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# Operational risk and reputation committee

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Terms of reference

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## DEFINITIONS

annual report	The annual report and financial statements of the <b>group</b>
chairman	The chairman of the <b>board</b>
chief executive	The chief executive of the society
committee	The operational risk and reputation committee of the <b>society</b>
board	The board of directors of the <b>society</b>
director	A director of the <b>society</b>
group	The <b>society</b> and its operating subsidiaries
society	Dentists' Provident Society Limited
regulators	The Prudential Regulation Authority and Financial Conduct Authority
governance committee	The governance committee of the <b>society</b>
remuneration committee	The remuneration committee of the <b>society</b>
secretary	The Secretary of the <b>society</b>

## MEMBERSHIP

The **committee** will comprise at least three members. The members of the **committee** will be appointed by the **board**, on the recommendation of the **governance committee** in consultation with the chairman of the **committee**.

The **committee** will be comprised of non executive **directors**. The chairman of the **board** shall not be a member of the **committee**.

Appointments of the non executive **directors** to the **committee** will be for a period of up to three years which may be extended by additional three-year periods subject to the **director** remaining eligible for membership of the **committee**.

The chairman of the **committee** will be appointed by the **board** upon advice of the **governance committee**.

## MEETINGS

The **committee** will meet at least four times a year and at any other time if required. Scheduled meetings of the **committee** will be held between three and four weeks before the relevant **board** meeting.

The **chairman, chief executive** or the chairman of the **committee** may request that an additional meeting be held at any time. Any member of the **committee**, the **chief executive**, the external auditors or the internal auditors may request the chairman of the **committee** to convene a meeting at any time.

Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to all attendees, no later than five working days before the date of the meeting. Supporting papers shall also be sent to all attendees at the same time.

## QUORUM

The quorum for meetings will be two members. In the absence of the chairman of the **committee** or where the **committee** meets to discuss the chairman's performance, the members present will elect one of themselves to chair the meeting.

## SECRETARY

The **secretary**, or their nominee, shall act as the secretary to the **committee** and ensure that the **committee** receives the information and documents in a timely manner to enable it to effectively discharge its duties.

## MINUTES OF MEETINGS

The **secretary** shall minute the proceedings and decisions of all meetings, including the names of those present and in attendance.

Draft minutes of the meetings shall be circulated to all members of the **committee**. Once approved, minutes will be circulated to the **board** unless, exceptionally, it would be inappropriate to do so.

## ATTENDEES

- chief risk officer (mandatory)
- any **director**, officer, employee or advisor of the **society** (by invitation of the **committee**)

The attendees may be collectively or individually requested to withdraw from any meeting of the **committee** if requested to do so by the chairman of the **committee**.

## REPORTING

The minutes will be circulated to all **directors** as part of the **board** pack issued after the meeting unless the **committee** decides, with the approval of the **chairman**, that it would be inappropriate to do so in whole or in part.

The chairman of the **committee** will brief the **board** on the **committee's** discussions at the **board** meeting.

The **committee** shall make any recommendations it considers appropriate to the **board**, on any area within its remit where action or improvement is needed.

A description of the **committee's** responsibilities and activities during the year will be disclosed in the **annual report**. The chairman of the **committee**, or an appointed nominee, will also be available at the annual general meeting to answer questions in connection with the work of the **committee**.

## AUTHORITY

The **committee's** authority extends to all relevant matters relating to the **group**.

The **committee** has authority to investigate any matters within its responsibilities and to obtain such information as it may require from any **director**, officer or employee of the **group**.

The **committee** is authorised to engage any independent advisors at the expense of the group, and invite them to attend meetings.

The **committee** may work and/or liaise with other **board** committees ensuring such interaction is reviewed regularly, taking into account the duties delegated to the other committees.

## INDUCTION AND TRAINING

The **committee** will put in place suitable arrangements for the induction of new members of the **committee** and for the ongoing training of existing members as appropriate.

## RESPONSIBILITIES OF THE COMMITTEE

Oversight of conduct risk, including:

- reviewing the effectiveness of the processes used to identify and manage conduct risk to ensure fair outcomes for the members of the **society**
- overseeing the **group's** treating customers fairly agenda and monitor progress against key objectives
- reviewing the **society's** performance against conduct risk targets.

Oversight of reputational risk, including:

- reviewing the effectiveness of the processes for the identification and management of reputational risk, including the reputation risk control framework, risk tolerance and associated policies
- receiving regular reports on reputational risk issues
- ensuring that any business decisions which could impact the **society's** reputation, the potential impact has been considered fully
- ensuring that business decisions do not compromise the **society's** ethical policies or core business beliefs and values and escalating any concerns to the **board**
- reviewing the impact on reputational risk of any significant internal or industry developments.

Oversight of regulatory compliance, including:

- reviewing the report from the chief risk officer on regulatory compliance-related issues
- receiving, at least annually, a report from the group money laundering reporting officer
- reviewing the **society's** systems and controls for the prevention of bribery and receive reports from the chief risk officer on any instances of non-compliance
- receive regular reports from the chief risk officer on financial crime-related issues, including cyber crime and external fraud
- reviewing any material adverse reports or sanctions by any regulatory authorities, together with a report on measures taken to avoid the breach recurring.

- reviewing the **group's** systems and controls for compliance with occupational health and safety at work

Oversight of business continuity arrangements, including:

- reviewing and approving the group's business continuity plans
- receive and review reports from the chief risk officer in relation to the adequacy and effectiveness of business continuity planning arrangements

Considering and where necessary updating and approving, at least annually, any policy statements, in relation to conduct, reputational, legal and compliance risks.

Reviewing and approving the annual compliance plan, including details of activities, resources and available skills, experience and expertise.

Reviewing and approving any relevant compliance group policies.

Reviewing forward looking compliance reports and reports on regulatory relationships; and be kept updated on the actions being taken to address issues raised by regulators.

Reporting to **remuneration committee** on any issues that the **committee** believes should be taken into account when considering executive remuneration.

Assess the effectiveness of the **committee** by:

- conducting an annual self-assessment and report conclusions and recommendations for change to the **board**
- considering whether or not the **committee** receives adequate and appropriate support in fulfilment of its role and whether or not its current workload is manageable.

## RESPONSIBILITIES OF MANAGEMENT

Management will ensure that all information required by the **committee** to discharge its responsibilities is provided promptly. Management will also ensure that matters of material concern that are relevant to the **committee's** responsibilities are brought to its attention promptly.

The formal reporting line of the chief risk officer is to the **chief executive**. However, they also have a reporting line to the **committee** through the **committee** chairman in respect of matters set out in these terms of reference.

## AMENDMENTS TO TERMS OF REFERENCE

The committee shall review its terms of reference on an annual basis to ensure that it is operating with maximum effectiveness and may recommend any changes it considers necessary to the board for approval.

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