

# Risk Review Committee Charter

## 1. About the Charter

<b>Purpose</b>	The Board of Directors of Coast Capital Savings Federal Credit Union (“Coast Capital”) (the “Board”) has delegated to the Risk Review Committee (the “Committee”) the responsibilities and authority outlined in this Charter.
<b>Role of Committee</b>	<p>The Committee is responsible for:</p> <ul style="list-style-type: none"> <li>• Assisting the Board of Directors in fulfilling its responsibilities for oversight of Coast Capital’s risk management activities.</li> <li>• Overseeing the identification, measurement, monitoring of risks impacting and emanating from Coast Capital’s strategy and business activities and ensuring effective controls are in place.</li> <li>• Ensuring that Coast Capital’s risk management activities are independent from operational management, adequately resourced and have appropriate status and visibility throughout the organization.</li> </ul>

## 2. Composition

<b>Election</b>	The Board elects the Committee members at the first meeting of the Board following each Annual General Meeting, and otherwise as required.
<b>Number</b>	The Committee has at least three members.
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• All members of the Committee must be independent directors, as defined in the Coast Capital Savings Federal Credit Union Rules and the independence standards established by the Board.</li> <li>• A majority of Committee members must have relevant financial industry and risk management expertise.</li> <li>• At least one member of the Committee must have expertise in credit risk.</li> <li>• All committee members must participate in relevant education to ensure they acquire, maintain and expand a sound understanding of issues related to risk management.</li> </ul>

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**Chair**

The Committee elects the Chair by a majority of the Committee at the first meeting of the Committee following the Annual General Meeting, and otherwise as required.

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### 3. Responsibilities

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**Enterprise Risk Management Governance**

1. Annually, review and approve the Enterprise Risk Management Framework (the “ERMF”) which describes:
  - a) The nature of the risks, including emerging risks, to Coast Capital’s business strategy and operations.
  - b) Coast Capital’s primary risk categories.
  - c) The risk management governance structure.
  - d) How Coast Capital manages its risks through processes that identify, measure, assess, control and monitor risk.
  - e) Other significant risk management frameworks and policies established by management.
2. At least quarterly, monitor Coast Capital’s risk profile through the review of comprehensive reporting provided by management on:
  - a) Coast Capital’s performance in regards to its risk appetite, and adherence to risk appetite measures and limits.
  - b) Significant risks to Coast Capital, including credit, liquidity, operational, regulatory compliance, market, and capital risks, any associated deficiencies associated with business and operations, and plans for mitigation.
  - c) Strategic and emerging risk issues and trends, including through the consideration of stress testing results.
  - d) Details on the amount, nature, characteristics, and concentration and quality of Coast Capital’s credit portfolio, as well as significant exposures.
  - e) Significant exceptions to risk policy.
3. At least semi-annually, review reporting on stress testing results across all material business activities, risk types and exposures.
4. Advise the Board whether any strategic decision that the Board may be contemplating is within the Risk Appetite established for Coast Capital.
5. At least every three years, examine the risk culture of Coast Capital.

**Risk Appetite**

6. Annually, review and recommend for approval by the Board, the Risk Appetite Framework which describes:
    - a) How Coast Capital defines its risk appetite and the types of risk it is willing to accept.
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b) The Risk Appetite Statement and related metrics.

Review the Risk Appetite Framework's effectiveness.

7. Annually, review and recommend for approval by the Board risk limits proposed by management to control Coast Capital's exposure to its key risks, including strategies or products, industry segments and key markets, ensuring that they are in keeping with the Risk Appetite.
8. Annually, meet or provide a report to with the Human Resources Committee (the "HRC") to review the Group Risk Management Department's (the "GRM") assessment of Coast Capital's performance against its Risk Appetite, which, among other things, HRC may use as inputs, as part of the compensation process.

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**Risk Management  
Corporate Policies  
and Frameworks**

9. Annually, review and recommend to the Board for approval significant policies and frameworks relating to:
  - a) The management of, or that materially impact, capital and liquidity, including investment policies.
  - b) Other matters in which the law or supervisory authorities require the Board to approve policies or frameworks.
10. Annually, review and recommend for approval by the Board the Internal Controls Framework, and review its effectiveness.
11. At least every two years, or more frequently as mandated by regulatory requirements, review or approve as applicable other key policies and frameworks, including lending policies, developed and implemented to control risk exposures related to the primary risk categories identified in the Corporate Document Governance Framework consistent with Coast Capital's approved risk limits and overall Risk Appetite.
12. At least quarterly, review internal audit reports to obtain reasonable assurance that Coast Capital's is adhering to risk management policies, procedures, and practices.

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**Identification and  
Management of  
Risk**

13. At least annually, review the business continuity program, disaster recovery program, and conclusions of recovery plan testing including approaches to the recovery planning process.
  14. Ensure the Committee has a comprehensive view of business operations, strengths, weaknesses, opportunities and threats, in order to understand the top and emerging risks to which Coast Capital is exposed.
  15. At least annually, review and recommend to the Board the Internal Capital Adequacy Assessment Process document, as well as the
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accompanying management report on enterprise-wide stress testing.

16. At least annually, review insurance coverage of material business risks and uncertainties and recommend to the Board limits of insurance as required under the *Bank Act* and regulations.
17. At least annually, review Coast Capital's policies and practices that apply to outsourcing arrangements, including the list of material outsourcing arrangements.

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**Regulatory  
Compliance**

18. Assess the adequacy and effectiveness of the frameworks in place to ensure Coast Capital complies with the laws and regulations that apply to it.
19. Review the Chief Compliance Officer's (the "CCO")<sup>1</sup> annual opinion, based on independent monitoring and testing, on the adequacy and effectiveness of the Regulatory Compliance Management Framework and Coast Capital's compliance with regulatory requirements.
20. Review reports on significant changes to key legal and regulatory requirements and the impact on Coast Capital of such changes.
21. Review regular reporting from the Chief Anti-Money Laundering Officer (the "CAMLO")<sup>2</sup> on compliance with anti-money laundering and anti-terrorist financing ("AML/ATF") requirements and review any material instances of non-compliance or insufficient controls relating to regulatory and AML/ATF compliance and management's action plans to remediate issues or improve controls.
22. Review material communication from regulators and others conducting special examinations of Coast Capital and ensure items of concern noted therein are reported to the Board.
23. As necessary, review reports from management with regard to reports by supervisory authorities related to risk, and/or follow-up on outstanding issues.

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**Consumer  
Protection**

24. Ensure management has established procedures for complying with consumer protection provisions of the *Bank Act* and annually review those procedures, their implementation and any other
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<sup>1</sup> The Chief Compliance Officer is the Chief Legal, Regulatory and Corporate Affairs Officer.

<sup>2</sup> The Chief Anti-Money Laundering Officer is the Vice-President, Compliance and Financial Crime Risk Management.

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activities that pertain to the protection of members to assess compliance with those provisions.

25. Report to the Board after each meeting on the consumer protection matters reviewed by the Committee.
26. Within 90 days of the end of the fiscal year, review and recommend to the Board the report to the Commissioner of the Financial Consumer Agency of Canada on the mandate of the Committee, the procedures established for and the activities of the Committee relating to compliance with the consumer protection provisions of the *Bank Act*.

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**Group Risk Management Department**

27. Upon the recommendation of the Chief Executive Officer (the “CEO”), recommend the appointment and, if necessary, termination of the Chief Risk Officer (the “CRO”) and the CCO to the Board.
28. At least annually, oversee and assess GRM, its effectiveness, its Mandate, budget, organization and resources (including technology and data infrastructure supporting the ERMF), and expertise.
29. Provide input to the HRC on the succession plans of GRM including the CRO and CCO.
30. Ensure GRM has adequate independence to perform its responsibilities.
31. Provide input to the CEO on the effectiveness and expertise of the CRO (including the CRO’s evaluation of the CAMLO) and CCO and approve the CEO’s annual performance evaluations of the CRO and CCO.
32. Provide input to the HRC on the short-term and long term incentive compensation of the CRO and CCO.
33. 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.
34. During the *in camera* session, provide a forum for the CRO and CCO to raise any risk issues or issues with respect to the relationship and interaction between GRM and senior management of Coast Capital, the Internal Audit Department, the External Auditors, and regulators.

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**Major Projects**

35. For major projects for which the Board is the Contract Authorization Level under the Authorization Matrix (“Major Projects”), ensure oversight of project scope and implementation,

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and continued alignment with Coast Capital's strategic business priorities.

36. Review and provide oversight to all proposed changes to budget, scope and timing of Major Projects, including recommending approval of such changes to the Board where appropriate.
  37. Review regular reports from the relevant Executive Committee sponsor on the status of Major Projects including budget, scope, timelines, operational readiness, benefits realization, governance practices and risk management.
  38. Review regular reports from the CRO with regard to the specific risks that Group Risk Management is aware of in relation to Major Projects.
  39. Review a final report from the relevant Executive Committee sponsor after the Major Project is operational, including an analysis of budget, scope, timelines, benefits realization, governance practices, risk management, and lessons learned and report to the Board on benefits realization and performance against the business case.
  40. Obtain and review independent reporting and assurance from the Internal Audit Department in relation to Major Projects, and in particular on their governance and management, and provide input, as advisable, into the scope and timing of Internal Audit work in relation to the projects.
  41. Report its findings and the status of its oversight activities to the Board as determined as appropriate by the Committee.
- General**
42. At least every three years, review, recommend and approve, as required, the Board policies for which the Committee has oversight as per the Corporate Documents Governance Framework.
  43. Review reports from the Audit and Finance Committee (the "AFC") on matters that committee determined are of relevance to the Committee.
  44. Report to AFC 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 & Nominations Committee as necessary.
  47. Perform such other functions and tasks as may be legally required or delegated to the Committee by the Board.
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## 4. Meetings

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<b>Meeting Schedule</b>	The Committee meets at least once in each quarter, and otherwise meets at the call of the Committee Chair or at the call of any two members of the Committee, the Board Chair, the CEO or the CRO.
<b>Quorum</b>	A majority of Committee members constitutes quorum.
<b>Role of the Chair</b>	The Committee Chair presides at all meetings of the Committee. In the Committee Chair's absence, a Committee member determined by the Committee Chair presides at the meeting. In the absence of such a determination, the Committee will elect an Acting Chair.
<b>Agenda</b>	<p>The Committee Chair, in consultation with the CRO, and other resources, develops a twelve month Rolling Agenda and an agenda for each Committee meeting.</p> <p>The Committee members receive the meeting agenda and supporting materials in advance of each meeting of the Committee.</p> <p>The agenda of each meeting shall include provision for an <i>in camera</i> session with the CRO, and any other selected members of management as considered necessary (with or without the CRO present).</p>
<b>External Auditor</b>	The External Auditors are entitled to receive notice of every meeting of the Committee, and, at the expense of Coast Capital, to attend and be heard at each meeting, and must attend each meeting of the Committee at the request of a member of the Committee.
<b>Minutes</b>	<p>The Assistant Corporate Secretary maintains and keeps minutes of all meetings of the Committee.</p> <p>The Assistant Corporate Secretary prepares the minutes for review by the Committee Chair and the CRO. The Committee approves the minutes and provides a copy to the Board.</p>

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## 5. Resources

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<b>Authority</b>	<p>The Committee may engage internal and external resources as needed to assist in the execution of its responsibilities.</p> <p>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.</p>
<b>Lead Executive</b>	The Lead Executive to the Committee is the CRO.
<b>Other Resources</b>	Additional resources to the Committee include the CEO, Chief Financial Officer, Chief Legal, Regulatory and Corporate Affairs Officer, Chief Development & Information Technology Officer, Vice President

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Enterprise & Operational Risk, Vice President, Compliance & Financial Crime Risk Management, Chief Internal Auditor<sup>3</sup>, Assistant Corporate Secretary, and other internal resources, as required.

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.

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## 6. Charter Governance

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**Last review date**      **September 2021**

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<sup>3</sup> The Chief Internal Auditor is the Vice-President, Chief Internal Auditor.