



Western AgCredit RISK COMMITTEE CHARTER

PURPOSE

The Board of Directors (Board) of Western AgCredit (Association) has created a committee of directors to be known as the Risk Committee (Committee) for the purpose of assisting the Board in fulfilling its fiduciary and oversight responsibilities in the areas of risk management and related stress testing processes. To this end, the Committee will:

- Oversee the Association's Enterprise Risk Management Program (ERM Program); including the division of specific responsibilities within the ERM Program among other committees of the Board;
- Ensure that Association management has identified and assessed all material risks that the Association faces and has established a risk management infrastructure capable of monitoring and addressing those risks;
- Ensure that the Association maintains an effective Stress Testing Program to evaluate risk exposures associated with major business segments and operational activities;
- Ensure that the ERM Program and Stress Testing Program include processes and reporting that will prepare the Association to reasonably anticipate and effectively respond to material adverse events – both short-term and long-term;
- Ensure that the ERM Program and Stress Testing Program are utilized to effectively manage risk and plan strategically to enhance the Association's long-term sustainability; and
- In conjunction with the full Board, approve the Association's ERM Program.

COMPOSITION

The Committee will consist of three members of the Board. Annually, the Board will appoint all Committee members and will designate the Committee Chairman and Vice-Chairman. The members of the Committee will be selected based on their other committee assignments; one each, from the Audit Committee, the Compensation Committee, and the Corporate Committee.

The term of office for each position on the Committee shall be for one year, but members appointed to the Committee are encouraged to serve for at least two consecutive years after their appointment. The Board, upon recommendation of the Committee or otherwise, may remove any Committee member at any time.

A majority of the members of the Committee constitute a quorum. Any Board Member may attend Committee meetings.

QUALIFICATIONS

Each Committee member will be independent from Management and be knowledgeable of and understand the Association's business segments and general operations.

Members of the Committee should have a practical knowledge of risk principals and risk management or be able to gain such knowledge within a reasonable period of time after appointment to the Committee. Committee members are expected to seek ongoing training

and/or education as needed to stay informed about developments in risk management practices.

AUTHORITY

The Board of Directors, through the adoption of this Charter, delegates to the Committee those authorities necessary to accomplish the responsibilities of the Committee as set forth in this Charter. The Committee shall have access to all books, records, facilities, and personnel of the Association and the power to retain outside counsel or other experts considered necessary by the Committee.

MEETINGS

The Committee will meet at least one time each year, with authority to convene additional meetings, as circumstances require. Meetings may be called by the Chairman of the Board, the Chairman of the Committee, or the Chief Executive Officer. The Committee will invite members of management or others to attend meetings and provide pertinent information, as necessary. The Committee may hold private meetings with management or outside counsel or experts in executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved by the Committee. Minutes will include attendance and will be retained for at least three (3) years.

RISK MANAGER

The Risk Manager will be a member of senior management, or will report directly to, and be supervised by, a member of senior management. However, the Risk Manager will work closely with, and be an ongoing resource to, the Committee.

RESPONSIBILITIES

The Committee is responsible for the following activities. These responsibilities will be discharged through the assistance of Association staff, outside counsel (as appropriate), and other experts (as appropriate).

Risk Culture

- Help to set the tone and develop a culture that promotes open discussion regarding risk and that integrates risk management into the Association's goals and strategic direction.
- Create a corporate culture such that management and staff at all levels manage risks, rather than reflexively avoiding or heedlessly taking them.
- Provide input to management regarding the Association's risk appetite and tolerance and, ultimately approve risk appetite statements that are recommended to the full Board and communicated throughout the Association.

Risk Identification and Monitoring

- Direct management to conduct an Annual Assessment of Risks (a review of previously identified risks to 1) evaluate the emergence of new risks or 2) determine changes in materiality of risks that have already been documented).

- Ensure that adequate reporting is in place to effectively monitor the Association’s risk profile (ongoing or potential exposure to risks of various types). This function also recognizes reports provided to other committees of the Board in connection with their specific assignments regarding the ERM Program.
- Ensure that adequate risk review is completed regarding material new initiatives (products and services) prior to their approval and implementation.

Other

- Review and assess the effectiveness of the Association’s ERM Program and Stress Testing Program. Recommend improvements, where appropriate.
- In coordination with the Audit Committee, ensure that the Association’s Internal Audit Plan is aligned with the risks that have been identified.

Reporting Responsibilities

- Keep risk and stress testing on the full Board’s agenda on a regular basis.
- The Committee Chairman or designee will report on the activities of the Committee to the full Board.
- The Committee will prepare and furnish meeting minutes and otherwise report to the Board related to the work performed by the Committee to discharge its responsibilities and authorities. The Board Secretary is available to the Committee to record and prepare these minutes.

RESOURCES

The Committee shall have the authority to engage independent counsel and other advisors as the Committee deems necessary to carry out its duties, with funding to be provided by the Association. A two-thirds majority vote of the full Board of Directors is required to deny the Chairperson’s request for resources.

SELF EVALUATION AND CHARTER REVIEW

The Committee will perform an annual evaluation of the Committee’s performance and training needs and communicate the results of the self-evaluation to the Board. The Committee will also annually, or as otherwise appropriate, review and reassess the adequacy of this Charter and recommend that the Board reaffirm or amend this Charter. The review of the Charter will be documented in the Committee minutes.

RISK COMMITTEE MEMBERS

Shirelle Erb, Chairman 2180 South 1300 East, Suite 360 Salt Lake City, UT 84106 801.450.1335	Kim Haws, Vice-Chairman PO Box 75 Newton, UT 84327 435.770.5719	Robert Johnson 9950 North Manhead Road Randolph, UT 84064 435.213.6404
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This Risk Committee Charter was approved by the Board of Directors during their September 22, 2020 meeting, and is recorded as such in the minutes. This charter will be reviewed by the Committee at least annually.