



## **RISK COMMITTEE CHARTER**

### **I. Purpose**

The Risk 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 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. The Chairman of the Committee shall be an independent director.

### **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:

1. Oversee the Company's risk management functions.
2. Develop a formal risk management policy that guides the Company's risk management and compliance processes and procedures.
3. Design and undertake its enterprise-wide risk management activities in accordance with internationally-recognized frameworks.
4. 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.
5. Set the tone and influence the culture of risk management 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; determining what types of risk are acceptable and which are not.
6. Monitor the management of significant risks to reduce the likelihood of unwelcome surprises.
7. Satisfy itself that less significant risks are being actively managed with the appropriate controls in place and working effectively.
8. Annually review the Company's approaches to risk management and recommends to the Board changes or improvements to key elements of its processes and procedures.
9. Perform other activities consistent with this charter, the Company's By-Laws, and other governing laws as the Committee or the Board deems necessary or appropriate

#### **V. 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.

## **VI. 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.