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# **SHUSA Board of Directors**

## **SHUSA Risk Appetite Framework**

June 30, 2016

Brian Gunn, CRO, SHUSA

Version: 2.0

# Risk Appetite Framework Overview

<b>Document Purpose</b>	<ul style="list-style-type: none"> <li>• Defines the approach, tools, and controls to effectively establish and manage SHUSA's Risk Appetite</li> <li>• Sets forth the alignment to the ERM Framework and integration with Strategic Planning, Capital Planning, Stress Testing, Material Risk Program, New Products and Business Activities; and connects risk appetite to business performance</li> <li>• Aligns with Group Risk Appetite Framework, and cascades the Framework and Risk Appetite Statement to the Entities, ensuring consistency with SHUSA</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Executive Sponsor: Scott Powell &amp; Brian Gunn</li> <li>• Policy Owner: Brian Gunn</li> <li>• Edited and reviewed by: Entity Business Units, Risk Managers, ERM teams, CROs, CFOs and CEOs; SHUSA Risk Appetite, Risk Managers, CRO, CFO and CEO; Group Risk Appetite, Risk Management Teams and CRO</li> <li>• ERM reviews and recommends to RC; RC submits to SHUSA Board for Approval</li> </ul>
<b>Major Areas of Significance or Concern</b>	<ul style="list-style-type: none"> <li>• Annual Policy Update; Complies with Enterprise Risk Management Framework</li> <li>• Incorporates IHC Entities</li> </ul>
<b>Significant Anticipated Future Changes</b>	<ul style="list-style-type: none"> <li>• No Future material changes anticipated</li> </ul>
<b>Next Steps for the Board</b>	<ul style="list-style-type: none"> <li>• Next Steps: ERM review and recommend to RC; RC submit to Board for approval</li> <li>• Board approval required by June 30, 2016</li> </ul>

# Executive Summary

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**The SHUSA Enterprise Risk Management Committee is asked to review and recommend to the SHUSA Board Risk Committee the 2016 SHUSA Risk Appetite Framework, to be submitted for approval by the SHUSA Board of Directors.**

**Updates have been made to the SHUSA Risk Appetite Framework approved in September 2015 to align to changes in SHUSA governance and IHC integration:**

- The scope has been expanded to include current and future SHUSA Legal Entities, and incorporates the necessary language for its adoption and/or adaptation by the Legal Entities
- The document is aligned to the ERM Three Lines of Defense
- SHUSA committee structure has been aligned to the SHUSA Governance Framework, that is being submitted for approval to the SHUSA Board of Directors in June 2016
- Entity adoption and cascade of the SHUSA Risk Appetite Framework and Risk Appetite Statement

**Prior to submission, the draft has been reviewed by:**

- Entity Business Units, Risk Managers, ERM teams, CROs, CFOs and CEOs
- SHUSA Risk Appetite, Risk Managers, CRO, CFO and CEO
- Group Risk Appetite, Risk Management Teams and CRO