



Purpose The Risk Committee (“RC”) supports the Board of Directors (the “Board”) in defining Vancity’s risk appetite and overseeing its risk profile, including exposures to risk and performance against defined risk appetite. It oversees identification, assessment, monitoring and mitigation of key risk; reviews and approves key risk frameworks, policies, and risk limits; oversees the Risk Management function; and annually approves the risk strategy and target risk culture.

Responsibilities The Committee’s core responsibilities include the following recurring activities, with the understanding that it may assume additional duties in response to:

- Evolving business, legislative, or regulatory conditions; and
- Other responsibilities or duties delegated by the Board.

1. Strategy and Culture

The committee will review, approve or recommend for approval:

- a.) **Risk Strategy** – Annually, management’s proposed risk strategy, including supporting technology infrastructure
- b.) **Risk Culture** – Annually, the target risk culture in context of strategy and Risk Appetite Framework.

2. Oversight of Key Risks

The Committee will review, approve or recommend for Board Approval:

- a.) **Risk Appetite** – Annually the Risk Appetite statements, alignment with strategic plans, and risk limits to manage key risk exposures.
- b.) **Key Risk Frameworks, Policies and Processes** – As mandated by the Policy Management Risk Framework or regulatory requirements, including:
 - Key frameworks and policies for identifying, assessing, monitoring and controlling key risks
 - Recovery planning process and policies
- c. **Monitoring and Reporting- Including:**
 - Quarterly monitor of risk limits, enterprise risk profile, operational risks, watch list, impaired loans and write-offs
 - Annual review of Loan Loss Allowance (LLA) methodology and assumptions.
 - Annual assessment of Vancity’s risk culture and stress testing adequacy.
 - Review of all internal and external audit reports
 - Annual assessment of technology risk and cyber security posture, incident readiness, and policies supporting cyber security risk management (include review of cyber risks and technology risk in the schedule table)

d. Specific Transactions and Delegation of Authority – Including:

- Delegation of risk approval authorities to management.
- Approval of transactions exceeding delegated limits.
- Approval of significant asset encumbrances accordance with the Investment Portfolio Policy and Liquidity Policy.
- Approval of intercompany facility terms.

3. Oversight of Risk Management Function – Including

- a) **Organizational Structure**
 - Annual review of the structure, budget and staffing of the Risk Division to ensure it operates independently as second line of defense.
- b) **Effectiveness Review**
 - Annual review of the CRO's assessment of the Risk Division's effectiveness in alignment with regulatory expectations.
- c) **Review The Scope and Outcomes**
 - Annual review of Risk Division's work, including key issues and forward - looking plans.
- d) **Key Risk Leadership**
 - **Jointly with the CEO**, review and if necessary, approve the appointment, removal, succession plans, and mandate of the Chief Risk Officer, Chief Compliance Officer and Chief Anti-Money Laundering (AML) Officer.
 - CRO has a direct reporting line to the Committee
- e) **Compliance, Privacy and AML Oversight**
 - At least annually, review reports from the Chief Compliance Officer, Chief AML Officer and Privacy Officer, on:
 - Regulatory compliance matter
 - Effectiveness of compliance, privacy, AML, terrorist financing and sanctions programs
 - Significant regulatory findings
 - Management's remediation plans for identified deficiencies

Membership and Quorum

Members of the RC are appointed by the Board of Directors, which also has authority to fill any vacancies as they arise. The committee will comprise at least four voting directors, along with Vancity's Chief Risk Officer, who serves as a non-voting *ex officio* member. Internal Audit will also participate as a non-voting member. A quorum requires a majority of committee members, as specified by FIA's 135.

In the event of a tie vote, the Committee Chair will cast the deciding vote. Either the Board Chair or Board Vice Chair will serve as a member of the Committee. When feasible the Audit Committee Chair will be appointed to the Committee.

Chair and Vice Chair

The Chair of the Committee is ratified by the Committee based on a recommendation from the Board. The Vice Chair is elected by the Committee at the first constituted meeting following the Annual General Meeting.

Meetings The Committee shall meet as needed, at least quarterly. Meetings are open to all other Directors as non-voting participants. The Committee will set its own procedures for conducting of the meetings. Additional meetings may be held, typically via teleconference to review credit requests exceeding Management’s authority.

Reporting Meeting minutes will be provided to the Board. The Chair will report to the Board on matters not yet minuted. All supporting schedules and information-reviewed by the RC will be accessible to Directors via the board portal.

Access to Management and External Advisors

The Committee may request the attendance of; any executive and/or staff member, Internal Auditor, or external auditor with relevant information. It is also authorized to retain or dismiss external advisors as needed to fulfill its responsibilities.

Resources The Committee is supported by:

- Management including the CEO, Chief Risk Officer, Vice President of Enterprise Risk, Chief Legal Officer, and the Governance Department. It may also draw on external advisers, and as required, both internal and external auditors.

APPENDIX A: ANNUAL CALENDAR OF COMMITTEE REPORTS

Report Name	Agenda*	Type**	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
STANDING ITEMS						
Chief Risk Officer Report	Regular	Information	✓	✓	✓	✓
Credit Portfolio Overview	Regular	Information	✓	✓	✓	✓
Risk Committee Minutes	Consent	Decision	✓	✓	✓	✓
Risk Committee Work Plan	Consent	Information	✓	✓	✓	✓
BCFSA Correspondence	Consent	Information	When received			
Chief Anti Money Laundering Report	Consent	Information	✓	✓	✓	✓
Liquidity Stress Testing Report	Regular	Information	✓			
Operational Risk Report	Regular/ Consent	Information	✓	✓	✓	✓
CRO’s Self-Assessment of Risk Management (including ERM/ORM program) effectiveness	Regular/ Consent	Information			✓	

Report Name	Agenda*	Type**	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
POLICIES						
Investment Policies						
Investment Portfolio Policy <i>(annual review)</i>	Regular	Decision (B)			✓	
Market Risk Policy <i>(annual review)</i>	Regular	Decision (B)			✓	
Liquidity Policy <i>(annual review)</i>	Regular	Decision (B)			✓	
Credit Risk Policy						
Lending Policy <i>(annual review cycle)</i>	Regular	Decision (B)				✓
Capital Management Oversight						
Report Name	Agenda*	Type**	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
Capital Management Policy <i>(annual review)</i>	Regular	Decision (B)	✓			
Overall Risk Policies						
Enterprise Risk Management Framework	Regular	Decision (B)			✓	
Regulatory Compliance Policy <i>(2- year cycle)</i>	Consent	Decision			2026	
Operational Risk Management Framework	Consent	Decision (B)		✓		
Third Party Risk Management Framework (Framework 2 <i>year-2-year review cycle</i>)	Consent	Decision (B)		✓	✓	
Enterprise Privacy Policy	Consent	Decision			✓	
Member Privacy Code	Regular	Decision	When material changes are made			
Anti-Money Laundering and Terrorist Financing Policy <i>(3-year review cycle)</i>	Consent	Decision			2025	

Terms of Reference for the Risk Committee

DECISION ITEMS						
Delinquency & Write Offs, including adequacy of Loan Loss Provisions and methodology	Regular	Decision (B)	✓	✓	✓	✓
ICAAP Review (considered at separate meeting with audited financials)	Regular	Decision (B)	✓			
Risk Appetite Framework	Regular	Decision (B)			✓	
Recovery Plan	Consent	Decision (B)	✓			
Annual Regulatory Compliance Management review	Consent	Decision (B)			✓	
Report Name	Agenda*	Type**	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
Business Continuity Plan/ Incident Response Plan	Consent	Decision				2023
Terms of Reference – Risk Committee	Consent	Decision (B)		✓		
AS NEEDED ITEMS						
Appointment of Chief Compliance Officer and CAMLO	Consent	Decision (B)	As needed			
Intercompany Facilities Terms and Conditions including limit changes	Consent	Decision (B)	As needed			

Terms of Reference for the Risk Committee

Report Name	Agenda*	Type**	Q1 Apr	Q2 Sept	Q3 Nov	Q4 Jan
OTHER						
Enterprise Privacy Report	Regular	Information			✓	
Committee Assessment Review <i>(bi-annually – next review 2025)</i>	Regular	Information		2025		
Ratify Chair and Elect Vice Chair of Committee <i>(not a report)</i>	Regular	Decision		✓		
Transactions exceeding- management authorities <i>(as necessary)</i>	Regular	Decision				
Review written feedback on the performance of the CRO to the CEO <i>(not a report)</i>						✓

**Reports marked as Regular or Consent are used as a guideline only. The Committee Chair and/or Executive Support may change this as necessary.*

***Approve items marked with a “(B)” requires approval of both the Risk Committee and the Board.*