

EQUITY CREDIT UNION INC.

**Minutes of Enterprise Risk Management Committee Meeting
June 8, 2022**

A meeting of the Enterprise Risk Management (ERM) Committee of Equity Credit Union Inc. was held on Wednesday, June 8, 2022. In compliance with public health Covid-19 regulations, this meeting was held with all participants located remotely and attending the meeting by way of a Microsoft Teams connection.

Present: Larry Biancolin Chair
 John Loreto Director
 Jeannine Wilson Director
 Tom Dimson Chief Executive Officer
 Louise Robichaud Finance Manager

being members of the committee and by invitation,

 Carol Lewis Recording Secretary

CALL TO ORDER

Mr. Biancolin called the meeting to order at 6:07 p.m.

PURPOSE OF THE MEETING

The purpose of this meeting was to assess all enterprise risks as required by FSRA regulations once annually. To that end Ms. Robichaud had undertaken the task of updating the ECU Risk Register of 72 risks and had forwarded that document to each committee member for their thorough review prior to this meeting.

Ms. Robichaud presented and explained the updated register which now identified 70 risks. Further, in reviewing each risk she had made any necessary changes and created new tracking documents being:

- risk portfolio dashboard
- risk heat map
- enterprise risk management which set out and explained the following:
 - risk categories
 - terminology
 - measuring value/effectiveness of response/internal controls
 - likelihood rating

- severity rating (impact)
- risk rating and risk-to-tolerance – category, score, colour scheme, identification.

In a document titled, ERM Workbook, Ms. Robichaud had set out the ERM Committee’s composition and the committee’s deliverables as:

- oversee the ERM framework,
- annually review the ERM policy,
- identify, assess, highlight and summarize the nature and magnitude of all significant risks and those risks that exceed their acceptable risk levels,
- meet bimonthly with the CEO to review status and action plans and consider new or significant risks,
- present a quarterly review to the Board for approval,
- monitor emerging risks and discuss their implications with Management,
- gain assurance that Management has undertaken the risk responses identified and outlined in the risk register.

Ms. Robichaud had also created a table that articulated the credit union’s view and approach to the management of identified risks and procedures that would operationalize the way of thinking and related business conduct. She also pointed out that key performance indicators were aligned within CORE policies and monitored through the Compliance Report presented to the Board monthly.

Prior to reviewing the risk register along with the risk portfolio dashboard, Ms. Robichaud explained the meaning of the arrows under risk outlet on the dashboard. Down indicated decreasing risk foreseen; up indicated increasing risk foreseen, lateral indicated continuing as is currently. The following risks were examined:

Risk #3, management planning, had been re-categorized from moderate to low.

Risk #5, Board qualifications and training, had been re-categorized from moderate to low.

Risk #13, CEO mandate and authorities: Ms. Robichaud stated that the red category indicated the value of a FSRA penalty. The red category (high) as indicated for this risk was questioned by all committee members. Mr. Dimson stated that he and Ms. Robichaud had reviewed the prior risk register and found that it was incorrect and, after further review, it was evident that, in fact, an error had been made in allocation. There being consensus that the committee had issues with the red designation, it was agreed that a note will be made in the dashboard that an error had been made in interpretation resulting in the risk being mis-scored. Further, it was agreed unanimously to re-categorize risk #13 from red to green noting that the rest of the dashboard fully supported the Board’s and Management’s capabilities to manage risks.

Ms. Robichaud drew attention to the new category--emerging risks--and explained that the red designation (extreme) was applied to the two risks identified (interest rate risk and operational risk) because they were new and would have to be assessed as to how to react.

Mr. Biancolin stated that the risk register/dashboard will be posted on the Board’s secure website in the ERM section and kept updated. The entire register as at May 31st will be presented to the Board at its June 29th meeting while the risk portfolio dashboard, updated as required by Management, would be presented quarterly thereafter.

Mr. Biancolin stated that the purpose of this meeting was to review the updated risk register as at May 31st in detail and to highlight any risks to be addressed. At this time, the committee members having thoroughly reviewed the risk register prior to the meeting stated that they had no further questions.

Mr. Loreto referred to the column titled estimated worst case impact to earnings and pointed out that the cost would not be known. Mr. Biancolin agreed but advised that FSRA required the estimated financial impact and, therefore, it had been estimated as realistically as possible. In response to Ms. Wilson's question concerning the role of the committee going forward, it was summarized that it would review the risk register and the dashboard regularly and raise any concerns or recent changes at a committee meeting.

In a brief general conversation it was noted that the CORE risks of business were being covered including risk planning, Board and staff quality, etc. With respect to IT security, at this point there were no apparent risks to the business and nothing to add to the dashboard. The committee congratulated Ms. Robichaud for a job really well done saying in particular that it was very thorough and made sense. It was stated once again that the documents--the risk register and dashboard--will be included in the next Board meeting package.

BUSINESS ARISING

There were no items of business arising.

OTHER BUSINESS

There were no items of other business.

DATE OF NEXT MEETING

The next meeting of the committee was not scheduled at this time.

ADJOURNMENT

The business of the meeting having been completed, the Chair closed the meeting at 6:37 p.m.

Larry Biancolin, Chair
CL/cl

John Loreto, Secretary

Date: _____

Date: _____

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LIST OF MOTIONS

No motions were put forward at this meeting.

LIST OF ACTION ITEMS

No action items were identified.

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