



Nordic Development Fund

Rules of Procedure for the Risk Committee

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1 Powers and mandate of the Risk Committee

The Risk Committee (RC) is a body established to monitor the overall management of the Risk Management Framework and, in particular, to assess and make recommendations in specific risk events. The role of the RC is to support the Managing Director (MD) in taking decisions related to risks and opportunities, ensuring all key risks¹ are captured and appropriately managed.

The MD makes the decisions on all matters deliberated by the RC. The MD can either at the own initiative or at the proposal by the RC, refer matters deliberated in the RC to be finally decided in the Executive Management Committee (EMC). Referral to EMC shall take place in matters of principle and matters of significance for NDF.

By way of example, the RC shall be responsible for the following issues:

1. Review regular risk management reports, including the level of risk appetite and related risk thresholds, ahead of their submission to the EMC, Board of Directors, and/or Control Committee.
2. Review semi-annually the implementation of the NDF Risk Management Framework, including:
 - NDF's risk profile and trends against identified risks;
 - Risk-related operational tools, including risk registers, risk taxonomy, control library, and risk action plans;
 - Results of internal control self-assessments, and propose improvements to internal controls;
 - Risk metrics , including Key Risk Indicators (KRIs), and propose relevant actions related to the organisation's key risks
3. Review and recommend the Expected Credit Loss (ECL)² for Stage 1, Stage 2 and Stage 3 to the MD in connection to year-end closings of the annual accounts, or more frequently if needed.
4. Review and recommend the impairment allowances related to the credit portfolio and the treasury portfolio to the MD for approval, including the model-based ECL calculations, annually or more frequently if needed.
5. Assess and monitor "work out situations" ³ referred to the Committee, and recommended approaches or actions to resolve these situations, which among other things includes mobilising the necessary internal task force as indicated in the Instructions for Work out Situations.⁴

¹ The key risks that are included in NDF's risk taxonomy are defined in in the Risk Management Guidelines, as periodically reviewed and amended as relevant

² As described in the Expected Credit Loss Implementation Framework.

³ For the purposes of these Rules of Procedures, a work-out situation refers to an event in which NDF identifies a major issue related to a contractual counterparty / a financed projector any other event having material implications e.g. on payments to NDF or disbursements from NDF or on any other rights or obligations of NDF

⁴ To be finalised

2 Members, Chair and Secretary

The members of the RC are the Director, Advisory and Institutional Solutions, the Director, Portfolio Origination and Management, and the General Counsel. The Managing Director may nominate additional members to the RC as necessary.

The Risk and Systems Manager serves as Secretary to the RC. In absence of the Risk and Systems Manager, the Chair designates another staff member to serve as Secretary to the meeting.

The Director, Advisory and Institutional Solutions chairs the RC.

3 Meetings, quorum and minutes

3.1 Meetings

The RC is expected to meet at least every three months either in person, virtually or in hybrid mode. Additional meetings can as necessary be convened at the initiative of the Chair.

A quorum is formed when three members of the RC are present. Proposals for MD decisions shall in the RC be based on consensus. In the event that consensus cannot be reached, the matter shall be escalated to the MD.

The agenda and the material for consideration by the RC shall be made available to the members at least one week in advance of the meeting.

Matters shall usually be considered based upon a presentation in writing. In extraordinary circumstances, such as urgency, matters will be considered on the basis of oral presentation only.

3.2 Attendance

The Chair of the meeting may on a case-by-case basis invite other persons than the members and the Secretary to present and/or to discuss a specific matter.

3.3 Minutes

The decisions taken and/or common understandings reached in RC meetings shall be reflected in the minutes. In addition, the key points of reasoning for the outcome shall be reflected in the minutes. Draft minutes shall be prepared without delay and presented in written procedure for comments (if any) by the members.

The Minutes are signed by the Secretary and approved and countersigned by the Chair of the meeting. The minutes of the RC meetings are made available internally to the EMC. RC Minutes and meeting material are available on NDF eDoc. As matters dealt with by the RC are part of NDF's internal deliberative process, and in addition frequently contain non-public third-party data, RC minutes and meeting materials may not be distributed externally.

The Secretary of the RC is responsible for the filing and recording of the material pertaining to the RC.