BOARD RISK COMMITTEE TERMS OF REFERENCE

1. Purpose

1.1 The Board Risk Committee ("BRC") is a committee of the Board of Ecology Building Society from which it derives its authority. Its primary objective is to oversee Risk Strategy, Risk Appetite, and Oversight for the key Prudential, Operational and Conduct Risks, ensuring regulatory compliance to support the long-term sustainability of the Society, while supporting the Society achieve its objectives.

2. Membership

2.1 The Committee shall comprise at least three Independent Non-Executive Directors, with relevant experience and knowledge in relation to risk management, including the Chair. The Committee shall endeavour to include at least one member of the Audit Committee

2.2 The Committee comprises of permanent members (the 'Members') who carry voting rights and standing invitee members who do not carry voting rights. Standing invitee members (the 'Standing Invitees') provide subject matter, idiosyncratic, macro-economic and industry expertise for the benefit of the Members.

2.3 Under the authority vested in them by the Board, the Non-Executive Director (SMF10) performs the role of Chair.

2.4 Committee members shall be appointed by the Board and in consultation with the Committee Chair.

2.5 Standing Invitee Member:
Where required and by exception, standing invitee members may delegate to, or be supported by, a suitably experienced colleague.

Standing Invitees	(SMF)	Role
Chief Executive Officer (CEO)	SMF1	Provision for the delivery of the Society's Strategy and Chair of the Core Management Committee
Finance Director (FD)	SMF2	Provision for the delivery of the Society's Business Plan and financial reporting
Chief Risk Officer (CRO)	SMF4, 16 & 17	Provision of the delivery of the Risk Strategy and Enterprise Risk Management Framework (ERMF) across the Society

2.6 **Quorum and alternate Chair**

A quorum shall be three (3) members.

Either the Chief Risk Officer and/or the CEO are normally to be in attendance. In the event the Chair is absent for a meeting then the remaining Members shall appoint a Chair of the meeting from amongst themselves.

3. Secretary

3.1 The Society Secretary, or their nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to relevant issues.

Responsibilities

The Committee shall oversee and seek suitable assurance from the Executive (and others as may be necessary) regarding:

- The risk exposures of the Society, including risk to the Society's business model, and solvency and liquidity risks.
- The adequacy and effectiveness of the Society's processes and procedures to manage risk and the internal control framework, including the design, implementation**,** and effectiveness of those systems.
- The ability of the Society's risk management and internal control systems to identify the risks facing the Society and enable a robust assessment of principal risks.
- The Society's capability to identify and manage new and emerging risks.
- The effectiveness and relative costs and benefit of appropriate risk controls.
- The effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action taken when necessary.
- The Society's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
- The appropriateness of the Society's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Society.
- Advise on the risks and opportunities for the Society's operation and reputation in relation to the execution of the Environmental, Societal, and Impact Strategy.
- The Chief Risk Officer's right of direct access to the Chair of the Board and to the Committee

4. Frequency of Meetings

4.1 The Committee shall meet at least times a year at appropriate times and otherwise as required.

5. Notice of Meetings

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any of its members, or at the request of the Chief Risk Officer if they consider it necessary.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than [five] working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Presentations to the Committee

6.1 Submissions to the Committee are to be clear in their requirement, and the contents concise but of appropriate detail for the Committee to form an informed and accurate view and to support any decision.

6.2 Papers or presentations are to normally be received at least five working days before meetings.

7. Minutes of Meetings

7.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.

7.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes are to be made available at request to all members of the Board unless, exceptionally, it would be inappropriate to do so.

8. Engagement with Members and Stakeholders

8.1 The Committee Chair is expected to attend the Society's Annual General Meeting to answer any members' questions on the Committee's activities.

8.2 In addition, the Committee Chair is expected to seek engagement with appropriate stakeholders (including auditors) on significant matters related to the Committee's areas of responsibility.

9. Duties

The Committee will:

Provide oversight over:

9.1.1 The development, implementation and execution of the Society's Enterprise Risk Management Framework and Risk Strategy

9.1.2 The setting of Risk Appetite

9.1.3 Risk Appetite adherence**.**

9.1.4 Significant risk related FCA & PRA correspondence/actions and monitor progress against these**.**

9.1.5 The likelihood and impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact**.**

9.1.5 Horizon scanning risks and in particular reviewing risk appetite in the context of emerging economic, political, legislative and regulatory circumstances

9.1.6 Second Line reports, including from the Chief Risk Officer, control environment MI, action tracking and assurance reporting where appropriate**.**

9.1.7 First line management reports, which assesses the nature and extent of the risks facing the Society and consider the adequacy of management actions**.**

9.1.8 The risk event process and reporting of risk events, including the management of remedial actions and future mitigation**.**

9.1.9 The requirements of Consumer Duty, including the annual Consumer Duty risk assessment

9.1.10 The management of the Society's operational resilience, including annual review of its Business Impact Tolerances ahead of Board approval.

9.1.11 Key risks and risk related MI**.**

9.1.12 Compliance with relevant regulatory limits and policies

9.1.13 Periodic investigative deep dives into ad-hoc areas

9.1.14 The risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing on implications for the risk appetite, tolerance and strategy of the Society, and taking independent external advice where appropriate and available.

9.1.15 The activities of the Core Management Committee's sub-Committees (listed at 9.2 below), with specific focus on delegated principal risks, with issues escalated as appropriate, through relevant MI and Executive Committee Chair summary templates.

9.1.16 The Society's risk culture in relation to all aspects of business conduct risk, including fulfilment of its mission, attitude to stakeholders including members, customers, colleagues and business partners, and responses to regulation are conducted according to the highest possible ethical standards**.**

9.1.17 Approve the integrated compliance monitoring plan to ensure that the 2LoDs work is aligned to the key risks of the business. The plan should be shared with the Audit Committee and ensure that a full coverage model is in place across the principal risk types over a rolling period.

9.1.18 Receive reports from the CRO on progress against the 2LoD compliance monitoring plan, overseeing the necessary implementation of timely actions by management to close known vulnerabilities highlighted.

9.1.19 Highlight compliance gaps or areas of upcoming compliance, which the Audit Committee should pay due regards to, when formulating their approach to the annual Internal Audit Plan

9.1.20 The relationship that the Board Risk Committee has with the Audit Committee is laid on a supplementary document.

Review and Recommend to the Board:

9.1.22 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.1.23 The Enterprise Risk Management Framework and Risk Strategy

9.1.24 The Recovery Plan and Resolution Packs (or attestation in relation to the timely production of Resolution Packs on request)

9.1.25 Product approval in the event of a change to the approved risk appetite and in line with the approved Product Governance framework

9.1.26 Risk appetite and tolerance setting, in the context of the Annual Operating Plan, and principal and emerging risks the Society is willing to take to achieve its long-term

strategic objectives Risk Polices

9.1.27 The Money Laundering Reporting Officer's Annual Report

9.1.28 Operational Resilience Important Business Services and Impact Tolerances

9.1.29 Operational Resilience Self-Assessment

9.1.30 Tier 1 risk policies, as defined in the ERMF.

9.1.31 Regulatory capital (ICAAP), including Pillar 2b scenarios**.**

9.1.32 Regulatory liquidity (ILAAP), including stress scenarios.

9.1.33 Recovery Plan and Solvent Exit Plan or attestation in relation to the timely production of Resolution Packs on request)

9.1.34 The Committee shall provide advice to the Remuneration Committee on any risk weightings to be applied to performance objectives incorporated in the incentive structure for executive remuneration and make recommendations to the Remuneration Committee on clawback provisions.

Reporting Responsibilities

9.2 Review and approve the statements to be included in the annual report concerning internal controls and risk management

9.3 Report to the Board through the Committee Chair on its proceedings after each meeting in respect of all relevant matters within its duties.

10. Escalation

10.1 The Committee may escalate any matter to the Board if it considers the matter requires consideration beyond the scope of authority delegated to it.

11. Other Matters

The Committee shall:

11.1 Have access to sufficient resources to carry out its duties, including access to the Company Secretary for advice and assistance as required.

11.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

11.3 Give due consideration to all relevant laws and regulations, the provisions of the BSA guidance on the UK Corporate Governance Code, the requirements of the Prudential Regulatory Authority and the Financial Conduct Authority's rules and guidance as set out in relevant rulebooks and sourcebooks and any other applicable rules and guidance, as appropriate.

11.4 Oversee any investigation of activities that are within its terms of reference.

11.5 Work and liaise as necessary with all other Board Committees ensuring interaction between Committees and with the Board is reviewed regularly, taking account of the impact of risk management and internal controls on the work of other Committees.

11.6 Ensure that a periodic evaluation of the Committee's performance is carried out.

11.7 At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval. The Terms of Reference of the Committee and any material amendments to them must be approved by the Board.

11.8 Review and maintain ongoing oversight of specific issues relating to the Society's arrangements for its employees and contractors to raise concerns in confidence, including whistleblowing, where delegated by the Board.

12. Authority

The Committee is authorised to:

13.1 Request the attendance of any employee at a meeting of the Committee and/or seek any information it requires from any employee of the Society to perform its duties.

13.2 Delegate any matter or matters to another Committee or person(s) as it deems appropriate.

13.3 Obtain, at the Society's expense and subject to an agreed cost limit, independent legal or other professional advice on any matter within its terms of reference if it believes it necessary to do so.

13.4 Approve (ahead of Board approval where relevant) the Society's risk strategy and risk appetites to achieve the Board approved Plan whilst protecting outcomes for stakeholders.

13.5 Oversee all major risks to the Society including, where appropriate, those matters under the Senior Managers and Certification Regime. Including safeguarding the independence and overseeing the performance of the Risk and Compliance function.

13.6 Provide advice, oversight and challenge necessary to embed and maintain a supportive risk culture.

13.7 Tier 2 Policies as defined in the Enterprise Risk Management Framework

13. **Effective Date**

These Terms of Reference are effective from March 2026. The terms may be reviewed at a future meeting of the Committee with any subsequent changes recommended to the Board for approval.

Version	Date	Owner / Author	Update
1.0	8 March 2024	Chair / Head of Risk & Compliance	Revised Terms of Reference approved by Board.
1.1	8 July 2024	Board Secretariat	Administrative update: Management Sub-Committees listed / effective date added.
1.2	11 April 2025	CEO	Updates include: change to Audit & Assurance Committee to move Compliance activity to BRC. Inclusion of ESI responsibility Inclusion of approval of Tier 2 Policies aligned with the ERMF Administrative changes to reflect revised committee names
	29 April 2025	CRO	Clarification BRC provides oversight of Risk Appetite Setting