Terms of Reference
Risk Committee
Mar 2025

Newbury Building Society

1 Membership and quorum

1.1 The Committee is appointed by the Board.

1.2 The Committee comprises at least three non-Executive Directors.

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 two Committee members, and is required for decisions to be made.

2 Attendees

2.1 In addition to the Committee members the following are in attendance

- Chief Executive
- Chief Financial Officer
- Chief Risk Officer (CRO)
- Director of Data & Governance (Company Secretary)
- Director of Customer Service

2.2 In the event of the Company 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 considered necessary.

4 Notice of meetings

4.1 Meetings shall be scheduled annually in advance.

4.2 Ad hoc meetings shall be convened by the Company Secretary at the request of the Chair.

4.3 Supporting papers shall normally be circulated, by the Executive Assistant, 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 The Risk committee chair formally reports proceedings from each meeting to the Board.

6.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.

7 Authority

The Committee is authorised to:

7.1 Seek any information it requires from any Society employee in order to perform its duties.

7.2 Obtain, at the Society's expense, outside legal or professional advice on any matters within its Terms of Reference.

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 regulatory requirements and industry best practice.

The Committee will therefore:

8.1.1 Risk management framework

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

8.1.2 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.

8.1.3 Risk management plan

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

8.1.4 Risk reports

- Review the Society's performance against risk appetite
- Monitor the Society's actual and forecast regulatory capital position.
- Review the risk related output from the Board Committees and 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.
- Review the biennial Risk Culture report.

8.1.5 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.

8.1.6 Stress and Scenario testing

- Review, challenge and approve the Stress and Scenario Policy.
- 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.

8.1.7 Operational Resilience

The Committee is responsible for:

- Ensuring there are sound, effective and comprehensive systems in place that enable the Society to address risks to the ability to remain within impact tolerances for Important Business Services (IBS).

- Reviewing the quarterly Operational Resilience KRI dashboard and roadmap to assess the effectiveness of the Society in maintaining, and continuing to maintain, operational resilience for IBS.
- Reviewing and overseeing the policies and plans that form the Society's operational resilience framework as follows:
    - Business Continuity Plan
    - Board Operational Resilience Self-Assessment
    - Operational Risk and Resilience Policy
    - Third party arrangements

8.1.8 Recommendations to Board

The Committee shall review, challenge and make recommendations to the Board for approval in relation to:

- ICAAP
- Recovery Plan and Resolution Plans
- ILAAP
- Treasury Policy
- Lending Policy
- Operational Risk and Resilience Policy
- Board Operational Resilience Self-Assessment
- Third Party Arrangements Policy
- Business Continuity Plan
- Risk Management Framework
- Conduct Risk Framework
- Consumer Duty self-assessment
- Risk Appetite Statement

8.1.9 Independence & Effectiveness

- Ensure that the CRO has direct access to the Chair of Risk.
- Have an annual meeting, including the CRO but without the presence of the other Executive Directors.
- Annually consider the effectiveness of the Committee and report findings to Nominations Committee.

9 MI Reports

9.1 The following reports shall be provided for each meeting:

- Risk MI report, including the CRO report, performance against risk appetite, horizon scanning for emerging risks
- Operational Resilience KRIs (Director of Customer Service)

10 Rolling agenda

10.1 The Chair determines the agenda for each meeting, in conjunction with the CRO.

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

Specific topics	*Presented by*	*Risk Committee action*	*Approved by*
December			
Annual Risk Plan	*Chief Risk Officer*	*Approve*	*Risk*
Third Party Arrangements Policy	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Risk culture report (every two years – in odd years)	*Chief Risk Officer*	*Review*	*n/a*
Review of Committee Effectiveness including consideration of best practice, terms of reference and an assessment of the quality and appropriateness of reports and MI.	*Committee Chair*	*Review*	*n/a*
March			
Recovery and resolution plans	*Chief Risk Officer*	*Review & recommend for approval*	*Board*
Lending policy	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Operational Risk and Resilience Policy	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Operational Resilience Self-Assessment	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Risk appetite review	*Chief Risk Officer*	*Review & recommend for approval*	*Board*
June			
Stress and Scenario policy review	*Chief Financial Officer*	*Approve*	*Risk*
ILAAP	*Chief Financial Officer*	*Review & recommend for approval*	*Board*
Treasury Policy	*Chief Financial Officer*	*Review & recommend for approval*	*Board*
Risk Management Framework	*Chief Risk Officer*	*Review & recommend for approval*	*Board*
September			
ICAAP	*Chief Financial Officer*	*Review & recommend for approval*	*Board*
Conduct Risk Framework	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Consumer Duty Self-Assessment	*Director of Customer Service*	*Review & recommend for approval*	*Board*
Review of corporate plan risk profile	*Chief Risk Officer*	*Review*	*n/a*
Business Continuity Plan	*Director of Customer Service*	*Review & recommend for approval*	*Board*