

## **1. Purpose**

The Board Risk Committee is responsible for ensuring a supportive risk management culture; providing risk oversight; and advising the Board regarding risk appetite, tolerance and strategy, including capital and liquidity management.

Where all members of the Board are present and in agreement, binding decisions can be made on behalf of the Board.

## **2. Membership and Attendance:**

- 2..1. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors. The Committee shall include the Chair of the Audit & Compliance Committee and/or the Chair of the People, Remuneration & Culture Committee. Members as a whole shall have relevant risk expertise.
- 2..2. Members of the Committee shall be appointed annually by the Board on recommendation of the Nomination Committee in consultation with the Chair of the Board Risk Committee.
- 2..3. Only members of the Committee have the right to attend Committee meetings. However, the Chief Executive, Finance Director and Risk Director shall be expected to attend meetings of the Committee on a regular basis. Other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 2..4. The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 2..5. Members of the Committee may participate in a meeting by means of an online meeting platform (e.g. MS Teams) where all persons participating can hear each other at the same time. Participation by such means shall constitute presence at a meeting.

## **3. Quorum**

The quorum necessary for the transaction of business shall be two members.

## **4. Frequency of Meetings**

The Committee shall meet at least four times a year at appropriate times and otherwise as required.

## **5. Secretary**

The Society Secretary or their nominee shall act as Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chair or any of its members or at the request of the Risk Director if they consider it necessary.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days prior to the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance together with any conflicts of interest declared at the meeting.
- 7.2 Draft minutes of Committee meetings shall be circulated promptly to the Committee Chair. Once approved, minutes will be circulated to all other members of the Board unless, exceptionally, it would be inappropriate to do so.

## **8. Duties**

Advise the Board on the Society's risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments, such as those published by the Bank of England, the Prudential Regulation Authority and the Financial Conduct Authority.

- Review at least annually, the Society’s Risk Management Framework and Appetite Statement and make appropriate recommendations to Board for approval of any proposed changes.
  - Monitor current risk exposures relative to appetite limits and review the effectiveness of the Society’s risk management and internal control systems, including capability to identify and manage new and emerging risk types, via reports from the Risk Director informed by suitable quantitative metrics and qualitative assessment across all important risk categories e.g.:
    - Strategic Risk
    - Business Risk
    - Mortgage Credit, Concentration & Climate Change risk
    - Financial risk e.g. Liquidity, Funding and Interest Rate risk
    - Operational risk e.g. People, IT and Financial Crime
    - Conduct Risk e.g. Consumer Duty
    - Reputational Risk
  - Internal Capital Adequacy Assessment Process (ICAAP) – Review, challenge and recommend the ICCAP for approval by the Board, ensuring all significant risk exposures are covered and suitable stress testing has been applied.
  - Internal Liquidity Adequacy Assessment Process (ICAAP) – Review, challenge and recommend the ICCAP for approval by the Board, ensuring all significant risk exposures are covered and suitable stress testing has been applied.
  - Recovery Plan (including Solvent Exit and Resolution) – Review, challenge and recommend the Recovery Plan for approval by the Board, ensuring an effective menu of options can be deployed in a timely manner in response to a liquidity or capital crisis.
  - Advise the Board on material product developments and proposed strategic transactions including acquisitions and disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing on risk implications for the Society.
  - Review reports on any material breaches of risk appetite limits and the adequacy of proposed mitigating management actions.
  - Provide advice to the Board People Remuneration & Culture Committee on risk implications of performance objectives incorporated in executive remuneration
  - Review and recommend other Board Policy Statements to the Board for approval e.g.:
    - BPS Financial Risk Management
    - BPS Financial Crime
    - BPS Credit Risk Management
    - BPS Health & Safety
    - BPS Anti-Bribery & Corruption
    - BPS Conduct Risk
    - BPS ESG
    - Operational Resilience Self-Assessment
  - Review and approve under delegated authority from the Board, the following policies:
    - BPS Material Outsourcing & Supplier Management
    - BPS Regulatory Returns
    - BPS Model & EUCA Governance
    - BPS Data Protection
    - BPS Information Technology
  - Consider the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively. Ensure the function has adequate independence and is free from management or other restrictions. Ensure the Risk Director is given the right of direct access to the Chair of the Board and to the Committee.
  - Recommend to the Board the appointment and/or removal of the Risk Director.
  - Review and monitor management’s responsiveness to the findings and recommendations.
- 9. Reporting responsibilities**
- The Committee Chair shall report to the Board on its proceedings after each meeting

on all matters within its duties and responsibilities.

- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall produce a report of its activities and the Society's risk management and strategy to be included in the Society's annual report.
- Support the Board in fulfilling its narrative reporting responsibilities in the annual report e.g. principal risks and uncertainties and matters concerning internal controls and risk management and policies including in relation to financial instruments.

#### **10. Other matters**

The Committee shall:

- have access to sufficient resources in order to carry out its duties, including access to the Society secretariat for assistance as required
- be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members
- give due consideration to laws and regulations, the provisions of the Code and any other applicable rules and guidance, as appropriate
- oversee any investigation of activities which are within its terms of reference;
- Work and liaise as necessary with all other Board Committees, particularly Board Audit and Compliance Committee in relation to assurance
- arrange for periodic reviews of its own performance and
- at least annually review its constitution and terms of reference to ensure it is operating effectively and recommend any changes for Board approval.

#### **11. Authority**

The Committee is authorised by the Board to:

- Request the attendance of any employee at a meeting of the Committee and/or seek any information it requires from any employee of the Society to perform its duties.
- Obtain, at the Society's reasonable expense, independent legal or other professional advice on any matter within its terms of reference if it believes it necessary to do so

#### **12. Annual General Meeting**

The Committee Chair should attend the annual general meeting to respond to questions from members on the Committee's activities.