

**RISK & COMPLIANCE COMMITTEE (RCC)**  
**TERMS OF REFERENCE**

**Purpose**

The purpose of the Risk & Compliance Committee is to assist the Audit Risk & Compliance Committee in fulfilling its oversight responsibility for the following:

- Risk Management Framework in relation to Operational, Regulatory and Legal Risks; ;
- Support the achievement of the Society’s Compliance Monitoring Plan;
- Perform any other duties as directed by the Board or the Audit Risk & Compliance Committee; and
- Managing the following key risks:

Key Risk Category	
<b>Operational Risk</b>	
<b>Operational Risk Categories</b>	<b>Definitions</b>
People & Processes Risk	The risk of loss arising from human error or inadequate processes.
Change Management Risk	The inability to execute and control changes effectively to budget or to an acceptable quality.
Financial Crime Risk	The risk of a material financial loss, or loss of reputation as a result of the Society’s activities being used by criminals for the purposes of money laundering, terrorist financing, bribery and corruption and fraud.
Operational Resilience Risk	The risk of inadequate business recovery and disaster capability to recover from any operational disruption and to continue to provide critical product or service delivery to our Members.
Cyber & Information Security Risk	The risk of inappropriate disclosure of personal or sensitive information and/or inappropriate access to internal data sources. In particular, cyber security threats to the Society and its Members as a result of attacks through the use of computer systems.
Information Technology Risk	Risks to the availability, performance and capacity of IT systems/telephony/internet.
Financial Control & Management Risk	The risk that timely, robust and accurate management information is not available to support the Society’s financial and operational performance.

<b>Conduct Risk</b>	The risk that the Society's processes, behaviours, offerings or interactions will result in unfair outcomes for Members
<b>Regulatory &amp; Legal Risk</b>	The risk of legal or regulatory sanctions/fines/censures, material loss, as a result of a failure to comply with laws, regulations, codes of conduct and standards of good practice.
<b>Constitution</b>	
The Risk & Compliance Committee is a first line Management Committee reporting via the Audit, Risk & Compliance Committee (ARCC) to the Board of Directors (Board).	
<b>Authority</b>	
The Committee is authorised by the Chief Executive to investigate any activity within its terms of reference.	
The Committee is authorised to obtain external legal or other professional advice and to secure the attendance of anyone it considers has relevant experience expertise or knowledge.	
Minutes of each meeting are issued to all members, to the Audit Risk & Compliance Committee and to the Board.	
<b>Membership</b>	
Chief Executive Officer (CEO) & MLRO (Chair) Finance Director Customer Services Director Head of Business Development Head of Compliance Head of Finance Head of HR, Facilities and Health & Safety Head of IT Head of Lending Head of Products & Marketing Head of Risk Head of Retail	
<b>Attendees</b>	
Minute Taker Other staff members may be requested to attend and report as necessary	

**Attendance at Meetings**

In absence of the Chair, remaining members shall elect one of their members to be Chair for that meeting, taking into account any member(s) with conflicts of interest.

The quorum necessary for the transaction of the business of the Committee shall be three (3) Committee members, one (1) of whom must be an Executive Director.

All matters shall be decided by a majority of votes. Every member present, including the Chair, shall have one vote. In the event of a tie, the Chair shall have a second and casting vote.

**Frequency of Meetings**

The Committee shall meet on a quarterly basis. .

Additional meetings are called as required by the RCC Chair.

**Duties**

**Compliance Matters**

- Review, agree and recommend to ARCC for approval, the
  - Annual Compliance Monitoring Plan
  - Compliance Operating Policy
- Review internal Compliance reviews prior to their submission to the Audit Risk & Compliance Committee
- Receive an Annual Statement on Controls
- Receive regular updates assessing progress against the Compliance Monitoring Plan via the quarterly Compliance Report
- Review internal audit reports prior to their submission to the Audit Risk & Compliance Committee

Ensure all audit actions are tracked and validated through to completion

**Risk Matters**

- Review, agree and recommend to ARCC, the
  - Risk Management Framework
  - Risk Appetite Policy
- Review and challenge the Risk Registers
- Consider emerging risks and their impact on the Society
- Ensure that the Society has a comprehensive risk management framework, by working with risk owners to ensure that risk management processes are implemented as agreed per policy and plan
- Receive assurance that risk is embedded in the Society's culture

- Review and recommend to ARCC the following policies in support of the Risk Management Framework

Key Risk Category	Policies and Reports
<b>Operational Risk</b>	
Financial Crime Risk	<ul style="list-style-type: none"> <li>• Anti-Bribery &amp; Corruption Policy</li> <li>• Anti-Money Laundering (AML) Policy</li> <li>• Annual AML Report</li> <li>• Fraud Risk Framework</li> <li>• Annual Fraud Report</li> </ul>
Operational Resilience Risk	<ul style="list-style-type: none"> <li>• Operational Resilience Policy</li> <li>• Disaster Recovery Plan</li> <li>• Business Continuity Plan</li> <li>• Outsourcing &amp; Third-Party Supplier Policy</li> </ul>
Cyber & Information Security Risk	<ul style="list-style-type: none"> <li>• Cyber Security Policy incorporating Cyber Incident Response Plan</li> <li>• Six-monthly Cyber Security Report</li> <li>• Information Security Policy</li> <li>• Data Protection Policy</li> <li>• Annual Data Protection Report</li> <li>• Quarterly Data Protection Report (via Compliance Report)</li> <li>• Data Retention Policy</li> </ul>
<b>Conduct Risk</b>	<ul style="list-style-type: none"> <li>• Conduct Risk Framework</li> <li>• Conduct Risk Dashboard</li> <li>• Annual Complaints Report</li> </ul>
<b>Regulatory &amp; Legal Risk</b>	<ul style="list-style-type: none"> <li>• Regulatory Risk Horizon Scanning via Compliance Report</li> <li>• Compliance Operating Policy</li> <li>• Compliance Monitoring Plan</li> </ul>

- Review and approve the following policies in support of the Risk Management Framework

Key Risk Category	Policies and Reports
People & Processes Risk	<ul style="list-style-type: none"> <li>• Training &amp; Competency Regime</li> </ul>
Regulatory & Legal Risk	<ul style="list-style-type: none"> <li>• Social Media Policy</li> </ul>

**Other Matters**

- Review, agree and recommend for approval to the Audit Risk & Compliance Committee and Board, the Terms of Reference of the Risk & Compliance Committee
- Prepare regular and relevant reports for the Board and Audit Risk and Compliance Committee

**Additional Reports Received**

Internal Audit Reports

Audit Actions Tracker Report

Compliance & Data Protection Report

Annual Compliance Controls Report

Risk Register Reports

Key Risk Indicator Report (in relation to Operational, Legal and Regulatory Risks)