

# Charter of the Finance and Sustainability Committees of the Boards of Directors

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## Statement of Purpose

Each of the respective Boards of Directors (individually a “Board”, and collectively, the “Boards”) of Sierra Bancorp and its wholly-owned subsidiary, Bank of the Sierra (“Bank”) (jointly, the “Company”) have established a Finance and Sustainability Committee (individually, a “Committee” and collectively, the “Committees”) in fulfilling their oversight responsibilities.

The Committees are duly constituted through the delegation of each Boards’ authority via its charter and by-laws. The Committees shall meet simultaneously to address matters affecting the Company, but will meet separately if necessary to address issues that are relevant to one entity but not the other, or to consider transactions between the two entities or other matters where Sierra Bancorp and the Bank may have different interests.

The function of the Committees is oversight and the establishment of risk appetite guidance through the approval of Policies and Programs, and their respective limits. The Committee is responsible for oversight of the Company’s Asset Liability Management (“ALM”) and Environmental Social and Governance (“ESG”) leadership. This includes oversight of management’s execution of:

- an interest rate risk management program, including investment portfolio strategy;
- liquidity management;
- capital planning;
- financial oversight;
- human resource and 401k program;
- Community Reinvestment Act (CRA) program; and
- a Sustainability program.

## Membership

Each Committee shall be comprised of three or more directors as determined by the Boards. If a Committee Chair is not designated by the Boards, the members

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of the Committees may designate a Chair by majority vote.

A quorum is required for proper governance, participation, and oversight of actions of the Committees. A quorum will be established when the Chair of the Committees, or their delegate, and a majority of voting members are present.

## **Meetings of the Finance and Sustainability Committee**

The Committees shall meet at least four times per year, or more frequently, as circumstances dictate. Meetings may be held in-person, virtually, or via teleconference.

The Committees may meet in executive session without members of management in attendance as often as deemed appropriate. In addition, independent members of the Committees may meet in executive session without members of management and nonindependent directors in attendance as often as deemed appropriate.

## **Authority and Governance**

The Committees will retain all authority necessary to ensure proper oversight of its areas of responsibility. Specific authority and responsibilities will include, but not necessarily be limited to the following:

- Review and reassess the adequacy of this Charter at least annually and submit the charter to the Boards for approval annually.
- Review and approve the following Policies and Programs:
  - ALM, including investments;
  - Capital;
  - Liquidity, including Contingency Funding Program;
  - Accounting and finance, including Bank Owned Life Insurance;
  - Human Resource and 401k
  - Community Reinvestment Act (CRA);

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- Insurance Program and Policies; and
- Sustainability/ESG Policies and Program.
- Establishing, approving, and monitoring ALM policy limits relating to interest rate risk, primary liquidity and funding, contingent funding, and capital levels.
- Review and discuss the modeling and monitoring used to manage the Company's sensitivity to Net Interest Income ("NII") and Economic Value of Equity ("EVE"). If there are any variances to the limits as approved by the Committee, the Committee shall oversee management's plan to address such variances. In addition, the Committee shall review and discuss NII and EVE forecast calculations under alternate scenarios such as different time horizons, various interest rate scenarios, and stress scenarios.
- Review, discuss, and approve the assumptions used within the NII and EVE model simulations.
- Review and discuss economic forecasts and rate forecasts.
- Review and recommend to the full board capital planning initiatives including capital raises (either common equity or subordinated debt), dividend strategy, stock repurchase programs, and other transactions affecting capital.
- Monitor the Company's bank owned life insurance ("BOLI") program, including having management perform an Annual Review. As appropriate, approve additional purchases and monitor carrier credit risk.
- Review the scope and results of internal audit reports and model validations assessing the implementation and effectiveness of the Company's FSC programs.
- Review and monitor liquidity reports to ensure that liquidity metrics remain within the limits as established by this Committee.
- Review and monitor liquidity modeling results, including stress testing.
- Monitor the investment portfolio and approve the investment strategy at least annually.

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- As appropriate, review and approve a derivatives and hedging program to manage overall interest rate risk.
- Oversight and regular review of the Bank's Community Reinvestment Act program to ensure that the Bank achieves its community development initiatives and meets regulatory requirements.
- Review and approve the Company's corporate insurance program, which includes the financial institution/bank bond, directors and officers (including a Side-A only policy), management and professional liability, mortgage impairment, property and casualty, and cyber insurance. Ensure that the Company's insurance program is designed and sized appropriately given the products, services, and operations of the Company.
- Review and discuss the Company's Human Resources and 401k programs, review and discuss the adequacy and quality of staffing in relationship to our strategic plan, and coordinate with the Compensation Committee on any compensation-related matters that may impact our overall HR strategy.
- Approve an appropriate ESG/Sustainability Framework and Program, including key metrics related to the Company's Sustainability program.
- Review and discuss the Company's reporting as it relates to ESG/Sustainability.

## **Allocation of Resources**

Each Committee shall have the authority to select, retain, terminate and approve the fees and other retention of special or independent counsel, accountants or other experts, consultants and advisors, as they deemed necessary or appropriate.

The Company will allocate the resources needed to ensure compliance with the Charter of the Finance and Sustainability Committees.