



Risk Committee Charter

I. Purpose

The AgWest Farm Credit, ACA (the Association) Risk Committee (the Committee) is established by and reports to the Association Board of Directors.

The Committee assists the Board in fulfilling its fiduciary responsibilities to oversee and monitor the Association's risk controls including the Association's,

1. Financial, asset-liability management, information technology, reputation, credit, valuation/appraisal, model risk, allowance, and enterprise risk management performance.
2. Board policies related to financial, asset-liability management, information technology, reputation, credit underwriting, portfolio management, valuation/appraisal, model risk, and allowance.
3. Reporting to provide a base understanding of Association risk and inform when deeper analysis is needed (such as industry/credit stress studies, financial/funding risk studies, model validations, or other operational risk studies).

II. Authority and Responsibilities

The committee is authorized to:

1. Establish and oversee the Association Enterprise Risk Management Program as outlined in the AgWest business plan and monitor performance via the Quarterly Enterprise Risk Report.
2. Maintain the Board's risk management policies and recommend policy additions or modifications.
3. Recommend approval/disapproval of projects, systems, related services, or any other issues facing the organization outside of management's delegated authority as it relates to the financial, asset-liability management, information technology, reputation, credit, valuation/appraisal, model risk, allowance, and enterprise risk management circumstances, oversight, and operational soundness of the Association.
4. Schedule and conduct Committee meetings at such time as deemed appropriate by the President/CEO, Board Chair, Board Vice-Chair, acting in his/her place, or the Committee Chair.
5. The Committee may approve or take actions as may be delegated to them in this Charter, in any Board-approved policy, or by Board resolution from time to time. Where so authorized, the actions of the Committee shall carry the same force and effect as actions taken by the full Board acting in accordance with the bylaws.
6. Recommend to the Board approval of relevant financial agreements outside management's delegated authority involving all entities in the district, outside the district and outside the Farm Credit System.

7. Recommend approval of changes to the allowance for credit losses methodology and review the adequacy of the allowance for credit losses established by management each quarter.
8. Review Stress Scenarios and Tests as scheduled through the annual Risk Management Plan. The Committee may also request additional stress tests, special projects or studies for specific commodities, industries, or environmental issues wherein management will address relevant contingency plans, risk management, finance, and credit issues.
9. Monitor ERM, finance, information technology and credit operations through review of all available reports, dashboards and studies requested by the Committee and provided by management.
10. Provide affirmation of the association's credit underwriting standards through the annual review of board underwriting policies; the portfolio strategy, financial plan and strategic business initiatives related to underwriting contained in the business plan; the regular review of portfolio reporting; and occasional reviews with management of material underwriting systems and changes.
- 11.. The Committee shall have access to all information, records and files available to the Board.

III. Composition/Quorum Power to Act

- A. The Committee members shall consist of at least three but no more than six directors as recommended by the Board Chair and Vice-chair and approved by the Board. Each director appointed to the Committee shall, in accordance with association standards of conduct policies and procedures, be free of any relationship that would interfere with the exercise of independent judgment as a Committee member. In appointing Committee members, the Board will also consider the personal characteristics and qualifications of those appointed to the Committee.
- B. Annually, the Committee members will elect the chair and vice-chair of the Committee (subject to Board approval) at the same time as the annual Board reorganization following Director Elections. The Board may, at any time and in its complete discretion, remove any member of the Committee and may fill any vacancy on the Committee.
- C. A majority of the total number of members shall constitute a quorum of the Committee. A quorum of the Committee shall be empowered to act on behalf of the Committee.

IV. Procedures

A. Meetings/Reporting

The Committee will meet at such frequency as necessary and appropriate to fulfill its responsibilities and conduct its business. Committee materials (except sensitive material) will typically be distributed to all Board members as part of the Board materials.

The Committee shall keep formal minutes of all meetings, including attendance. Minutes will provide sufficient detail on reasons for decisions to avoid disputes regarding prior decisions. Committee members will be provided ready access to past minutes of the Committee for purposes of reference or review. The Committee shall provide meeting minutes and reports of its actions to the Board at its next regularly scheduled meeting.

B. Resources

The Committee shall have authority to retain such consultants, outside counsel and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms. The Association will provide any other monetary and non-monetary resources necessary for the Committee to fulfill its purpose.

C. Communication/Collaboration

The Chair will be responsible for liaison with representatives of management to develop meeting agendas and information needed to make decisions. The Committee will communicate and collaborate with the Operating Committee so that the flow of information between the Committee and management is not impeded.

D. Learning and Development

The Committee will establish, in cooperation with the Board and other Board committees, a schedule for learning and development as deemed necessary and/or recommended by management and informed by the Board's annual self-assessment and learning survey. This learning ensures that Committee members continue to develop their experience and effectiveness.

E. Self-Assessment

As part of the Board self-assessment process, the Committee will complete an annual self-assessment. The purpose of the Committee's self-assessment survey is to assist the Board in evaluating the Committee's composition, the Committee's effectiveness and the support/resources provided to the Committee.

V. Delegation

The Committee may, in its discretion, delegate some of its duties and responsibilities to a subcommittee appointed by and responsible to the Committee.

VI. Disclosure of the Charter

This Charter will be posted on the Association's website and also will be available in print to any shareholder requesting it.

VII. Charter Review

The Board recognizes that, for this Charter to be useful, it must be kept current and relevant. To that end, the Board will conduct a Charter review at least annually and make any changes that are needed to meet the Charter's purpose.