

CENTRAL BANK OF IRELAND
RISK COMMITTEE
TERMS OF REFERENCE

ESTABLISHMENT AND APPROVAL	The Risk Committee (the Committee) was established by the Commission with effect from 14 October 2010. The Terms of Reference of the Committee are approved by the Commission.
PURPOSE	The Commission has established the Committee as a sub-committee to review and advise the Commission on key risk frameworks for the management of the Bank's principal internal risk exposures. A key objective of the Commission is ensuring the application of risk frameworks within the Commission approved risk appetite. The Committee is also empowered to take decisions on the basis of any delegated authority from the Commission.
RESPONSIBILITIES	<p>The role of the Committee is expressed in terms of oversight and review. Its key responsibilities are as follows:</p> <p>Strategic</p> <ul style="list-style-type: none"> a) review and anticipate the Bank's current risk exposures and the overall risk management strategy for the Bank; b) review the effectiveness of the Bank's three lines of defence risk management model; and c) take account of the control environment and the effectiveness of risk management programmes within the Bank, drawing also on reports of the Audit Committee. <p>Financial Risk</p> <ul style="list-style-type: none"> d) review, advise and make recommendations to the Commission on investment of the investment assets by the Bank, and where delegated to do so, take decisions on same, focusing particularly on: <ul style="list-style-type: none"> (i) the currency composition and other risk parameters of the investment assets; (ii) the criteria for management of the Bank's investment assets; (iii) the rate of return earned on the Bank's investment assets including an assessment of the performance benchmarks used;

	<p>e) consider and advise the Commission on matters relating to the Bank's investment policies and practices¹; and</p> <p>f) review the current financial situation of the Bank taking account of its asset and liability position and forecasts.</p> <p>Operational Risk</p> <p>g) monitor implementation of the operational risk and business continuity risk management frameworks, approve interim updates to the respective frameworks, review significant incidents, and consider whether risks or incidents merit discussion at the Commission.</p> <p>The Committee also has a decision making role in matters delegated to it by the Commission.</p> <p>In addition to the responsibilities outlined above the Committee may perform other activities, if so requested by the Commission.</p>
CHAIR	The Chair of the Committee is appointed by the Commission.
DUTIES AND RESPONSIBILITIES OF THE CHAIR	<p>The Chair has particular responsibility for ensuring:</p> <ul style="list-style-type: none"> • that the Committee is appropriately resourced and adequately independent; • reports to the Committee contain relevant information and are provided at the right time in an appropriate format; • absent Committee members are briefed on meetings and attendance records are maintained and reviewed annually; • relevant reports are provided to the Commission; • matters arising are reported on at each subsequent meeting; • has an advisory involvement in the appointment of new Committee members; and • provide free and confidential access the Head of Organisational Risk Division (ORD).
MEMBERSHIP	The Committee is appointed by the Commission and is comprised of five members – three non-executive members of the Commission, one of whom will be the Chair of the Audit Committee, and two executives - the Deputy Governor Monetary & Financial Stability and the Chief Operations Officer.

¹ As set out in the Bank's Investment Governance approach (Paper No. C25 010)

	<p>The Governor will meet with the Chair of the Committee on an annual basis in order to review the Membership of the Committee and also to oversee the appraisal of the Chair.</p> <p>Save for ex-officio members, Committee members are typically appointed for three years, with the option to extend by up to a further three years, subject to a maximum of six years in total. The Commission may decide for reasons, of continuity of expertise, to appoint a member for a longer period.² Notwithstanding this, where a member is a Commission Member and their appointment to the Commission ceases they will cease to be a member of the Committee.</p> <p>All members will be obliged to disclose any conflicts of interest in line with the Commission’s Code of Conduct and Ethics.</p>
<p>MEETINGS AND ATTENDANCE</p>	<p>Meetings of the Committee are held not less than four times a year. There is a facility in place for joint meetings with the Audit Committee to consider items relating to the financial accounts and other matters as relevant.</p> <p>The Chair of the Committee can, when necessary, convene a special meeting of the Committee.</p> <p>The quorum for a meeting of the Committee is three members, at least two of whom shall be non-executive members.</p> <p>Meetings are scheduled in advance of the Commission in order to allow members adequate time to review and endorse papers for subsequent submission to the Commission.</p> <p>An annual schedule of meetings is prepared by the Secretary, agreed by the Committee, and published in advance of the annual cycle commencing.</p> <p>The Chair and other members of the Commission, who are not members of the Committee, may attend a meeting of the Committee.</p> <p>Management or staff of the Bank, including the Head of ORD and the Head of Internal Audit, shall attend meetings of the Committee at the request of the Chair.</p> <p>The Committee can meet in non-executive composition only.</p>
<p>DECISIONS</p>	<p>The Committee’s approval of items before it will be by majority on the basis that a quorum is in attendance, with a casting vote if required, for the Chair.</p>

² This provision will not be applied retrospectively, accordingly members serving at the date the revised Terms of Reference are adopted will continue in office in line with their current appointment to the Commission. Where a member is re-appointed to the Commission, for a second term of office, their membership of the Committee will be subject to a maximum of a further three years.

	<p>Approvals can be taken by written procedure if necessary as decided by the Chair on the basis of the need for consideration of an item outside of the scheduled meetings. Written procedures should be submitted three days in advance of required response. Where approval is required, this will be on the basis of a quorum.</p>
ESCALATION PROCESS	<p>The Chair will bring any matters that require escalation for consideration or decision to the Commission. It will be for the Chair to decide what matters are brought for escalation, however the Committee may advise the Chair to do so. The Chair will report back to the Committee, in a timely manner, the outcome of the escalation process.</p>
REPORTING TO	<p>At the Commission meeting following each meeting of the Committee, the Chair can report to the Commission on the activities of the Committee and where appropriate makes recommendations to the Commission on matters considered by the Committee.</p>
SECRETARY AND SUPPORT SERVICES	<p>The Secretary of the Bank (or their nominee) acts as Secretary to the Committee.</p> <p>The Secretary is supported in this role by the Governance Unit in the Internal Governance Division.</p> <p>The Governance Unit will maintain a record of all material submitted to the Committee.</p>
AGENDA	<p>The Chair is responsible for the effective management of the Committee's agenda and ensuring that adequate time is made available for discussion of all agenda items.</p> <p>Members can suggest items for inclusion on the agenda.</p> <p>The draft agenda will be circulated ten working days in advance and the final agenda agreed at the meeting; the Chair proposes the draft agenda for adoption at the ensuing meeting.</p> <p>All items coming before the Committee should have clear sponsorship and authorship assigned and identified.</p>
MINUTES	<p>Minutes of meetings are circulated to members approximately ten working days after the meeting and are agreed at the next meeting of the Committee. Minutes can, if necessary, be agreed by written procedure.</p> <p>The Secretary circulates the minutes of meetings of the Committee to all members of the Commission and includes them on the agenda of the Commission.</p>

PAPERS	<p>The Secretary will ensure that the Committee receives the information and papers in a timely manner five working days in advance of the meeting to enable full and proper consideration to be given to the issues. Papers/presentations should clearly identify whether the matter is:</p> <ul style="list-style-type: none"> • for information; • for consideration (where an item will ultimately come back for decision at a later stage); or • for recommendation to another decision maker /decision making body. <p>If necessary, and as agreed by the Chair, some items can be taken by written procedure.</p> <p>In general, presentations can be used when seeking the Committee's views on matters or providing explanations/analysis of topics etc. When specific recommendations are required, a paper should be prepared.</p>
SEEK INFORMATION	<p>In the performance of its functions, the Committee may seek any information it requires from any member of the management or staff of the Bank.</p>
PROFESSIONAL ADVICE	<p>The Committee is authorised by the Commission to obtain outside legal or other independent professional advice at its discretion.</p>
PROCEDURES	<p>The procedures which govern the functioning of the Commission, and its sub-committees, are provided to Commission Members on induction, as part of the Commission Handbook.</p>
PERFORMANCE AND EFFECTIVENESS	<p>The Chair of the Committee will initiate a formal review of the performance of the Committee on an annual basis to assess the extent to which responsibilities are being met; the Committee is operating efficiently; that the scope and membership remains appropriate; and the terms of reference remain appropriate.</p> <p>The Committee can, at any time, propose changes to its Terms of Reference or membership to the Commission.</p> <p>The report of the annual review of the Committee will be presented to the Commission.</p> <p>The report will include observations and recommendations of the Committee and include any potential amendments required in respect of the Code.</p>