

Group Risk Committee ('GRC') - Terms of Reference ('ToR') with effect from 01.11.2017

Role	GRC is a Board Committee with delegated authority to oversee Prudential Risk, Operational Risk and Conduct Risk - Strategy, Appetite and Oversight.	
Members	<p>Four Non-Executive Directors:</p> <ul style="list-style-type: none"> • Neeta Atkar (Chair) • Alison Hutchinson • Mark Pain • Gordon Ireland 	<p>Non-Executive Director Delegate Chair and Non-Executive Director Vice Chairman and Non-Executive Director Non-Executive Director</p>
Secretary	Gerhard Quinn	Senior Manager Enterprise Risk Management
Permanent Attendees	<p>Mike Regnier Richard Wells Stephen White Rob Purdy Alasdair Lenman Charles Canning Suzanne Clark</p>	<p>Chief Executive Officer Chief Risk Officer Chief Operating Officer & Executive Director Interim Chief Finance Officer (until 1 Dec 2017) Chief Finance Officer (from 4 Dec 2017) Chief Customer Officer Director of Internal Audit</p>
Other Attendees	Open to all Non-Executive Directors and Chief Officers/Senior Leaders when required by Chair/Work Plan	
Frequency	Quarterly	
Quorum	At least 75% of members, including the Chair or appointed alternate	
Walk Round Procedure	Written resolution procedure in accordance with the Society's rules. Papers circulated with a 100% of GRC members' written consent, for approval.	
Mandate	Approval (ahead of Board approval where relevant) of risk strategy and risk appetites for the Group that mandate it to achieve a Board approved Plan whilst protecting outcomes for stakeholders. To oversee all major risks to the Group including (where appropriate) those matters under the Senior Managers Regime, including safeguarding the independence and overseeing the performance of the Risk and Compliance functions. Providing advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the Group.	
Responsibilities	<p>Monitoring:</p> <ul style="list-style-type: none"> • Risk Horizon – Enterprise Wide Risk Map <p>Approving:</p> <ul style="list-style-type: none"> • Risk Management Framework and Strategy • Risk Appetite Setting; ahead of approval by the Board • Risk Policies: <ul style="list-style-type: none"> ○ Lending, Financial; ahead of approval by Board ○ Financial Crime, Regulatory, Stress Testing, Enterprise and Operational • Regulatory Capital (ICAAP); ahead of approval by the Board • Regulatory Liquidity (ILAAP); ahead of approval by the Board • Appropriate stress testing including Reverse Stress Tests • Recovery Plan and Resolution Packs • Second Line of Defence ('LoD') Oversight Plans (Compliance and Conduct, Prudential, Operational) • Product approval if product requires change to risk appetite • Project to implement Internal Ratings Based (IRB) approach to capital requirements for credit risk • Business Overlay (Risk) Process for Material Risk Takers' Bonus/SEI • Due Diligence on strategic transactions (e.g. Mergers/Acquisitions) • Money Laundering Reporting Officer's annual report • Delegation of mandates to Sub Committees <p>Oversight:</p> <ul style="list-style-type: none"> • Risk Appetite Adherence; ahead of approval by the Board • Second LoD Monitoring (Compliance and Conduct, Prudential, Operational) • Periodic investigative deep dives into ad hoc areas 	
Sub Committees	<p>Executive Risk Committee ('ERC'). ERC has delegated authority from GRC to ensure the Group's balance between seeking opportunity and managing risk is appropriate:</p> <ul style="list-style-type: none"> • Determine and amend the Group's attitude to risk and set thresholds for endorsement by GRC and Board. • Exercise responsibility for controlling risk and managing opportunity across the Group, ensuring that controls are adequately designed and effective. • Monitor and review the risk exposures of the Group in accordance with the Enterprise Risk Management Framework, Risk Appetite, Group Strategy and the Corporate Plan. • Ensure clear reporting of risk exposures to GRC and Board. 	