of parameters that can be considered as indicators of the level of risks within CHSI through discussions with the process owners and process risks & controls assessments. This would allow CHSI to direct its efforts on the most risky activities and processes and to ensure cost effective and practical risk treatment plans are implemented.

Risk Events Analysis

The collection and analysis of risk events, including the identification of the root cause that has led to their occurrence and the definition of a risk treatment plan.

New Mandates, Products & Processes

The framework for the proactive identification and assessment of risks inherent to new products and mandates as well as to projects that have a material impact on CHSI's processes.

Enterprise-wide Risk Awareness Program

The organization of trainings, workshops and information sessions to build up a risk management culture within the organization and to inform CHSI staff about specific risk management tools and processes. The internal risk culture is the combined set of individual and corporate values, attitudes, competencies and behavior that determine a firm's commitment to and style of risk management.

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Internal Audit Collaboration

Periodic discussions with Internal Audit Department ensures that audit findings noted during branch and fraud audits are captured seamlessly in the risk management process. This will allow a comprehensive and holistic assessment of the various risky areas in CHSI.

IV. RISK TOLERANCE

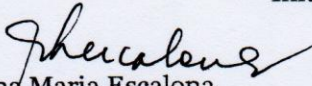
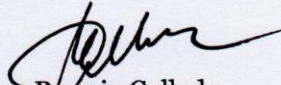
It is the objective of CHSI not to incur any operational loss or damage to its reputation. For that purpose, CHSI puts policies, procedures and systems in place in order to mitigate the impact and/or probability of occurrence of material risks inherent to its activities adopting a cost/benefit approach.

V. CHARTER ADMINISTRATION

This Charter was approved by the CHSI Board of Directors on -- January 2017. The Charter is developed and maintained by RMD and is reviewed annually. The Charter is distributed to the CHSI Board of Directors, Audit Committee and Senior Management and is available to all CHSI Staff upon request from the Risk Management Head.

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Risk Management Version History

Version	Author (Name, Signature & Date)	Approver (Name, Signature & Date)	Change type (Annual Review and/or Policy Change)	Summary of changes
1.0	Ally Rannie Nicdao, Risk Management Head	 Ana Maria Escalona, EVP & Chief Operating Officer (COO)	Initial Release	Not applicable
		 Rennie Collado President & Chief Executive Officer (CEO)		

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