



pioneer in renewable power

RISK OVERSIGHT COMMITTEE CHARTER

I. Rationale

The Risk Oversight Committee (the "ROC") of the Board of Directors (the "Board") of Alternergy Holdings Corporation (the "Company") shall assist the Board in its oversight of:

- A. The Company's enterprise risk management system in order to ensure its functionality and effectiveness;
- B. The Company's risk governance structure;
- C. The Company's risk management and risk assessment guidelines and policies regarding market, credit, operational, liquidity, funding, reputational, strategic and such other risks as necessary to fulfill the ROC's duties and responsibilities;
- D. The Company's risk tolerance; and
- E. The Company's capital, liquidity and funding.

Risk assessment and risk management are the responsibility of the Company's management. The ROC's responsibility in this regard is one of oversight and review.

II. Composition and Membership

A. Committee

In accordance with the Corporation's Manual on Corporate Governance, the ROC shall be composed of at least three (3) members, a majority of whom should be independent directors, including the chairperson of the ROC. The chairperson should not be the Chairman of the Board or of any other committee of the Company.¹ At least one member of the ROC must have relevant, thorough knowledge and experience on risk and risk management.

The ROC members shall be appointed for terms of one year by the Board. The Chairperson shall be designated by the Board.

B. Chief Risk Officer ("CRO")

The Company will have a CRO who has the following functions :

1. Supervise the entire Enterprise Risk Management ("ERM") process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;

¹ See IACGR, Recommendation 3.4 (3), page 49

2. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;
3. Collaborate with the CEO in updating and making recommendations to the BROCC;
4. Suggest ERM policies and related guidance, as may be needed; and
5. Provide insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with.

III. Frequency, General Timing and Procedures of Meetings

- A. The ROC shall hold meetings at such times and places as it considers appropriate, provided that at least two (2) meetings shall be held each year.
- B. Meetings of the ROC shall be convened by the Chairperson of the ROC as and when he/she considers appropriate or upon the request of a majority of the Members.
- C. A ROC meeting shall be convened upon notice in writing at least three (3) days prior to the meeting and specifying the place, date and time of the meeting and the matters to be discussed at the meeting by the Chairman of the ROC.
- D. The presence of a majority of the members of the ROC, in person or via telephone or videoconference, shall be required to constitute a quorum for the purpose of conducting business. The ROC shall act only on the affirmative vote of a majority of the members present.
- E. Minutes of these meetings shall be recorded.

IV. Duties and Responsibilities

The ROC shall have the following responsibilities:

- A. Ensure that the overall risk management policies and procedures exist for the Company;
- B. Review the adequacy of the Company's risk management framework / process;
- C. Review the results of the annual risk assessment done by the Company and / or its subsidiaries, including the risks identified and the risk treatments, their impact on the Company's business.
- D. Evaluate the risk assessment and treatment report submitted by the Company and / or its subsidiaries, which may include existing and identified possible risks as well as action plans adopted by Management;
- E. Monitor the Company's implementation of the various risk management activities and evaluate effectiveness of the risk treatments and action plans, with the assistance of the internal auditors. This includes a framework for Whistleblower Program and plans for the Company's business continuity.

- F. Meet with Management to discuss the ROC's observation and evaluation on its risk management activities.
- G. Develop a formal enterprise risk management plan;
- H. Oversee the implementation of the enterprise risk management plan through a Management Risk Oversight Committee.
- I. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.
- J. Advise the Board on its risk appetite levels and risk tolerance limits;
- K. Review 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; and
- L. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management.

It is still the primary responsibility of Management to develop, implement and report the risk management framework, process and action plans intended to address the identified risks.

Risk Management Function

The ROC's Risk Management Function involves the following activities, among others²:

- A. Define a risk management strategy;
- B. Identify and analyze key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
- C. Evaluate and categorize each identified risk using the company's predefined risk categories and parameters;
- D. Establish a risk register with clearly defined, prioritized and residual risks;
- E. Develop a risk mitigation plan for the most important risks to the company, as defined by the risk management strategy;

² See Code for PLCs, Recommendation 12.4, Explanation.

- F. Communicate and report significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Board Risk Oversight Committee; and
- G. Monitor and evaluate the effectiveness of the organization's risk management processes.

V. Evaluation and Reporting

The ROC shall:

- A. Regularly report to the Board about ROC activities and issues that arise with respect to the risk management, compliance and corporate governance;
- B. Provide an open avenue of communication between Risk Officers and the Board; and
- C. Review any other reports that the Company may issue that relate to ROC responsibilities.

VI. Performance Evaluation

The ROC shall:

- A. Review its performance annually with respect to the fulfillment of its functions and responsibilities as mandated in this Charter; and
- B. Review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for its approval.

VII. Resources

The ROC shall have the right to request for resources as may be necessary.

VIII. Approval and Effectivity

This Charter was approved by the Board on _____ and shall take effect immediately upon such approval.

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