

Board Risk Committee Committee Terms of Reference

Document Control

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1. Purpose

The Nottingham's Board Risk Committee (the Committee) is a sub-committee of the Board of Directors, responsible for reviewing and monitoring The Nottingham's Risk Management Framework, Risk Appetite and internal control systems and, at least annually, carrying out a review of their effectiveness, and reporting on that review in the Annual Report and Accounts.

The Committee performs its role by ensuring that:

- the accountability and responsibility for managing risk is clearly defined;
- the risk culture of The Society is defined and embedded;
- the nature and extent of the top risks of The Nottingham are determined and understood;
- appropriate risk appetites are defined and documented;
- The Nottingham, at all times, operates within stated risk appetites;
- processes are in place to consistently identify, measure, assess, monitor and control risks;
- The Nottingham is compliant with regulatory requirements;
- adequate financial resources are allocated to support The Nottingham's key risk exposures, both to ensure regulatory compliance and the achievement of strategic objectives;
- The Nottingham maintains an up to date and adequate Recovery & Resolution Plan which fully reflects the requirements of the Board and Financial Regulators; and
- there is oversight that The Society's Risk Management Framework is functioning appropriately.

These Terms of Reference should be read in conjunction with the Terms of Reference Master Reference Guidance Document which applies to these Terms of Reference. In the event of any conflict, these Terms of Reference shall prevail.

2. Scope

This Committee's remit covers The Nottingham, comprising The Nottingham Building Society and its subsidiary companies Nottingham Property Services Limited, Nottingham Mortgage Services Limited, Harrison Murray Limited and HM Lettings Limited.

3. Composition

The Committee is currently composed of the following members/attendees:

| Role ¹ | Status ² | Deputy |
|-------------------------|---------------------|-----------------------|
| Non- Executive Director | Chair | Chairman of the Board |

¹ Insert relevant job title

² This should identify whether the individual is a member or non-voting attendee

| Role ¹ | Status ² | Deputy |
|--------------------------------------|---------------------|------------------------------------------------------------------------------------------|
| All other Non-Executive Directors | Each a Member | N/A |
| Chief Executive | Non-voting attendee | N/A |
| Chief Financial Officer | Non-voting attendee | N/A |
| Chief Risk Officer & General Counsel | Non-voting attendee | N/A |
| Head of Internal Audit | Non-voting attendee | N/A |
| Director of Member Services | Non-voting attendee | N/A |
| Company Secretary | Secretary | Chief Risk Officer & General Counsel or Assistant Company Secretary for Secretariat only |

The Chair of the Committee is appointed by the Board from amongst the Non-Executive Directors, following recommendation from the Nominations Committee.

4. Quorum

The quorum shall be a minimum of four members attending in person or by telephone or online.

5. Meeting Frequency

The Committee will meet on a minimum of four occasions per annum, and report a summary of the meetings to the subsequent Board meeting on a quarterly basis.

6. Authority

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. While the Board is ultimately responsible for risk and governance throughout the business, the Board Risk Committee provides oversight, challenge, support and advice on risk and risk governance.

The Board has delegated the responsibility for the design and implementation of appropriate risk management and internal control systems to the Board Risk Committee. Whilst the Committee reviews implementation of The Nottingham's Risk Management Framework along with its associated risk management and internal control policies and related documents (as detailed in the Delegated Authorities Summary) it also has responsibility for overseeing the Risk identification and mitigation plans within the Society.

The Terms of Reference of the Board Risk Committee and any material amendments must be approved at least annually by the Board.

7. Approvals and Responsibilities

7.1. Recommendation for Approvals

The following documents are submitted to the Committee at the prescribed frequency for review and recommendation to Board for approval.

| Brief Description | Details | Frequency |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------|
| Board Risk Policy | Committee to review and recommend to Board for approval. | Minimum annually |
| Board Approved (“Type A”) policies | Committee to review and approve, or recommend to Board for approval, where governed by specific policy requirements. | Minimum annually |

7.2. Approvals

The following documents are submitted to the Committee for approval at the prescribed frequency.

| Brief Description | Details | Frequency |
|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------|
| Risk Category Policies | Committee to review and approve. | Minimum annually |
| Risk Management Framework | Committee to review and approve. | Minimum annually |
| Executive Risk Committee Terms of Reference | Committee to review and approve. | Minimum annually |
| Board Approved (“Type A”) policies | Committee to review and approve, or recommend to Board for approval, where governed by specific policy requirements. | Minimum annually |
| Internal Liquidity Adequacy Assessment Process (ILAAP) | Committee to review and approve. | Minimum annually |

| Brief Description | Details | Frequency |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------|
| Internal Capital Adequacy Assessment Process (ICAAP) | Committee to review and approve | Minimum annually |
| Recovery and Resolution Plan (RRP) | Committee to review and approve. | Minimum annually |
| Annual Combined Second Line Assurance Plan | Committee to review and approve. | Minimum Annually |
| Board Risk Committee Terms of Reference | Committee to receive, review and recommend to Board for approval | Minimum annually |
| Board Risk Committee Effectiveness | Committee to review its effectiveness against its Terms of Reference and report any findings and recommendations to the Board | Annually |

7.3. Responsibilities

| Brief Description | Details | Frequency |
|----------------------------------------------|---------------------------------|-----------|
| Top Risk Dashboard | Committee to receive and review | Quarterly |
| BRC MI pack | Committee to receive and review | Quarterly |
| CRO & GC Report | Committee to receive and review | Quarterly |
| Level 3 Risk Committees Effectiveness Report | Committee to receive and review | Annually |
| Health & Safety Board Report | Committee to receive and review | Annually |

| Brief Description | Details | Frequency |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Annual Report and Accounts and Interim Financial Report | To review the Principal Risks and Uncertainties section of the Annual Report and Accounts and Interim Financial Report before their submission to the Board for approval. | During the approval process |

In addition to the specific responsibilities identified above, the Committee shall also review and approve model/EUC assumptions and outputs, and to fulfil the responsibilities (in relation to model governance) of an approval committee, as defined in the Society's Model Governance Risk Policy.

8. Document Version History

| Date | Author | Version | Notes |
|--------------|-------------|-----------------|-------------------------------|
| 29 July 2020 | H.Hollowell | Version 2020 v1 | Updated onto the new template |
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