

## BOARD RISK OVERSIGHT COMMITTEE CHARTER

### I. Purpose

The Board Risk Oversight Committee (the “Committee”) is established for the purpose of assisting the Board of Directors (the “Board”) in overseeing **Pacific Online Systems Corporation’s** (the “Company”) practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Committee will assist the Board in providing framework to identify, assess, monitor and manage the risks associated with the Company’s business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company’s risk profile.

### II. Membership

The Committee shall be appointed by the Board and shall comprise of, at least three (3) directors, majority of whom shall be independent and who meet financial-literacy and independence standards of the Securities and Exchange Commission (SEC). Vacancies may be filled at any time during the year by action of the full Board. The term of the service for Committee members shall be one year or until their successors shall be duly elected and qualified. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership. Majority of the members, including its Chairman, shall be independent.

### III. Meetings

The Committee shall meet at least quarterly each year or more frequently as circumstances dictate. The Committee will also periodically meet with Management, the internal auditor and risk management officer to discuss any matters that they wish to bring to the Committee’s attention.

Quorum at any Committee meeting shall be at least a majority of the Committee members. All determinations of the Committee shall be by the vote of at least a majority of its members present at a meeting duly called for and held. Minutes of all meetings of the Committee shall be prepared to document the Committee’s discharge of its responsibilities. The minutes shall be circulated in draft form to all Committee members

to ensure an accurate final record, and shall be approved at a subsequent meeting of the Committee and distributed periodically to the full Board.

#### **IV. Key Responsibilities**

The Committee shall exercise the authority of the Board to:

- a. Oversee the Company's risk management function. The Committee shall conduct regular discussions on the Company's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned offices or units are addressing and managing these risks.
- b. Develop a formal risk management plan with (1) well-defined risk management goals, objectives and oversight, (2) uniform processes of assessing risks and developing strategies to manage prioritized risks, (3) designing and implementing risk management strategies, (4) continuing assessments to improve risk strategies, processes and measures.
- c. Design and undertake its enterprise-wide risk management activities in accordance with internationally recognized frameworks. The Committee shall also draft and submit to the Board for approval an enterprise risk management framework to enable the Company to effectively identify, monitor, assess and manage key business risks.
- d. Discuss and review policies with respect to risk assessment and risk management including the company's major financial and business risk exposures and the actions Management has undertaken to control them. The Committee shall evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness.
- e. Advise the Board by setting the tone and influence the culture of risk management at the Company, which includes determining the appropriate risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue, as well as determining what types of risk are acceptable to the Company and which are not.
- f. Assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence. The

Committee should prioritize the risks that are most likely to occur and to impact the performance and stability of the Company and its stakeholders.

- g. Monitor the management of significant risk to reduce the likelihood of unwelcome surprises.
- h. Satisfy itself that less significant risks are being actively managed with the appropriate controls in place and working effectively.
- i. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the Company. To effectively carry out this function, the Committee shall regularly receive information on risk exposures and risk management activities from Management.
- j. Report to the Board, as necessity dictates, on the Company's material risk exposures, the mitigating actions taken by the Company to reduce the risk, and recommend further action or plan, if needed.
- k. Annually review the Company's risk tolerance limits and approaches to risk management and recommend to the Board changes or improvements to key elements of its processes and procedures.

## **V. Annual Review of Charter**

The Committee shall conduct annual review of this Charter and propose any enhancement as may be deemed necessary for Board approval.

## **VI. Outside Advisors**

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, to any such outside advisors engaged by the Committee.

## VII. Miscellaneous

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.