

## 2020 Risk Oversight Committee Report

The Risk Oversight Committee (ROC) assists the Board of Trustees in carrying out its responsibilities for policy formulation and for oversight of System-wide risks, including compliance with applicable laws and regulations. It also performs oversight functions in all Information Technology (IT) matters.

The ROC is headed by Trustee Wilfredo C. Maldia.

The ROC operates under a written charter. It meets at least once a month. All Trustees are members of the ROC. A majority of the Trustees present during a meeting constitutes a quorum.

Despite the lockdown caused by the COVID-19 pandemic, the ROC managed to conduct a total of 12 meetings consisting of 11 regular meetings and one special meeting held on 30 June 2020.

<b>Trustee</b>	<b>Number of Meetings Attended</b>
Chairperson Wilfredo C. Maldia	12
Board Chairman Lucas P. Bersamin*	11
President and General Manager Rolando L. Macasaet	12
Trustee Alan R. Luga	12
Trustee Jocelyn de Guzman Cabreza	12
Trustee Nina Ricci Ynares-Chiongbian	12
Trustee Anthony B. Sasin	12
Trustee Kahar H. Macasayon	12
Trustee Carlo Antonio B. Almirante	12

\*Former Chief Justice Lucas P. Bersamin joined the GSIS Board of Trustees in February 2020.

While the ROC sets risk policies and oversees System-wide risks, the task of accepting, controlling, and monitoring specific risks is delegated to the Management.

The ROC, through the Risk Management Office (RMO), monitors the risks. The RMO provides and presents the following regular reports to the ROC:

1. Monthly Financial Risk Report;
2. Quarterly Social Insurance (SI) risk monitoring report;
3. Quarterly General Insurance (GI) risk monitoring report;
4. Quarterly Status of Risk Mitigation Measures; and
5. Risk Assessment of all matters submitted to the ROC for consideration.

The regular identification and updating of enterprise-wide risks are ensured through the conduct of the Risk Control and Self-Assessment (RCSA) Surveys. Based on the RCSA surveys, heat maps with residual risks are generated to summarize the assessments after appropriate mitigating controls have been considered, and to prioritize the risks which should be monitored. Managing risk is part of good governance and leadership. It is a core responsibility and is integrated into all activities of GSIS.

Pursuant to its IT oversight functions, the Information Technology Services Group (ITSG) and the Information Security Office (ISO) are required to submit their annual Business Cases to the ROC prior to Board approval. Furthermore, the ITSG and ISO report to the Committee the status of their current, on-going, and pending projects on a quarterly basis.

Key actions of the ROC for the year include:

1. Regular monitoring of the following:
  - Loans and investments portfolio of the GSIS;
  - Asset allocation;
  - Problematic Big and Medium Ticket Accounts;
  - Quarterly Performance of Philippine Investment Alliance for Infrastructure (PINAI);
  - Quarterly Performance of the Macquarie Asia Infrastructure Fund 2; and
  - Post Implementation review of IT Projects worth Php2 Million and above.
2. Initiated the study to revise the Investment Policy Guidelines and the Counterparty and Issuer Risk Guidelines.
3. Initiated the review of the equities portfolio and its classification into core and trading stocks to mitigate the effects of the COVID-19 pandemic on the investments.
4. Required Management to submit action plan to ensure the reduction of the past due loan portfolio. Moved for the inclusion of the past due reduction performance in the 2021 Office Scorecard of concerned functional groups.
5. Conducted a special meeting which discussed the performance of the GSIS investments handled by the two external fund managers.
6. Facilitated the conduct of the 2020 Enterprise Risk Maturity Assessment Tool (ERMAT) Online Survey.
7. Initiated the provision for the grant of internet allowance to support the work-from-home arrangement of employees, brought about by the pandemic.
8. Initiated the 3<sup>rd</sup> party assessment of GSIS's Enterprise Risk Management.

In addition, the ROC after due deliberation endorsed to the Board for approval the following:

1. Maximum Allowable Limits of Total School Fees per Semester per Edu-Child Category for S.Y. 2020-2021;

2. The acceptance by Kepco Ilijan Corporation (KEILCO) of GSIS's offer of 7.5% Reinsurance Commission Rate for the renewal of its Industrial All-Risk Insurance Coverage;
3. The Agreement with Smart Communications, Inc. for free Smart Wi-Fi Services;
4. The Proposed GSIS Financial Assistance Loan – Educational Loan Program;
5. The Proposed Recommendations on the Lessees' Request for Waiver of Rental Payments Relative to the Effect of COVID-19 Pandemic;
6. 2019 Dividends to Unlimited Optional Life Insurance Policyholders for 2020 Distribution;
7. 2019 Cash Benefits for the Compulsory Life Insurance Policies for 2020 Distribution;
8. 2020 Cash Gift for Old Age and Disability Pensioners; and
9. The Proposed Criteria for Qualifying Bidders for Reinsurance Contracts in Lieu of the Minimum A.M. Best Credit Rating Requirement.