**Annex C – Investment Policy Framework**

ICREs must have an Investment Policy Framework duly approved by their respective Board of Directors (“BOD”) or Board of Trustees (“BOT”).

The BOD/BOT has the responsibility of ensuring that a risk management framework is in place that appropriately captures its risk exposures and affords proper management of inherent risks in their investment activities.

The IPF should contain, at the minimum, the following information:

1. Overall investment objectives and strategies that are consistent with the ICRE’s financial condition and risk tolerance;
2. Portfolio objectives that set out the acceptable instruments, diversification parameters and other elements of sound investment management practices;
3. Internal process to identify, monitor, and manage risks and BOD/BOT approved limits relating to credit risk, market risk, liquidity risk, settlement risk, counterparty risk, issuer risk, and concentration risk, among others;
4. Periodic and timely reviews of the investment strategy and performance to be conducted at the individual and portfolio levels; and
5. Appropriate valuation procedures and mark-to-market methodology that enables the ICRE to value its investments on a continuing and consistent basis and to measure their sensitivity to market movements. This should include performing, at regular intervals, stress tests that reflect extreme market conditions.

The IPF must also include a detailed discussion of the ICRE’s risk management system and approved process for new product approvals and risk limit monitoring and renewals. It should also specify the appropriate valuation methodology including the ability to obtain prices from recognized third party data providers or calculation agent on a regular basis.

Any amendment to the IPF shall require review and approval by the ICREs’ respective BOD/BOT, and shall be submitted to the Insurance Commission within sixty (60) calendar days after obtaining the relevant Board approval. The amended IPF must be accompanied by a comprehensive narrative report outlining the rationale behind the revision, along with an analytical report detailing the financial repercussions and risk-return implications of said revision.