

# Risk Committee Charter

Richardson Wealth • RF Capital Group

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*Richardson*

## 1.1 PURPOSE

The Risk Committee (or the “Committee”) is appointed by the board of directors (the “Board”) of RF Capital Group Inc. (the “Company”) and is responsible for assisting the Board in its oversight and evaluation of a company-wide risk management practices, including:

- Reviewing, on an enterprise-wide basis, the significant risks to which the Company is exposed and assessing whether trends and emerging risks have been identified, measured, mitigated, monitored and reported.
- Reviewing and recommending for Board approval the Company’s:
  - enterprise-wide risk management plan developed by management;
  - risk appetite statements in support of the enterprise risk plan; and
  - risk management frameworks, processes, and controls.
- Monitoring of adherence to the risk management plan, risk appetite statements and risk framework, processes and controls.

The Risk Committee will primarily fulfil its responsibilities by carrying out the activities enumerated in the Responsibilities section of this Charter.

## 1.2 REPORTS

The Risk Committee will report regularly to the Board on all significant matters it has addressed and with respect to such other matters as are within its responsibilities.

## 1.3 COMPOSITION

The members of the Risk Committee shall be three or more members of the Board of Directors, of which one member must be the Chair of the Audit committee, who are appointed in each year (and may be replaced) by the Board of Directors of the Company, including at least one member having experience and relevant qualifications in risk management. Each of the members of the Risk Committee shall satisfy the director independence standards adopted by the Board from time to time.

## 1.4 RESPONSIBILITIES

The Risk Committee shall:

1. *Tone and Culture* – Oversee the practices and promotion by the CEO of a sound risk-aware tone and culture throughout the organization, promote open discussion regarding risk, integrate risk management into the

organization's goals and compensation structure, and foster a corporate culture such that people at all levels manage risks rather than reflexively avoid or heedlessly take them.

2. *Risk Appetite & Tolerance* – Provide input to management regarding the enterprise's risk appetite and tolerance and, ultimately, review and recommend to the Board for approval the statement of risk appetite and tolerance established and messaged throughout the Company and by line of business.
3. *Enterprise Risk Profile* – Oversee management's monitoring of the organization's enterprise-wide risk profile and its ongoing and potential exposure to risks of various types. In doing so, the Committee will discuss with the Chief Executive Officer and management the Company's major risk exposures, such as strategic, retention, financial, credit, market, portfolio, product, fraud, security, operational, IT, legal, regulatory, reputational, and other risks, and review the steps management has taken to monitor and control such exposures, including the Company's risk assessment plan and risk appetite statement.
4. *Risk Management Plan* – Periodically, and at least annually, review and recommend for Board approval the Company's enterprise-wide risk management plan developed by management. The risk management plan should consider the maturity of the risk culture of the Company and should be tailored to the specific circumstances of the Company. The risk management plan may include:
  - the Company's risk management structure;
  - the risk management framework: i.e., the approach followed, for instance, COSO, ISO, IRMSA ERM Code of Practice;
  - the standards and methodology adopted, including measurable milestones such as tolerances, intervals, frequencies, frequency rates, etc.;
  - risk management practices and guidelines;
  - critical risk management policies adopted by the organization;
  - reference to cultural and practice integration throughout the organization, for instance, through training and awareness programs; and
  - details of the assurance and review of the risk management process.

The risk management plan should include the Company's definitions of risk and risk management, the risk management objectives, the risk approach and philosophy, as well as the various responsibilities and ownership for risk management within the Company.

5. *Management Identification of Risks* – Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed, including the identification of key risk indicators.

6. *Risk Review of Strategic Initiatives* – Maintain an oversight role in the risk review activities driven from strategic plan related to decisions (e.g. acquisitions), initiatives (e.g. new business lines), and transactions and exposures (e.g. by amount) to be reviewed by the Committee prior to being sent to the Board’s attention.
7. *Transactional Risk Authority* - Review (at least annually) and if in agreement, recommend to the Board for approval the transactional risk-taking authorities delegated to management, including limits of such authorities, and identification of any transactions exceeding those delegated authorities.
8. *Information Security & Technology Risks* –The Committee shall obtain assurance that the Company has a comprehensive information security and technology risk management program in place, which includes policies, controls, and procedures to identify, manage, and mitigate risks related to information security, including cybersecurity, data privacy and use of artificial intelligence (AI) tools. The Committee will receive annual confirmation that the Company’s Incident Response Plan (“IRP”) has been tested and is effective. The Committee shall ensure that the company has adequate resources to manage information security and technology risks and that related policies are regularly reviewed and updated to address new and emerging threats and regulatory requirements in development and usage of AI systems, including generative AI tools.
9. *Outsourcing Risk* – The Committee shall receive confirmation annually that the Company’s material outsourcing arrangements have been reviewed and that the adequacy and effectiveness of the outsourcing program is considered satisfactory. The Company will determine the materiality of outsourcing arrangements based on factors such as: the impact on operations, finances, or reputation; the ability to meet regulatory requirements; and the degree of difficulty required to find an alternate service provider or migrate the operations in-house.
10. *Monitor External Developments & Impact* – Monitor the external environment including competitive, technological, political, economic, and regulatory developments and assess the potential impact on the Company.
11. *Regulatory Risk* – Review on a regular basis, management’s assessment of regulatory risk, including risk management regulatory reports and findings of regulators, as applicable to the mandate of the Committee, including management’s remediation plans and progress against such plans.
12. *Insurance* – Review and recommend for Board approval the Company’s insurance program and limits of insurance, including corporate liability protection programs for directors and officers.
13. *Risk-Related Disclosure* – Review and provide input to the Board and Audit Committee regarding risk disclosures in financial statements and other public statements regarding risk, including annual disclosure as required regarding the effectiveness of the Company’s enterprise risk framework.
14. *Coordination Among Board Committees* – Coordinate (via meetings or overlap of membership), along with the full Board, relations and communications with regard to risk among the various Board committees, particularly with the

Management Resources and Compensation Committee with respect to the alignment of the Company's compensation program and practices with the Company's risk appetite and compensation principles.

15. *Chief Risk Officer Appointment & Oversight* – Approve the appointment and, when and if appropriate, replacement of the Chief Risk Officer, who shall report directly to the Committee as well as to the Chief Executive Officer and who shall have qualifications commensurate with applicable legal and regulatory guidance relating to risk management expertise.

## 1.5 MEETINGS

The Risk Committee shall meet at least quarterly and more frequently as circumstances require. Any member of the Risk Committee may call a meeting. The quorum requirement for any meeting of the Risk Committee is a majority of the members. All members of the Risk Committee should strive to attend all meetings in person.

The Chairperson of the Committee will approve the agenda for the Committee's meetings, and any member may suggest items for consideration. The agenda for each Risk Committee meeting will provide time during which the members can meet separately in executive session.

The Committee will meet with the Chief Risk Officer without management present at the end of each meeting. The Risk Committee may request that any other officer or employee of the RF Capital Group, the RF Capital Group's external counsel, or any special counsel or advisor to the Company attend a meeting of the Risk Committee or meetings with any members of, or advisors to, the Risk Committee. Such meetings may be conducted in separate executive session.

The Risk Committee may delegate authority to individual members and/or sub-committees where the Risk Committee determines it is appropriate to do so.

## 1.6 REPORTING

The Risk Committee will report regularly to the Board on all significant matters it has addressed and with respect to such other matters as are within its responsibilities and make such recommendations as it deems necessary or appropriate. At least annually, the Risk Committee will present to the full Board a report summarising the Committee's review of the Company's methods for identifying, managing, and reporting risks and risk management deficiencies.

## 1.7 INDEPENDENT ADVICE

In discharging its mandate, the Risk Committee shall have the authority to retain and receive advice from special legal or other advisors (including the incurrence and payment of related fees and expenses) as the Risk Committee determines to be necessary to permit it to carry out its duties.

## 1.8 ANNUAL EVALUATION

At least annually, the Risk Committee shall, in a manner it determines to be appropriate:

- perform a review and evaluation of the performance of the Risk Committee and its members, including the compliance of the Risk Committee with this Charter; and
- review and assess the adequacy of this Charter and recommend to the Board any improvements that the Risk Committee determines to be appropriate, including those needed to respond to new risk-oversight needs and any changes in regulatory or other requirements.

## 1.9 WAIVERS OF THIS CHARTER

The Board may, in its absolute discretion, grant waivers of any of the provisions and requirements of this Charter.