

TERMS OF REFERENCE OF THE COMPLIANCE AND RISK ASSESSMENT COMMITTEE

GENERAL

1. The Compliance and Risk Assessment Committee shall consist of a minimum of 5 members of the Board of the Society together with the Compliance Officer.
2. The quorum of the Compliance and Risk Assessment Committee shall be 3 members.
3. The Chairman of the Board shall not be a member of the Compliance and Risk Assessment Committee.
4. The Compliance and Risk Assessment Committee shall consist of non-executives.
5. The Compliance and Risk Assessment Committee shall elect its own Chairman.
6. No-one other than the Compliance and Risk Assessment Committee's Chairman and members shall be entitled to attend and speak at a Compliance and Risk Assessment Committee meeting.
7. The Compliance and Risk Assessment Committee shall have the authority to require the attendance of the Chief Executive and/or any member of staff and/or any other person, who in the opinion of the Committee will assist in carrying out its functions.
8. Other non-members of the Committee may be invited to attend and speak at the Compliance and Risk Assessment Committee on an as needed basis.
9. Notwithstanding the provision of 6 above, the Chairman of the Board shall be entitled to attend meetings of the Compliance and Risk Assessment Committee but shall only be entitled to speak at the invitation of the Chairman of the Committee.
10. The Compliance and Risk Assessment Committee shall meet at least 4 times per annum.

RESPONSIBILITIES

1. To review and recommend courses of action for all matters relating to compliance with the Handbook, Policy Statements and other relevant publications produced by the Regulators.
2. To review and challenge all the information it receives.
3. State the Management Information that it requires to review.
4. Provide advice to the Society's Board on risk strategy, including the oversight of current risk exposures of the Society, with particular, but not exclusive, emphasis on prudential risks.
5. Monitor and review the Risk Framework and Risk Register in line with the Society's Risk Appetite on a quarterly basis to report on any issues that arise for consideration by the Board.
6. Overseeing the Society's emerging risk exposures.
7. Develop proposals for consideration by the Society's Board in respect of overall risk appetite and tolerance, as well as the metrics to be used to monitor the Society's risk management performance.
8. Oversight and challenge of the design and execution of stress and scenario testing;
9. Oversight and challenge of the day-to-day risk management and oversight arrangements of the executive.

10. Oversight and challenge of due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Society's Board.
11. Provide advice to the Society's Remuneration Committee on risk weightings to be applied to /performance objectives incorporated in the incentive structure for the executive.
12. Provide advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the Society.
13. In carrying out their risk governance responsibilities, CRAC should have regard to any relevant advice from its Audit Committee or internal audit function concerning the effectiveness of its current control framework. In addition, CRAC should remain alert to the possible need for expert advice and support on any risk issue, taking action to ensure that they receive such advice and support as may be necessary to meet their responsibilities effectively.
14. To review, challenge and recommend courses of action for all matters relating to Corporate Governance including compliance with the Association of Financial Mutuals Principles of the Code of Corporate Governance.
15. To review, challenge and recommend courses of action for all matters relating to the Society's Governance Map.
16. To review, challenge and recommend courses of action for all matters relating to Legal Risk.
17. To review, challenge and recommend courses of action for all matters relating to the Data Protection legislation.
18. To drive any changes to Solvency II and the development and maintenance of the Society's ORSA.
19. To review and recommend courses of action in the light of the FCA/PRA Principles of Treating Customers Fairly and Culture.
20. To monitor and report on the Society's climate change risk.
21. To identify and quantify potential climate change risks.
22. To review, challenge and recommend courses of action on any other relevant matters when requested to do so by the Board of the Society.

DECISION MAKING

For matters other than those matters specifically reserved for the Board's decision, the Compliance and Risk Assessment Committee shall be empowered to make binding decisions provided that they fall within the Committee's Terms of Reference. These decisions shall be reported to the Board at their next regular Board Meeting.