



TARLAC ELECTRIC INC.
Board Risk Oversight Committee Charter

A. Purpose

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

B. Membership Composition

1. The BROC shall be composed of at least three (3) members of the Board.
2. At least one member of the BROC must have relevant thorough knowledge and experience on risk and risk management.
3. The BROC shall plan for succession for due consideration of the Corporate Governance Committee. Such plan may consider among other things the continuity of the BROC’s work and the orderly transfer of accumulated knowledge.
4. The members of the BROC may be removed by a majority vote of the directors. Any vacancies in the BROC shall be filled by majority vote of the Board.
5. The BROC may form and delegate authority to subcommittees as may be appropriate and in accordance with applicable laws or regulations.

C. Duties and Responsibilities

The BROC shall have the following duties and responsibilities:

1. Develop a formal ERM plan containing 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;
2. Oversee the implementation of the ERM plan through the BROC. 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;

3. Review the appointment or replacement of the Chief Risk Officer (CRO) who shall functionally report to the BROC and ensure effectiveness of the Company's risk management framework. The CRO shall oversee risk management activities and shall report and discuss with the BROC about the Company's significant or major risk exposures, if any, and the steps taken by Management to manage and monitor such risks.
4. Evaluate 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;
5. Advise the Board on its risk appetite levels and risk tolerance limits;
6. Assess 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;
7. 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;
8. 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; and
9. Report 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.

D. Meetings of the BROC

1. Frequency of Meetings

The BROC shall meet at least two (2) times a year to discharge its duties and responsibilities as outlined herein. In addition to regular meetings, special meetings can be called by the chairman of the BROC or any two members as necessary.

2. Notice of Meetings

The notice of the BROC meetings shall be given at five (5) business days prior to the scheduled meeting.

Notices for special meetings may be sent at least two (2) business days before the date of the special meeting.

Notices may be sent in writing, through electronic mail, or by telefacsimile, among others.

3. Agenda

The Chairman, in consultation with the other members of the BROC, shall propose a list of items to be addressed by the BROC during the year. The chairman shall ensure that the agenda for each BROC meeting is circulated to

each member of the BROC together with the Notice of the meeting and the presentation materials shall be circulated two (2) days prior to the date of actual meeting.

4. Quorum and Voting

A majority of all the members of the BROC present in person or by means of a video-conference, teleconference, or other modes of communication in which all persons participating in the meeting can completely and clearly hear each other shall constitute a quorum. The members participating in the meeting shall have received the agenda and all the materials for the meeting in accordance with the Board Charter of the Corporation.

The majority vote of the voting Members shall be required for the BROC to approve, authorize, or take any action. The BROC may refer to the full Board for consideration any matter which fails to be approved by a majority vote of all voting BROC Members.

5. Secretary

The incumbent Corporate Secretary of the Corporation shall act as the secretary of the BROC.

6. Minutes

All BROC meetings must be duly documented and filed, and shall be maintained with the books and records of the Corporation. The minutes of the BROC meetings must be available for review and approval not more than five (5) business days after the meeting and for signature at the next committee meeting.

7. Per Diems

The BROC members shall be entitled to per diems for every attendance to a committee meeting.

E. Reporting

The BROC shall regularly report to the Board on all significant matters that are within its responsibilities.

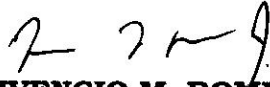
F. Assessment of the Performance of the BROC

The Board shall provide the standards for evaluating the performance and effectiveness of the BROC in fulfilling its duties and responsibilities as set out in this Charter and in the Corporation's Manual on Good Corporate Governance.

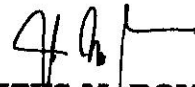
G. Review

The BROC will review its Charter at least annually and submit to the Board for approval any amendments thereof.

Signed and approved:



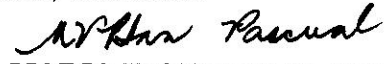
ENGR. VIVENCIO M. ROMERO, JR.
Chairman of the Board



ENGR. VITUS M. ROMERO
Director/President



MR. VENUS M. ROMERO
Director



MS. MARIA VICTORIA R. SAN PASCUAL
Director



ENGR. MIRIAM S. GALVEZ
Independent Director