Committee Charter

A strong and comprehensive risk management framework is required to support the ongoing success of Coast Capital Savings Credit Union ("Coast Capital Savings") and, ultimately, the achievement of its purpose – Together, we help empower you to achieve what’s important in your life.

The primary function of the Risk Review Committee ("Committee") is to assist the Board of Directors in fulfilling its oversight responsibilities of Coast Capital Savings’ risk management activities. In addition to fulfilling the statutory requirement of having an Investment and Loan Committee as per section 135 of the Financial Institutions Act ("FIA"), the Committee is also responsible for overseeing the identification, measurement, monitoring of the risks impacting and emanating from Coast’s strategy and business activities and ensuring effective controls over such risks are in place.

Key activities associated with the fulfillment of the Committee’s responsibilities include, but are not limited to:

- Reviewing and recommending the Enterprise Risk Management Framework ("ERMF"), and corporate policies for approval by the Board;
- Reviewing and recommending Coast Capital Savings’ Risk Appetite Framework, which includes the Risk Appetite Statement, for approval by the Board;
- Reviewing Coast Capital Savings’ risk profile against Risk Appetite metrics including monitoring Coast Capital’s primary risk categories as set out in the ERMF; and
- Providing a forum for a “macro” analysis of risk including the consideration of trends and emerging risks and reviewing risk factors impacting or emanating from Coast Capital’s strategic plan.

PART 1 – COMMITTEE PROCEDURES

Composition and Term of Office

1. The Committee is composed of at least three (3) Independent Directors who are elected or appointed for one year at the first meeting of the Board following the Annual General Meeting ("AGM").

2. When dealing with statutory issues as per Section 135 of the FIA, one (1) Officer of Coast Capital Savings will also be designated as, and considered, a member of the Committee.

3. A majority of members of the Committee must have a sound understanding of issues related to risk management. All Committee members will participate in relevant education to ensure they acquire, maintain, and expand a sound understanding of these issues.

4. The Committee Chair is elected by the Committee at its first meeting following the AGM and, if the Committee Chair should vacate their position, the Committee will elect a successor.

Risk Review Committee Charter (BOD Approved September 2017)
Meetings

5. The Committee meets at least once in each quarter. Additional meetings may be called by the Committee Chair or at the request of any two members of the Committee, the Board Chair, the Chief Executive Officer (“CEO”), or Chief Risk Officer (“CRO”).

6. A majority of Committee members constitutes a quorum.

7. The Committee Chair presides at all meetings of the Committee at which they are present. In the Committee Chair’s absence, a Committee member determined by the Committee Chair presides at the meeting. If this determination is unavailable, the Committee will elect an Acting Chair.

8. The Committee Chair, in consultation with the CRO, and other resources, develops a twelve (12) month Rolling Agenda and an agenda for each Committee meeting.

9. The meeting agenda and supporting materials are made available to each member of the Committee in advance of each meeting of the Committee.

10. The Committee Chair, in consultation with the CRO, designates from time to time a person as Recording Secretary of the Committee. Minutes are kept of all meetings of the Committee and shall be maintained by the Recording Secretary. Draft minutes are prepared by the Recording Secretary for review by the Committee Chair and the CRO within two weeks of each Committee meeting. Minutes are approved by the Committee and are provided to the Board.

11. The Committee’s quarterly agenda will include a provision for an in camera meeting with the CRO, and any other selected members of management as considered necessary (with or without the CRO present). The Committee members who are Independent, as defined in the Coast Capital Savings Credit Union Rules, will also hold in camera sessions in the absence of any non-independent members of the Committee during the Committee’s regularly scheduled meetings as necessary.

12. The Board Chair, Committee Chair, Chair of the Audit and Finance Committee and Chair of the Human Resources Committee will meet jointly, if required, with any regulator.

Authority

13. The Committee may engage internal and external resources as needed to assist in the execution of its responsibilities. In particular:

   (a) The Lead Executive to the Committee is the CRO;

   (b) Additional resources to the Committee include the CEO, Chief Financial Officer, General Counsel, and Corporate Secretary, Vice President Internal Audit, Secretary to the Board, and other internal resources, as required; and

   (c) The Committee may engage, under its sole authority, independent counsel, consultants and advisors as needed and has the sole responsibility to the Board for approving the fees, terms and conditions, and termination of any such engagement.

14. The Committee may invite to its meetings any director, management and other persons it deems appropriate in order to carry out its responsibilities, and may exclude from its meetings any persons it deems inappropriate in order to carry out its responsibilities.
New Director Committee Orientation

15. The Committee Chair conducts a detailed review of the Charter and Rolling Agenda with new committee members as necessary.

16. The CRO, or delegate, reviews the management reports with the new members of the committee as necessary.

Accountability

17. The Committee reports to the Board at its regular meetings and makes such recommendations as it deems appropriate.

PART II – COMMITTEE DUTIES AND RESPONSIBILITIES

Enterprise Risk Management Governance

18. On an annual basis, review and recommend for approval by the Board, the ERMF which describes:

   (a) the nature of the risks, including emerging risks, to Coast Capital Savings’ business strategy and operations;
   (b) Coast Capital’s primary risk categories;
   (c) the risk management governance structure; and
   (d) how Coast Capital Savings manages its risks through processes that identify, measure, assess, control and monitor risk, as well as other related risk management frameworks, policies and procedures recommended by management.

19. On an annual basis, review and recommend for approval by the Board, the Risk Appetite Framework which describes:

   (a) how Coast Capital Savings defines its risk appetite and the types of risk it is willing to accept; and
   (b) the Risk Appetite Statement and related metrics.

20. At least quarterly, monitor Coast Capital Savings’ risk profile through the review of comprehensive reporting provided by management on Coast Capital Savings' risks against its Risk Appetite as well as review any exceptions to Risk Appetite metrics.

21. At least annually, the Committee shall review, and, if advisable, recommend to the Board:

   (a) risk limits proposed by management to control Coast Capital Savings exposure to its principal risks, including strategies or products, industry segments, key markets and assessing that they are in keeping with risk appetite; and
   (b) Transactional approval limits for credit and investment transactions delegated to management that are implemented and managed by the CEO.

22. Advise the Board whether any strategic decision that the Board may be contemplating is within the Risk Appetite established for Coast Capital Savings.
23. Periodically, but in a minimum of three (3) year intervals, examine the risk culture of Coast Capital Savings.

24. Meet annually with the Human Resources Committee of the Board ("HRC") to review Risk Management's annual assessment of Coast Capital Savings' performance against the enterprise Risk Appetite, which, among other things, may be used as inputs by the HRC as part of the compensation process.

Risk Management Corporate Policies and Frameworks

25. Review and recommend to the Board for approval key policies and frameworks developed and implemented to control risk exposures related to the primary risk categories identified in the ERMF. These policies include those required by regulatory authorities.

Identification and Management of Risk

26. At least annually, review with management the comprehensive business continuity and disaster recovery plan.

27. At least annually, review presentations from management, as appropriate:
   (a) made on an integrated basis by the Lines of Business, GRM and Internal Audit that present a comprehensive view of business operations, strengths, weaknesses, opportunities and threats.
   (b) to understand the top and emerging risks to which Coast Capital Savings is exposed.

28. At least annually, review management's evaluation of Coast Capital Savings' internal capital adequacy assessment process ("ICAAP") for determining its risk based capital requirements, including reviewing management’s report on Enterprise-Wide Stress testing.

29. At least quarterly, monitor internal audit reports to obtain reasonable assurance that Coast Capital Savings' risk management policies, procedures, and practices are being adhered to.

30. At least annually, review the provisioning methodology for credit losses and adequacy of Coast Capital Savings' provisions for credit losses.

31. At least annually, review insurance coverage of material business risks and uncertainties.

Regulatory Compliance

32. As necessary, review and approve any other matters in accordance with the FIA, section 135 (Investment and Loan Committee) and section 136 (Investment and Loan Standards) and section 7 of the Investment and Lending Regulation, B.C. Reg. 330/90 and other relevant legislation.

33. At least annually, review with management the processes in place to ensure Coast Capital Savings is in compliance with the laws and regulations that apply to it, as well as its own policies, procedures and practices, and review any significant changes to key legal and regulatory requirements and the impact on Coast Capital Savings of such changes.

34. At least annually, review with management the processes in place for the receipt, retention, and treatment of complaints received by Coast Capital Savings through the Safe Disclosure and Transparency Corporate Policy.
35. Review communication from regulators and others conducting special examinations of Coast Capital Savings and ensure items of concern noted therein are reported to the Board.

36. As necessary, review and discuss regular reports prepared by the CRO with regard to reports by supervisory authorities related to risk, and/or follow up on outstanding issues.

**Group Risk Management Department**

37. Upon the recommendation of the CEO, confirm the appointment and, if necessary, recommend to the Board the termination of the CRO.

38. At least annually, oversee and assess the Group Risk Management Department (“GRM”), its effectiveness, its Mandate, budget, organization and resources (including technology and data infrastructure supporting the ERMF), expertise and succession plans, and the CRO Mandate.

39. Ensure GRM has adequate independence to perform its responsibilities.

40. At least annually, provide input to the CEO on the effectiveness and expertise of the CRO as part of the yearly performance assessment process.

41. Initiate a review of GRM, on a periodic basis, as deemed appropriate, using Internal Audit or external experts to benchmark against industry standards and best practices.

42. During the *in camera* session, provide a forum for the CRO to raise any risk issues or issues with respect to the relationship and interaction between GRM and senior management of Coast Capital Savings, the Internal Audit Department, the External Auditors, and regulators.

**General**

43. Review reports from the Audit and Finance Committee on matters that committee determined are of relevance to the Committee.

44. Report as required to the Audit and Finance Committee on issues of relevance to it as necessary.

45. At least annually, conduct a review of the Committee to assess its contribution and effectiveness in fulfilling its duties as set out in this Charter.

46. At least annually, review this Charter, and Rolling Agenda, and recommend changes to this Charter to the Governance Committee as necessary.

47. Perform such other functions and tasks as may be legally required or delegated to the Committee by the Board.