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POLICY

The NBCC Board of Governors (the Board) will ensure, through the President and CEO (the President), that a systematic enterprise risk management (ERM) process is put in place to identify, reduce, or eliminate risks to NBCC's assets and interests; to minimize and contain the costs and consequences in the event of harmful or damaging incidents arising from those risks; and to provide adequate and timely restoration and recovery.

PURPOSE

NBCC's annual ERM process comprises the following activities:

- Identify *Risks* across the organization and document their cause, *Risk* and effect in a *Risk Statement*;
- Assess the *Likelihood* of occurrence for each *Risk*;
- Assess the *Impact* upon the organization should each *Risk* occur;
- Calculate the *Risk Score* for each *Risk* and assign an appropriate *Risk Ranking* based on that score;
- Develop *Mitigation Activities* and assign accountability for each *Risk*;
- Operationalize the assigned *Mitigation Activities* and monitor;
- Group *Risks* having similar effect into *Risk Areas*; and
- Report annually regarding *Reportable Risk Areas* and *Risks* (based on *Risk Rankings* of high or extreme).

RESPONSIBILITIES

1. The President is responsible for ensuring that a comprehensive risk management framework is in place to:
 - 1.1. systematically identify risks;
 - 1.2. evaluate the *Likelihood* and *Impact* of the risks;
 - 1.3. implement operational policies, systems and processes to mitigate risks; and,
 - 1.4. evaluate the ongoing effectiveness of those mitigating activities, inclusive of financial and other impacts.
2. The President will report annually to the Board's Audit Committee and the Board on management's efforts to mitigate principal (i.e. reportable) strategic, operational, compliance and financial risks identified by the enterprise risk management plan. The President will report to the Board regarding

enterprise risk management plan for the current year as well as the proposed risk management plan for the coming year.

3. The President will also report to the Audit Committee and Board on significant emergent risk in a timely manner.
4. The Board's responsibility is to understand the principal (i.e. reportable) risks facing NBCC, and to monitor the effectiveness of policies, systems and processes (i.e. mitigation activities) put in place by the President to mitigate risks.
5. The following principles will guide the Board's oversight of NBCC's risk management policies and systems:
 - 5.1. A proactive and systematic approach to the identification, evaluation and minimization of risks is preferred over an ad hoc reactive approach;
 - 5.2. An overall discussion of the risks and risk management systems will occur at least annually; and,
 - 5.3. The implications and risks associated with specific Board policies or decisions will be reviewed when those policies or decisions are considered by the Board.
 - 5.4. The Board will review annually NBCC's enterprise risk management plan for the current fiscal year and the proposed plan for the next year.