

**FEDERAL HOME LOAN BANK OF PITTSBURGH  
CHARTER FOR THE OPERATIONAL RISK COMMITTEE  
OF THE BOARD OF DIRECTORS**

**January 2018**

**Purpose**

The Operational Risk Committee (“Committee”) is a committee of the Board of Directors of the Federal Home Loan Bank of Pittsburgh that assists the Board with the oversight of compliance and operational risk management activities. The Committee promotes effective management of the assigned risk categories.

The Committee oversees the Bank's operational risk management framework to determine if the resources and composition of risk activities are commensurate with the extent and complexity of the Bank's business activities. In this role the Committee shall:

- Periodically review and approve risk management strategies and key decisions of the appropriate management-level risk committees; and
- Review all key risk governance policies addressing risk management topics such as risk assessment and compliance risk; and other general operational risks including but not limited to transaction risks, cyber risk, fraud risk not governed by the Audit Committee of the Board, vendor risk, model risk, and operational incident tracking and root/cause analysis with recommendations for approval to the full Board of Directors;
- Routinely review and discuss current and emerging operational risks, operational risk events and operational risk trends;
- Review and recommend approval of the IT Governance and the Bank Security policies to the full Board of Directors;
- Approve the information technology and information security strategies;
- Assess whether management is appropriately managing technology risk;
- Oversee the IT project management process;
- Review and assess the sufficiency of the Business Continuation Plan;
- Oversee other technology, security, and resource issues and make recommendations to the full Board of Directors;
- Review management's assurance that there is adequate monitoring, testing, and reporting of compliance with the above-referenced risk management policies and processes; and
- Inform the Board of the status of assigned risk exposures and risk management processes, systems, and models in the Bank, especially when Board-approved policy limits are breached.

## **Membership and Meetings**

The Board shall appoint the members of the Committee and shall designate its Chairperson and Vice Chairperson. The Chairperson shall have overall responsibility for leading the Committee. The Vice Chairperson shall have an active role in supporting the Chairman by serving as a principal point of contact for management on a subset of the issues for which the Committee is responsible. The Chair and Vice Chair of the Board are nonvoting *ex officio* members of the Committee who may participate in discussion and debate, but do not count for quorum requirements. Sufficient meetings will be scheduled to permit full and timely oversight of the Bank's risk management functions. The Committee has the authority to obtain advice and assistance from outside legal, accounting, or other advisors as the Committee deems necessary to carry out its duties. The Bank's Chief Information Officer will staff the Committee and function as the Committee Secretary. Written minutes of the Committee will be prepared by the Secretary for each meeting. Detailed minutes of any executive session of the Committee will not be maintained; however, topics discussed will be noted in the written minutes. The approved original minutes will be forwarded to the Corporate Secretary for distribution to the full Board of Directors and filing with the Federal Housing Finance Agency.

Approved by the Board of Directors: December 14, 2017