



Terms of Reference Risk Committee

w.e.f. 1 January 2017

1 Membership and quorum

- 1.1 The Committee comprises all non-Executive Directors.
- 1.2 Current Committee membership is:
 - Peter Brickley (Chair)
 - John Parker
 - Ron Simms
 - Will Roberts
 - Sarah Hordern
 - Tracy Morshead
- 1.3 In the absence of the Committee Chair the remaining members present shall elect one of themselves to chair the meeting.
- 1.4 A quorum comprises three committee members.

2 Attendees

- 2.1 In addition to the committee members the following are in attendance
 - Chief Executive
 - Finance Director
 - Operations and Sales Director
 - Society Secretary
 - Head of Risk
- 2.2 In the event of the Society Secretary being unavailable, the Chair will ask one of the attendees to be the Secretary for the meeting.
- 2.3 Other persons may attend all, or part, of any meeting at the invitation of the Committee Chair.

3 Frequency of meetings

- 3.1 Meetings are held four times a year, normally December, March, June, September.
- 3.2 The Chair can convene additional meetings if they consider it necessary.

4 Notice of meetings

- 4.1 Meetings shall be scheduled annually in advance.
- 4.2 Ad hoc meetings shall be convened by the Society Secretary at the request of the Chair.
- 4.3 Supporting papers shall normally be circulated, by the PA to the Executive Directors, one week in advance of the meeting.

5 Minutes

- 5.1 The Secretary will take the minutes of the meeting.
- 5.2 Draft minutes will be provided to the Chair and once approved will be circulated to the Committee.

6 Reporting

- 6.1 Risk committee reports into the Board committee.

7 Authority

- 7.1 The Committee is authorised to request any information it requires and to seek independent advice where it believes this is necessary to discharge its primary purpose and responsibilities.

8 Responsibilities

- 8.1 The Committee is responsible for overseeing the Society's Risk Management Framework including the risk appetite, risk monitoring, policies and strategy to ensure they are appropriate, proportionate and in line with industry best practice.

- 8.2 The Committee will therefore:

8.2.1 Risk management strategy and framework

- Review, challenge and approve the Risk Management strategy and framework on, at least, an annual basis. Recommend the Risk Management strategy and framework to Board for formal approval.
- Ensure that the Society's risk structure delivers full coverage of all risk issues.

8.2.2 Risk Appetite statement

- Review the Society's risk appetite statement on, at least, an annual basis. Recommend any changes to the Board and advise on risk tolerance and strategy in the context of the current and prospective macroeconomic, regulatory and financial environment and other emerging risks.

8.2.3 Risk management plan

- Receive, review and approve the annual risk management plan.

8.2.4 Risk reports

- Review the risk related output from the Executive Committees and consider:
 - the potential impact of external risk indicators and emerging risks
 - calibration of the Society's top tier risks
 - the impact of the aggregation and mix of the risk positions
 - the overall risk profile and its alignment to the Society's risk appetite.

8.2.5 Risks arising from strategy and new initiatives

- Review the Society's strategy from a risk perspective on an annual basis.
- For new initiatives, ensure that adequate business cases have been completed, including stress testing of the future potential impact on forecast profit, capital and the ICAAP. Ensure any impact on other risks, risk policy, risk appetite has been identified.

8.2.6 Stress testing

- Consider the methodology of the Society's stress tests.
- Review, challenge and approve the Stress and Scenario Policy. Recommend it to Board for final approval.

RISK

- Ensure the Society has an integrated approach to stress testing and scenario analysis, which results in consistency across RRP, capital adequacy, risk appetite and contingency plans.

8.2.7 Internal Capital Adequacy Assessment Process and Recovery and Resolution Plans

- Monitor the Society's actual and forecast regulatory capital position.
- Review, challenge and approve the annual ICAAP and Recovery and Resolution Plan. Recommend them to Board for formal approval.

8.2.8 Risk disclosures

- Review and approve the Pillar 3 disclosure. Recommend to Board for formal approval.

8.2.9 Remuneration policy

- Review the Society's remuneration policy to ensure that any potential risks have been assessed and accepted.

8.2.10 Independence

- Ensure that the Head of Risk and Head of Compliance have direct access to the Chair of Risk.

9 MI Reports

9.1 The following reports shall be provided for each meeting:

- Risk appetite report (Head of Risk)
- Review of risks and controls, including emerging risks (provided by the Chair of each committee, including executive committees)
- Capital update (Head of Risk)

10 Rolling agenda

10.1 The Chair determines the agenda for each meeting, in conjunction with a relevant member of the Executive team.

10.2 In addition to the MI reports detailed above, there is a rolling agenda as follows:

	Specific topics
Dec	<ul style="list-style-type: none">▪ Pillar 3 disclosures▪ Management information review▪ Key risks review
Mar	<ul style="list-style-type: none">▪ Committee review and terms of reference▪ Recovery and resolution plan – annual review▪ Key risks review
Jun	<ul style="list-style-type: none">▪ Stress and Scenario policy review▪ Risk appetite review / strategy review from a risk perspective▪ Principal risk and uncertainties review (for annual accounts/Pillar 3 disclosure)▪ Key risks review▪ Meeting with Head of Risk and Head of Compliance without the Executive Directors present.
Sep	<ul style="list-style-type: none">▪ Risk controls self assessment results▪ Risk consequence of strategy developments▪ Full ICAAP▪ Key risks review▪ Risk plan