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# Enterprise Risk Management Committee Charter

Approved by:

ERM Committee on July 23, 2019; Board of Directors on July 24, 2019

## Purpose

The Columbia Bank (“Bank”) Board of Directors has established the Enterprise Risk Management (ERM) Committee to oversee the management of the enterprise-wide risk management framework in a manner consistent with Board-approved strategies and objectives. The ERM Committee defines the Bank’s overarching risk objectives through risk policies, limits, and the risk appetite statement. It also ensures that risks impacting the strategic plan are appropriately identified and addressed to protect and enhance shareholder value.

Management is responsible for the Bank’s enterprise-wide risk management, designing, implementing, and maintaining an effective risk management framework for the Bank, and planning for, and responding to, the Bank’s significant risks. The ERM Committee shall receive and review reports made by management, and periodically meet with management regarding the enterprise-wide risk management matters for which the ERM Committee has oversight and responsibility.

## Responsibilities and Authorities

The ERM Committee oversees the integration of risk management in the Bank through the enterprise risk management process commensurate with the extent and complexity of the Bank’s business activities. As such, the responsibilities and authorities of the ERM Committee are as follows:

- Provide governance and oversight for the operations of the Bank’s enterprise-wide risk management framework, which outlines the Bank’s overarching approach to risk management,
- Oversee the processes and systems for implementing and monitoring compliance with risk-management and risk-control policies and procedures.
- Review significant risks and risk management deficiencies, including emerging risks, as identified by Corporate Risk Management programs, and ensuring effective and timely implementation of action plans.
- Review and approve the Bank’s risk appetite statement (at least annually). The ERM Committee shall oversee the Bank’s compliance with the risk appetite statement on behalf of the Board through regular reports pertaining to the Bank’s financial, credit, strategic, reputational and operational risk positions, including planned actions and responses to breaches of stated risk appetite thresholds.
- Review and receive regular reports from the Chief Risk Officer (CRO) and other members of management regarding management’s assessment of the effectiveness of the Bank’s enterprise-wide risk programs, including the implementation of risk management enhancements or any material departures from strategic plans.
- Foster a risk intelligent culture by promoting awareness of the relationship between value and risks.
- Evaluate the performance of the Committee, and the appropriateness of its Charter, on an annual basis.

It is the responsibility of the Chair to provide periodic updates of Committee activities to the full Board and, on an annual basis, the results of the Committee’s performance evaluation. The Committee charter also will be reviewed

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annually, with changes presented to the full Board for approval.

### **Membership**

The Committee is comprised of at least four (4) outside (non-management) directors, with at least one member from the Audit committee, as appointed by the Board and recommended by the Board's Nominating Committee. One or more outside directors will be named as the Committee's designated risk expert(s), and one outside director will be appointed to serve as the Committee's Chair. Members will serve for such term as may be determined by the Board, and until their successors are appointed and qualified.

The Committee may invite, at its discretion, members of management or others as deemed appropriate. The Committee also may elect to meet in executive session with the CRO or any other member of management. Finally, the Committee is authorized to select, retain, terminate, and approve the fees and other retention terms of special or independent counsel, or other professional advisors, as it deems appropriate, without seeking the approval of management or the Board.

### **Quorum**

At least three (3) outside directors must be present for a vote to be held, including the Chair. At the Chair's discretion, time sensitive matters may be addressed between meetings via email or teleconference. In either case, a quorum is required and minutes will be documented, as below.

### **Meetings**

The Committee will meet in conjunction with regularly scheduled Board meetings or as it otherwise deems necessary, and with respect to procedures as set forth in the Corporations bylaws. The Committee Chair and CRO, or their designees, are responsible for developing meeting agendas and distributing written materials to all members in advance of scheduled meetings.