



BOARD

ENTERPRISE RISK MANAGEMENT

COMMITTEE CHARTER

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PURPOSE

The purpose of the Board Enterprise Risk Management (“ERM”) Committee is to assist the Board of Directors (the “Board”) of Blue Foundry Bank (the “Bank”) in fulfilling its responsibilities for overseeing the Bank’s ERM framework, policies, procedures, practices, quantitative models, and reports developed and implemented by management to identify, measure, monitor, control, and report material risks to support the Bank’s business objectives and strategic plan consistent with its’ risk appetite and risk tolerance limits.

The Committee also shall assist the Board of Directors and its other committees that oversee specific risk-related issues and serve as a resource to management by overseeing risk across the entire Bank and across all risk types, and by enhancing management’s and the Board’s understanding of the Bank’s overall risk profile, appetite, tolerance and ERM risk management activities and effectiveness.

COMPOSITION

1. Membership and Appointment. The ERM Committee shall consist of at least four (4) members of the Board. Members of the ERM Committee shall be appointed by the Board to serve until their successors are duly appointed and qualified and may be removed by the Board in its discretion.
2. Chairperson. The Board may designate a chairperson of the Board ERM Committee. In the absence of that designation, the Board ERM Committee may designate a chairperson by majority vote of the ERM Committee members.
3. The CEO is a participant non-voting member of the Board ERM Committee.
4. The Chief Risk Officer (CRO) will be the management liaison to the ERM Committee.
5. The Board ERM Committee may include routine input and participation from other management, to include, but not limited to the CEO, CFO, CAE, CCO, Head of Consumer Banking, GC/CLO, CTO, Head of Commercial Banking and CISO.

RESPONSIBILITIES

Risk assessment and risk management are the responsibility of the Bank's management. The Committee's responsibility in this regard is one of oversight, verification, and review. The following are the principal recurring responsibilities of the Board ERM Committee. The Board ERM Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations or as the Board may request.

1. General: Oversight, Evaluation and Communication. The Board ERM Committee shall:

- Review and, as applicable, approve the Bank's risk governance framework, risk assessment and risk management practices, and the guidelines, policies and processes for risk assessment and risk management.
- Oversee the ERM Risk Assessment process to assist the Board and management in identifying existing ERM bank risk and emerging risk that could potentially impact the Bank's business plan and strategic objectives.
- Review and, as applicable, approve the Bank's risk appetite and risk tolerance, the ways in which risk is measured on an aggregate, company-wide basis, the setting of aggregate and individual risk limits (quantitative and qualitative, as appropriate), the actions taken if those limits are exceeded, and the guidelines, policies and processes for monitoring and mitigating such risks.
- Review with management the regulatory categories of risk the Bank faces, including any risk concentrations and risk interrelationships, as well as the likelihood of occurrence, the potential impact of those risks and mitigating measures. Such categories of risk may include, but are not limited to, the Bank's credit risk, market risk, liquidity risk, price risk, operational risk (IT security risk, fraud risk, and model risk), compliance risk, strategic risk, reputational risk, legislative and regulatory risk, litigation risk and any other areas of risk delegated to the Risk Management Committee by the Board.
- Review management's implementation of its risk policies and procedures to assess their effectiveness.
- Receive and review periodic reports from management on the metrics used to measure, monitor and to manage risks, including management's views on acceptable and appropriate levels of risk exposures.
- Review and discuss reports from management, independent auditors, internal auditors, if applicable, legal counsel, regulators and outside experts as considered appropriate regarding risks the Bank faces, the Bank's risk management function, and the results of risk management reviews and

assessments, including reports of actual and forecast instances when the Company has exceeded or is forecast to exceed its risk appetite tolerances.

- Coordinate with the Chair of the Audit Committee to ensure that both the Board ERM Committee and the Audit Committee receive all information necessary to permit them to fulfill their duties and responsibilities with respect to oversight of risk assessment and risk management.
- Coordinate with other Board Committees as needed and required.

2. Credit Risk: The Board ERM Committee shall:

- Review and monitor Credit Risk Reporting from the Chief Credit Officer
- Review and monitor the assessment of credit risk associated with loan growth
- Review and monitor management's assessment of asset quality, asset quality trends, credit quality administration, underwriting standards, and the effectiveness of portfolio credit risk management systems and processes to enable management to monitor and control credit risk

3. Compliance Risk: In performing compliance risk oversight, the Board **ERM** Committee will:

- Review and monitor items as mandated by regulatory agencies, which may include, but not be limited to:
 - i. AML/BSA/OFAC, et. al.
 - ii. Bank's CRA Performance
 - iii. Compliance Risk Management
 - iv. Model Risk Management
- Review and monitor regulatory and legislative issues and associated risks

4. Operational Risk: In performing operational risk oversight, the Committee will:

- Review and monitor fraud management and reporting of operational risk controls.
- Review and monitor reporting from the Chief Information Security Officer related to information security risks, reporting of breaches, as well as vulnerabilities and preventative and corrective actions.

- Review and monitor circumstances that pose significant reputational risks to the Bank as well as management's identification of and responses to those matters.
 - Review reporting related to major projects, which may include, but are not limited to significant technology projects, proposed acquisitions or divestitures, and new products and services.
5. Review and monitor significant vendor and third-party relationships and the reporting of results of ongoing oversight activities as applicable.
 6. Committee Charter Review. The Board ERM Committee shall review and reassess, at least annually, the adequacy of this charter and shall submit any recommended changes to the charter to the Board for approval.
 7. Performance Review. The Board ERM Committee shall review and assess, at least annually, the performance of the Board ERM Committee.
 8. Other Duties. The Board ERM Committee shall discharge any other duties or responsibilities delegated to the Board ERM Committee by the Board.

MEETINGS AND PROCEDURES

1. Meetings.

- The Board ERM Committee will meet at least quarterly and may hold additional meetings as deemed appropriate by the Board ERM Committee, to discharge properly its duties at such times and places as the ERM Committee determines. The chairperson of the Board ERM Committee shall preside at each meeting. The chairperson will approve the agenda for the Board ERM Committee's meetings, and any member may suggest items for consideration. If a chairperson is not designated or present, an acting chair may be designated by the Board ERM Committee members present. A majority of the Board ERM Committee members shall constitute a quorum, and a majority of the members present at any meeting shall decide any questions brought before the Board ERM Committee. The Board ERM Committee may act by unanimous written consent (which may include electronic consent) in lieu of a meeting in accordance with the Bank's bylaws. The CRO will provide and coordinate administrative support to the Board ERM Committee and Chairperson.
- The Board ERM Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meeting of the Board.

- The Board ERM Committee shall meet periodically with members of management as deemed appropriate. Each regularly scheduled meeting of the Board ERM Committee may conclude with an executive session of the Board ERM Committee absent all members of management except the Chief Executive Officer. The Bank's CRO shall have a liaison reporting line to the non-management members of the Board ERM Committee.
 - The Board ERM Committee may invite to its meetings any director, officer or employee of the Bank and such other persons as it deems appropriate in order to carry out its responsibilities.
2. Reporting to the Board of Directors. The Board ERM Committee shall report regularly to the Board with respect to the Board ERM Committee's activities and recommendations.
 3. Authority to Retain Advisors. The Board ERM Committee shall have the authority to engage independent counsel or other advisors as it deems necessary or appropriate to carry out its duties. The Board ERM Committee shall set the compensation, and oversee the work of, any independent counsel or other advisors retained by it. The Bank will provide appropriate funding, as determined by the Board ERM Committee, to pay any independent counsel and any outside advisors hired by the Board ERM Committee and any administrative expenses of the Board ERM Committee that are necessary or appropriate in carrying out its activities.
 4. Other Subcommittees. The Board ERM Committee may form subcommittees for any purpose that the Board ERM Committee deems appropriate and may delegate to such subcommittees such power and authority as the Board ERM Committee deems appropriate. If designated, each such subcommittee will establish its own schedule and maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of that subcommittee.
 5. Access. The Board ERM Committee shall be given full access to management, as well as the Bank's books, records, facilities, and other personnel.
 6. Compensation. Members of the Board ERM Committee shall receive such fees, if any, for their service as Board ERM Committee members as may be determined by the Board.

AUTHORITY AND FUNCTION

The Board ERM Committee is authorized to perform each of its duties and responsibilities set forth in this Charter, and to undertake such other duties and responsibilities within the scope of its primary functions outlined above as the Committee or the Board may from time to time deem necessary or appropriate. The function of the Board ERM Committee is primarily one of oversight. It is recognized that all voting members of the Board ERM Committee are not full-time employees of the Bank, that it is not the duty or responsibility of the Board ERM Committee or such members to conduct "field work" and that each such member of the Board ERM

Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Bank from which the Bank ERM Committee receives information and (ii) the accuracy of the financial and other information provided to the Board ERM Committee, in either instance absent actual knowledge to the contrary.

REPORTING OF MANAGEMENT

The Board ERM Committee shall from time to time have management report activities, responsibilities and progress as set forth in the Bank's Strategic and Capital Plans for the purpose of oversight and monitoring specific categories of risk. The Board ERM Committee may delegate to Management such additional responsibility and authority as the Board ERM Committee deems appropriate to fulfill the Bank's Strategic and Capital Plans.

Management shall periodically report, as deemed appropriate, to the Board ERM Committee elements and activities that include:

1. **Enterprise Risk:** The Enterprise Risk shall include issues and items related to overseeing, evaluating, and reporting to the Board ERM Committee on, enterprise risks, including general operational risks and technology risks relating to information technology and security, external and internal fraud, business continuity/resiliency and system capacity.
2. **Credit Risk:** Credit Risk shall include issues and items related to overseeing, evaluating, and reporting to the Board ERM Committee on the Company's credit and portfolio quality as well as credit risk management policies.
3. **Financial Risk:** Financial Risk shall include issues and items related to overseeing, evaluating, and reporting to the Board ERM Committee comparative financial related benchmarks, performance, trends, and metrics.