

**ALLIANCE GLOBAL GROUP, INC.**  
**BOARD RISK OVERSIGHT COMMITTEE CHARTER**

This Board Risk Oversight Committee Charter (the “Charter”) is promulgated by the Board Risk Oversight Committee (the “Committee”) of **ALLIANCE GLOBAL GROUP, INC.** (the “Corporation”) and adopted by the Board of Directors (the “Board”) of the Corporation to provide for the purpose, membership structure, and duties and responsibilities of the Committee which shall guide the conduct of its functions.

**1. PURPOSE**

Pursuant to the Revised Manual on Corporate Governance of the Corporation (the “Manual”), the Committee shall be responsible for the oversight of the Corporation’s enterprise risk management system to ensure its functionality and effectiveness.

**2. STRUCTURE**

**2.1. Composition**

The Committee shall be composed of at least three (3) members of the Board, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee.

**2.2. Qualifications**

Each member of the Committee shall have all of the qualifications and none of the disqualifications of a director as provided under the Manual and the Corporation’s By-Laws.

**2.3. Term**

The Board shall appoint the members of the Committee during its annual organizational meeting. Each member shall serve for a period of one (1) year until his/her successor shall have been duly appointed in the next organizational meeting of the Board or unless removed or replaced by the Board.

**2.4. Vacancy**

Any vacancy in the Committee caused by the death, resignation, removal, or disqualification of a member, or by any other cause, may be filled by the Board. The member appointed to fill the vacancy shall hold office for the remainder of the unexpired term of his predecessor, or until his successor shall have been duly appointed and qualified.

**2.5. Committee Secretary**

The Corporate Secretary or in his absence, the Assistant Corporate Secretary, shall act as the Committee Secretary who shall prepare the minutes of the meetings and keep the records of the Committee with confidentiality, unless required to be disclosed pursuant to laws, rules or regulations, or lawful orders issued by competent government authorities.

**3. DUTIES AND RESPONSIBILITIES**

The Board Risk Oversight Committee shall act by majority vote of all its members on the following matters:

- A. Develop a formal enterprise risk management 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;
- B. Oversee the implementation of the enterprise risk management plan and conduct regular discussions on the Corporation's prioritized and residual risk exposures based on regular risk management reports and assess how the concerned units or offices are addressing and managing these risks;
- C. Evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. It shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- D. Advise the Board on its risk appetite levels and risk tolerance limits;
- E. Review 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;
- F. Assess the probability of each identified risk becoming a reality and estimate 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;
- G. 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; and
- H. Reports to the Board as deemed necessary on the Corporation's material risk exposures, the actions taken to reduce the risks, and recommended further action or plans, as necessary.

#### **4. OPERATION**

##### **4.1. Meetings**

The Committee may meet and vote in person or through teleconference, video conferencing facility or other similar means, at such times and places as it considers appropriate, at least once a year. The Chairperson of the Committee, any Committee member, or the Committee Secretary, may call a meeting of the Committee.

The Chairperson shall preside at all meetings. In the absence of the Chairperson, any member may preside.

Meetings may be held, and the members can participate in meetings in person or through teleconference, video conference or other similar means.

#### **4.2. Quorum**

Attendance of at least two (2) Committee members shall constitute a quorum for all meetings.

#### **4.3. Voting**

The affirmative vote of a majority of such quorum shall be required to authorize any corporate action.

#### **4.4. Notices**

A notice of each meeting of the Committee specifying the place, date, and time thereof, but need not state the agenda and matters to be discussed during the meeting, unless provided by the person who called the meeting, and shall be given to each member of the Committee personally, in writing or orally, or sent to him by mail, facsimile, electronic mail or other similar means at least two (2) days prior to the date of the meeting. Each member shall give the Committee Secretary his address, facsimile number and electronic mail address for the service of notices of meetings. A member may waive notice of any meeting of the Committee or may consent to shorter notice of any meeting. Any Committee meeting called by shorter notice shall be deemed to have been duly convened if it is so agreed by the members present in the meeting at which there is a quorum.

### **5. REPORTING**

The Chairperson of the Committee or his designate shall report directly to the Board all actions of the Committee at the meeting of the Board following such actions.

Any act of the Committee which is within the scope of its duties and responsibilities shall not require ratification or approval by the Board for its validity. However, such acts shall be subject to revision or alteration by the Board, provided that no rights or acts of third parties shall be affected by such revision or alteration.

### **6. RESOURCES AND AUTHORITIES**

The Committee shall have full access to all relevant information, data, records and personnel of the Corporation or such resources and authorities appropriate to discharge its function, duties and responsibilities including the authority to obtain advice from external consultants and functional specialists within the Corporation.

### **7. EFFECTIVITY**

This Charter shall take effect immediately upon approval by the Board.