

**LBC EXPRESS HOLDINGS, INC.**  
**BOARD RISK OVERSIGHT COMMITTEE CHARTER**

**1.0 Board Risk Oversight Committee**

The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The BROC should be composed of at least three (3) members, the 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.

**2.0 Functions and Responsibilities of the Related Party Transactions Committee**

The BROC 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 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;
- 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 risks;
- 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 function 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 material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary.

### **3.0 Meetings**

The Committee shall meet in person or via telephone/video-conference at least quarterly and at such times and places as it considers appropriate. The Chairman of the Committee, any Committee member, or the Corporate Secretary of the Company may call a meeting of the Committee.

Attendance of at least two (2) Committee members shall constitute a quorum for the committee to transact business. The Committee shall act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum.

The Chairman of the Committee shall preside in all meetings of the Committee. In the absence of the Committee Chairman, the Committee members present shall elect one of their members as Chairman of the meeting.

### **4.0 Reporting Process**

The Chairman of the Committee, or in his absence, the member elected by the members present in a meeting, shall report to the Board about Committee activities, issues, and related recommendations made by the Committee.

The Committee shall prepare an annual report of its activities to the Board for inclusion in the Company's annual report.

### **5.0 Performance Evaluation**

The Committee shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees.

The Committee shall likewise revisit this Charter on a yearly basis to evaluate new standards in best governance practices. All proposed changes and amendments to this Charter shall require approval of the Board.

### **6.0 Amendment**

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

### **7.0 Adoption by the Subsidiaries**

This Charter may be adopted by the relevant subsidiaries of the Company taking into consideration: (a) their relevant business needs and operations; and (b) the relevant laws of the place of their incorporation.

Approved by:

**MIGUEL A. CAMAHORT**  
**President & CEO**