



## **CHARTER**

# **BOARD RISK OVESIGHT COMMITTEE**

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## A. PURPOSE

The Board Risk Oversight Committee (the “**Committee**”) is responsible for the oversight of the Enterprise Risk Management (“**ERM**”) system of Shakey’s Pizza Asia Ventures Inc. (“**PIZZA**” or the “**Corporation**”) to ensure its functionality and effectiveness.

## B. MEMBERSHIP

1. The Committee will consist of at least three (3) members, majority of whom should be independent directors.
2. The Chairman of the Committee must be an independent director and must not chair any other committee in the Corporation.
3. At least one (1) member of the Committee must have relevant thorough knowledge and experience on risk and risk management.

## C. DUTIES AND RESPONSIBILITIES

The Committee shall have the following responsibilities:

1. Develop a formal ERM plan which contains 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 a Management Risk Oversight Committee. The Corporation must conduct 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. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Corporation should revisit 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;
4. Advise the Board on its risk appetite levels and risk tolerance limits;
5. Review at least annually the Corporation’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 Corporation.

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. 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;
8. Report to the Board on a regular basis, or as deemed necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further action or plans, as necessary; and
9. Ensure clear communication with the Chief Risk Officer.

#### **D. ENTERPRISE RISK MANAGEMENT**

The Committee and/or Management Risk Oversight Committee is tasked with identifying, assessing and monitoring key risk exposures by:

1. Defining a risk management strategy;
2. Identifying and analyzing key risks exposure relating to economic, environmental, social and governance (EESG) factors and the achievement of the organization's strategic objectives;
3. Evaluating and categorizing each identified risk using the Corporation's predefined risk categories and parameters;
4. Establishing a risk register with clearly defined, prioritized and residual risks;
5. Developing a risk mitigation plan for the most important risks to the Corporation, as defined by the risk management strategy;
6. Communicating and reporting significant risk exposures including business risks (i.e., strategic, compliance, operational, financial and reputational risks), control issues and risk mitigation plan to the Committee; and
7. Monitoring and evaluating the effectiveness of the organization's risk management processes.

## **E. CHIEF RISK OFFICER**

1. Subject to the Corporation's size, risk profile and complexity of operations, a Chief Risk Officer ("CRO") should be appointed from within the organization.
2. The CRO is the main proponent of **ERM** and has the following functions, among others:
  - a. Supervise the entire ERM process and spearhead the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
  - b. Communicate the top risks and the status of implementation of risk management strategies and action plans to the Committee;
  - c. Collaborate with the Chief Executive Officer in updating and making recommendations to the Committee;
  - d. Suggest ERM policies and related guidance, as may be needed; and
  - e. Provide insights on whether (i) risk management processes are performing as intended; (ii) risk measures reported are continuously reviewed by risk owners for effectiveness; and (iii) established risk policies and procedures are being complied with.

## **F. QUORUM AND VOTING**

A majority of the members of the Committee shall constitute a quorum and every decision of at least a majority of the Committee members present at a meeting at which there is a quorum shall be valid, unless a specific number of votes is required by existing laws and regulations.

## **G. CHARTER REVIEW**

The Board of Directors shall review and assess the adequacy of this Charter annually or as the need arises.