

Operational Risk Committee: Terms of Reference

1. The Committee is established by the Board to consider and advise the Board on all matters pertaining to Operational Risk. The remit is reviewed at least annually by the Board.

Membership and Attendees

2. The Committee is appointed by the Board. The Committee Chairman will be a Non-Executive Director. The Committee members will include the Chief Executive, Chief Operating Officer, Secretary & Head of Compliance, Head of Finance, Head of Sales and Head of Lending. A quorum is three members, one of which must be either the Committee Chairman or the Chief Executive.

3. The Committee is attended by the Compliance Manager, who is responsible for taking the minutes and the Head of Risk who presents the Operational Risk Appetite report. Other members of the management team attend on request.

Meetings

4. The Committee normally meets bi-monthly, approximately two weeks prior to the main Board meeting. Minutes are taken and these form a report to the Board at its next meeting. Additional meetings of the Committee may be held as and when required.

Responsibilities

5. To carry out a regular review and appraisal of all Operational Risk management activities, including identification of significant emerging risks or changes in exposures.

6. To regularly review the Operational Risk Appetite statements and to make recommendations regarding proposed changes to the Board.

7. To regularly review the suite of performance measures and to make recommendations to the Board as appropriate.

8. To regularly review the Society's Operational Risk Register, completing a full review at least once every six months. The Register will also be reviewed by the Board annually.

9. To ensure that the processes for identifying and managing Operational Risks are fit for purpose and implemented appropriately by Management.

10. To develop and maintain Board and Senior Management awareness of Operational Risk management practices and issues.

11. To review the Operational Risk Dashboard including details of incidents and near misses and to consider management actions and any updates required to Operational Risk assessments.

Communication

13. The Secretary of the Committee will normally circulate the agenda and papers for meetings at least three working days before the meeting.

14. All Board members are provided with Committee papers and subsequent formal minutes via the Board portal.

Date Remit last reviewed

29 July 2015