



RISK OVERSIGHT AND RELATED PARTY TRANSACTIONS COMMITTEE CHARTER

DOCUMENT NO. PM-SPNEC-ERMI-002

REV. NO: 00

DOCUMENT APPROVAL			
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1. PURPOSE

The Risk Oversight and Related Party Transaction (RORPT) Committee (the "Committee") of Solar Philippines New Energy Corporation (SPNEC) is established by the Board to provide assistance in fulfilling the Board's oversight responsibilities in relation to risk governance and related party transactions (RPT) in SPNEC.

The Committee has the responsibility to assist the Board of Directors (Board) in ensuring that there is an effective risk management process in place to ensure that well-informed decisions are made after taking into consideration the risks involved.

2. COMMITTEE STRUCTURE AND MEMBERSHIP

2.1 Composition and Appointment

1. The Members of the Committee, including the Chairman thereof, shall be appointed by the SPNEC Board of Directors.
2. The Committee shall consist of at least three (3) directors, majority of whom shall preferably be Independent Directors. The Chairman shall, as much as practicable, be an Independent Director.
3. An independent director is one who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship which could materially interfere with the exercise of his independent judgment.
4. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management.
5. The Committee shall plan for succession. Such plan may consider among other things the continuity of the Committee's work and the orderly transfer of accumulated knowledge.
6. The Board may appoint one or more persons to serve as advisor(s) ("Advisor") to the Committee. Advisors shall have the right to attend and speak at any meeting of the Committee but shall have no right to vote on any action of the Committee.
7. Any member of the Committee may be removed from office only by majority vote of the Board of Directors.
8. In case of a vacancy on the Committee, the Board shall appoint a new Committee member from among the directors.

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2.2 Qualifications

In addition to the qualifications required for election as director of the Corporation provided under the Corporation's By-Laws, the Members of the Committee shall preferably have high level management backgrounds and general management skills.

The Members shall be disqualified for any of the grounds for disqualification of a director provided under the Corporation's By-Laws, the Revised Corporation Code of the Philippines, Securities Regulation Code and its Implementing Rules and Regulations, and other relevant laws, rules and regulations of the Securities and Exchange Commission.

2.3 Committee Secretary

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

3. MEETINGS AND PROCEDURES

3.1 Meetings, Quorum and Voting

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 two (2) business days' notice in writing, specifying the place, date, time, and agenda.
2. A majority of the members of the Committee shall constitute a quorum, provided an Independent Director is present (unless he has been duly notified but deliberately and without justifiable cause fails to attend the meeting).
3. The Committee shall appoint a Secretary who shall prepare minutes of meetings of the Committee and keep books and records of the Committee.
4. 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.
5. Members and Advisors may participate in any meetings of the Committee through teleconference or video conference or other similar means, provided that all persons participating in the meeting can hear one another.
6. Resolutions at a Committee meeting at which there is a quorum shall be passed by a majority vote of the Members present at such meeting. In case of equality of votes, the Chairman of the Committee shall not have a casting vote.

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3.3 Notices

Notices of the meetings of the Committee shall be sent to the Members and Advisors by personal delivery, mail, facsimile, electronic mail or other similar means at least two (2) days prior to the meeting and specifying the place, date and time of the meeting, as well as the matters to be discussed during the meeting. For this purpose, the Committee Secretary shall obtain the addresses, facsimile numbers and electronic mail addresses of each Member and Advisor where notices of meetings may be sent.

3.4 Minutes and Records

The Committee Secretary shall maintain minutes or other records of its meetings and activities.

The Committee shall cause records to be kept for the following:

1. Appointments and resignations of the Members of the Committee
2. All agenda and other documents sent to the Members of the Committee
3. Minutes of proceedings and meetings of the Committee.

Any such books and records shall be open for inspection by any Member of the Committee upon reasonable prior notice during usual office hours of the Company.

4. ROLES AND RESPONSIBILITIES

The Committee's specific duties and responsibilities are as follows:

A. On Risk Management:

1. Oversees risk management activities of SPNEC.
2. Approves appropriate risk management procedures and measurement methodologies throughout the organization.
3. Approves and endorses SPNEC Risk Report to the SPNEC board.
4. Receive reports from the Chief Risk Officer (CRO) and forward the risk information to the Board of Directors as deemed appropriate.
5. Reports to the SPNEC Board on a quarterly basis, the material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.
6. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness, and effectiveness. The 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.
7. Liaise with management in monitoring key risks and where appropriate will report to the Board of Directors to provide assurance concerning the management of risks within SPNEC.

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8. Reviews 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.
9. Advise the Board on its risk appetite levels and risk tolerance limits.
10. Provide oversight over Management's activities in managing project, operational, strategic, financial, compliance and other risk exposures of the company. This function includes regularly receiving information on risk exposures and risk management activities from Management.
11. Challenges the existing risk management framework of SPNEC to ensure that risk management practices are carried out effectively and aligned with the MGEN ERM framework.
12. Approves appointment of SPNEC Chief Risk Officer (CRO).
13. Review the appointment or replacement of the CRO who shall functionally report to the Committee and ensure effectiveness of the Company's risk management framework. The CRO 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.

B. On Related Party Transactions

1. Review material/significant RPTs¹, determine whether they are in the best interest of the Company and shareholders, and ensure that all RPTs of the Company are conducted in fair and at arms' length terms.
2. Evaluate, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators.
3. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business

¹ Material/Significant RPT - A material RPT refers to a transfer of resources, services or obligations between a publicly-listed company and a related party, either individually or over in aggregate a 12-month period with the same related party, amounting to at least 10% of the listed company's total assets based on its latest audited financial statement and regardless of whether a price was actually charged. A related party shall include the company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Company. It also covers the Company's parent, subsidiary, fellow subsidiary, associate, affiliate, joint ventures or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

- a. The related party's relationship to the Company and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The purpose and timing of the proposed RPT;
 - d. The benefits to the Company of the proposed RPT;
 - e. The availability of other sources of comparable products or services; and
 - f. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
4. Endorse recommendations to the Board as deemed appropriate or approves actions within its delegated authority.
 5. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties; 4. Report to the Board of Directors, on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.
 6. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process.
 7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

5. POWERS OF THE COMMITTEE

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

1. Retain external legal counsel, accountants, or other advisors to advise the Committee or assist in the conduct of an investigation.
2. Seek the information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties.
3. Meet with Company Officers, external auditors or outside counsel, as necessary.
4. Obtain appropriate funding and resources necessary to carry out its duties and responsibilities.

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6. REMUNERATION OF MEMBERS

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, except fees or remuneration authorized and approved by the Board and/or any fees or remuneration such Member/Advisor would otherwise be entitled to in his capacity as consultant, advisor or employee of the Company.

7. RESOURCES AND AUTHORITIES

The Committee shall have the resources and authorities appropriate to discharge its functions, duties and responsibilities including authority to obtain advice from external consultants and functional specialists within the Company.

8. COMMITTEE REPORTS AND PERFORMANCE EVALUATION

1. The Committee shall report its activities to the SPNEC Board of Director on a quarterly basis and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.
2. The Committee shall likewise undertake such duties and responsibilities as may be provided by the Company's Articles of Incorporation, Bylaws and Revised Manual on Corporate Governance.
3. The Committee shall prepare and review with the Board of Directors an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board of Directors on any improvements to the Charter.

9. REVIEW, AMENDMENT, REPEAL AND ALTERATION OF THIS CHARTER

This Charter in the interim, and important provisions herein have been set to comply with SEC Memorandum Circular No. 2 on the Code of Corporate Governance. This shall be periodically reviewed by the SPNEC Risk Oversight and Related Party Transaction (RPT) Committee and amended as a necessary subject for the approval of the Board of Directors.

This Charter shall not be amended, altered, or varied unless such amendment, alteration or variation shall have been approved by resolution of the Board of Directors.

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REVISION HISTORY

REVISION NO	PAGE REVISED	DESCRIPTION OF REVISION	EFFECTIVITY DATE (MM/DD/YR)
00	-	INITIAL RELEASE	