

Committee	Risk Committee
Document	Terms of Reference

1 Membership

- 1.1 The Risk Committee shall comprise at least two members. All members of the Committee shall be independent Non-Executive Directors, one of whom will be appointed by the Board to chair the Committee.
- 1.2 Members of the Committee shall be appointed by the Board, on the recommendation of the Nominations Committee in consultation with the Risk Committee Chair. The Chief Executive, Finance Director, Chief Operating Officer and Chief Risk Officer shall be attendees.
- 1.3 The Company Secretary, or their nominee, shall act as the secretary of the Committee.
- 1.4 Any Non-Executive Director may attend a Committee meeting as an attendee. The Chair may invite other individuals, including other Board members, to attend and participate in all or part of any meeting as and when appropriate.
- 1.5 Appointments to the Committee shall normally be for a period of up to three years, which may be extended to such further periods where necessary.

2 Quorum

- 2.1 The quorum of the Committee is two members. In the absence of the Risk Committee Chair the remaining Committee members shall elect one of themselves to chair the meeting.

3 Frequency of meetings

- 3.1 The Committee shall meet at least four times a year. The Risk Committee Chair may convene a special meeting of the Committee as required.

4 Notice of meetings

- 4.1 Meetings of the Committee are set annually by the Company Secretary and agreed by the Chair of the Committee. Additional meetings called under 3.1 shall be set by the secretary of the Committee.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than three days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

5 Objectives and duties

The Committee shall:

- 5.1 advise the Board on setting the Society's overall risk appetite, risk tolerance and risk strategy;
- 5.2 monitor and scrutinise the Society's key risks and the actions used by Management to mitigate these;
- 5.3 monitor and scrutinise the development and use of the Society's lead indicators for the management of risk;
- 5.4 monitor and scrutinise the Society's Risk Appetite Statements and Key Risk Indicators (KRIs) and advise the Board on the status of the Society's current risk exposures;
- 5.5 monitor and scrutinise the Society's top risks and the controls in place to manage these;
- 5.6 ensure that the Society's has an effective risk management framework, including adequate supporting resources and functions, e.g. independent Chief Risk Officer;
- 5.7 receive risk reports from the Assets & Liabilities Committee (ALCO), the Mortgage Credit Committee (MCC) and the Operational and Conduct Risk Committee (OCRC) to monitor and scrutinise their approach to managing risks appropriate to that Sub-Committee. These Committees have delegated authority from the Board with oversight from the Risk Committee;
- 5.8 monitor how the Society's business strategy impacts its overall risk profile and appetite;

5.9 review and recommend to the Board the:

- Internal Capital Adequacy Assessment Policy (ICAAP)
- Individual Liquidity Adequacy Assessment Policy (ILAAP)
- Recovery and Resolution Plan (RRP)
- Outcome of stress testing
- Assessment of key risks
- Adequacy of risk appetite

5.10 oversee the KRIs and lead indicators used by each of the Operational Committees (ALCO, MCC and OCRC) to monitor risk and ensure that issues are escalated where appropriate;

5.11 review and approve annually the Society's Financial Crime Policy

5.12 ensure that the Chief Risk Officer is given the right of direct access to the Board Chair and to the Committee;

5.13 meet with Chief Risk Officer, Head of Compliance & Secretary, Asset & Liabilities Manager and Prudential Risk Manager without Executive Management present to discuss risk issues within the Society;

5.14 review the Regulatory Change programme to ensure that the Society has adequate visibility of regulatory change and is prepared for its implementation;

5.15 assess non-compliance risks through the monitoring of the Society's:

- Risk Dashboard
- KRIs
- Risk event reports

6 Minutes of meetings

6.1 The Committee's secretary shall circulate draft minutes promptly to all members of the Committee, having been reviewed by the Chief Risk Officer and the Chair of the Committee.

6.2 The Risk Committee Chair shall prepare a report to the Board after each meeting summarising the recommendations it deems appropriate on any area within its remit.

7 Other matters

The Committee shall:

7.1 give due consideration to laws and regulations, the provisions of corporate governance and any other applicable rules, as appropriate;

7.2 oversee any investigation of activities which are within its Terms of Reference;

- 7.3 arrange for periodic reviews of its own performance and, at least annually, review its constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.