

**GROUP RISK COMMITTEE**  
("the Committee")

**TERMS OF REFERENCE**

**1. Constitution**

- 1.1 The Committee is established as a committee of the Board of Directors ("Board") of the Company in accordance with the articles of association and has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.2 The Committee may sub-delegate any or all of its powers and authority as it thinks fit to one or more of its members, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

**2. Purpose**

- 2.1 The role of the Committee is to assist the Board in its oversight of risk, including reviewing and monitoring the risk framework and appetite for the Company and its subsidiaries (the "Group") and reviewing and maintaining the effectiveness of the Group's risk management systems and internal controls.
- 2.2 The Committee will seek assurance on the risks the Company identifies as those to which the business may be exposed both currently and in the future including, but not limited to, threats to business model or future performance, operational risk, transactional risk, capital, insolvency, market risk, liquidity risk, counterparty risk, conduct risk, legal risk (including material litigation), reputational risk, IT operations including cyber risk, health and safety, pandemic risk, business continuity risk, regulatory risk (including potential harm to consumers) and people risk.

**3. Membership**

- 3.1 The Committee shall comprise at least three members who should be independent Non-Executive Directors as determined by the Board. The Chair of the Board may be a member but shall not chair the Committee. The Committee as a whole shall have competence relevant to the sector in which the Company operates and members of the Committee shall have appropriate knowledge, skills and experience to fully understand risk appetite and strategy.
- 3.2 Appointments to the Committee shall be made by the Board on the recommendation of the Nomination Committee and in consultation with the Group Risk Committee Chair. The Chair of the Audit Committee should participate in the activities of the Committee.
- 3.3 Only members of the Committee have the right to attend meetings. Other individuals may be invited (included those listed in section 6.2) to attend for all or part of any meeting, as and when appropriate.
- 3.4 The Board shall appoint the Committee Chair from among the independent Non-Executive Directors. In the absence of the Committee Chair and/or an appointed deputy at any meeting

of the Committee, the remaining members present at a meeting shall elect one of their number present to chair the meeting.

#### **4. Secretary**

4.1 The Company Secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

#### **5. Quorum**

5.1 The quorum necessary for the transaction of business shall be two.

#### **6. Frequency of Meetings**

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

6.2 Outside of the formal meeting programme, the Committee Chair shall maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Company Secretary, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, the Head of Asia Pacific & Canada, the Group Head of Risk, the Heads of Compliance, the head of internal audit and the external auditor partner as required.

#### **7. Notice of Meetings**

7.1 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.

7.2 Unless otherwise agreed with the Committee Chair, notice of each meeting confirming the venue, time and date, 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.

#### **8. Minutes of Meetings**

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

8.2 Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated to all members of the Committee.

8.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **9. Engagement with Shareholders**

- 9.1 The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **10. Duties and Responsibilities**

The Committee shall carry out the following duties in relation to the Group, and in particular any regulated subsidiaries as appropriate:

### Risk Framework, Appetite, Tolerance and Strategy

The Committee shall:

- 10.1 Monitor, review and advise the Board on the Group's overall risk appetite, tolerance and strategy, and the current and prospective risk exposures of the Group and future risk strategy and the overall risk assessment processes reported to the Board, ensuring both qualitative and quantitative metrics are used.
- 10.2 Review and advise the Board on the likelihood and the impact of principal and emerging risks materialising, and the management and effectiveness of (including the prioritisation of and resource allocated to) the mitigations proposed to reduce the likelihood of their incidence or their impact.
- 10.3 Review and, as appropriate, recommend for Board approval the Group Risk Management Framework.
- 10.4 Review and, as appropriate, recommend for Board approval the Group Risk Appetite Statement.
- 10.5 Review proposed strategic transactions, including acquisitions or disposals, ensuring risks have been properly considered and appropriate due diligence is undertaken on risk aspects and implications for the risk appetite, tolerance and strategy of the Group. Independent external advice may be sought where appropriate and available.
- 10.6 Review and, if appropriate, recommend for Board approval the Internal Capital and Risk Assessment ("ICARA"), Internal Capital and Risk Assessment (Liquidity) ("ICARA-L") and Contingency Funding Plan ("CFP") documents on an annual basis.

### Narrative Reporting

- 10.7 The Committee shall carry out the following duties in relation to the annual report:
- 10.7.1 Consider the disclosures on the effectiveness of the Group's risk management and internal control systems and make recommendations to the Board;
- 10.7.2 Consider the disclosures in relation to the principal and emerging risks and make recommendations to the Board;

- 10.7.3 Consider the disclosures in relation to the risks and opportunities relating to climate risk for inclusion in the TCFD report and make recommendations to the Board; and
- 10.7.4 Compile a report of the Committee's activities describing the work of the Committee. In compiling the report, exercise judgement in deciding which of the issues it considers in relation to risk management are significant, but include at least those matters that have informed the Board's assessment of the quality/ appropriateness of the Group's risk management.

#### Risk management systems and internal controls

The Committee shall:

- 10.8 Monitor and review the effectiveness of the Group's risk management and internal control systems.
- 10.9 Monitor the risk exposures of the Company/Group, including risk to the Company's business model, and solvency and liquidity risks and ratify changes to the principal risks identified by the Executive Risk Committee.
- 10.10 On behalf of the Board (which retains overall responsibility for oversight of risk management), monitor the adequacy, effectiveness, design and implementation of the Group's processes and procedures to manage risk and the internal control framework and, at least annually, carry out a review of its effectiveness.
- 10.11 Monitor the ability of the Group's risk management and internal control systems to identify the risks (and in particular principal and emerging risks) facing the Group and, on an annual basis, ensure that a robust assessment of the emerging and principal risks facing the Company/Group has been undertaken.
- 10.12 Review the effectiveness of management's processes for monitoring, maintaining and reviewing the effectiveness of risk management and internal control systems and ensure corrective action is taken when necessary.
- 10.13 Review the Group's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
- 10.14 Review the appropriateness of the Group's values, culture and reward systems for the Group's internal control and risk management systems, and the extent to which these are embedded at all levels of the Group.
- 10.15 In conjunction with the Remuneration Committee, consider whether the remuneration arrangements for executives incentivises inappropriate risk taking.
- 10.16 Review reports on any material breaches of risk limits and the adequacy of proposed action(s).
- 10.17 Approve the annual Risk plan and monitoring plan/update.

- 10.18 Review the assurance reports from management on the effectiveness of the internal control and risk management systems and the operational effectiveness of matters related to risk and control.
- 10.19 Consider the major findings of any relevant internal investigations into risk weaknesses, or misconduct and management's response, and also consider whether any such failings or weaknesses are significant and therefore require disclosure, the basis and accuracy of explanations given as to what actions are being taken to address them, and whether the level of disclosure of such actions is appropriate.
- 10.20 Consider and monitor the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also monitor whether the function has adequate independence and is free from management and other restrictions.

#### Group Chief Risk Officer and Heads of Compliance

The Committee shall:

- 10.21 Make recommendations to the Board on the appointment or removal of the Group Head of Risk and the Heads of the Compliance functions.
- 10.22 Ensure the Group Head of Risk and Heads of Compliance have the right of unfettered direct access to the Chair of the Board and to the Committee.

#### Compliance

The Committee shall:

- 10.23 Review the Group's systems and controls for ethical behaviour and the detection and prevention of financial crimes (including but not limited to fraud, bribery and money laundering) and receive reports on non-compliance.
- 10.24 Keep under review the adequacy and effectiveness of the Group's Compliance functions.
- 10.25 Consider the Group's compliance framework.
- 10.26 Review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to recommendations arising from the Group's compliance monitoring.

#### Regulatory

- 10.27 Consider the Group's compliance with regulatory responsibilities, e.g. Consumer Duty, local regulatory rules and any significant communication with the regulators.
- 10.28 Consider wind-down plans.

## **11. Reporting Responsibilities**

- 11.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall provide advice to the Remuneration Committee on any risk weightings to be applied to performance objectives incorporated into the incentive structure for executive remuneration and make recommendations to the Remuneration Committee on clawback provisions.
- 11.3 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## **12. Other**

The Committee shall:

- 12.1 Review all reports on the Company/Group from the Group Head of Risk (including periodic updates in the capacity of chair of the Executive Risk Committee ('ERC')) and Heads of Compliance.
- 12.2 Receive reports of ERC discussions, findings and recommendations on matters as deemed appropriate.
- 12.3 Monitor management's responsiveness to the findings and recommendations of the Group Head of Risk and Heads of Compliance.
- 12.4 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary, Group Head of Risk, Heads of Compliance and other Executives as required.
- 12.5 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members. Any individual training should be discussed and agreed with the Company Secretary and/or Group Chairman.
- 12.6 Have due regard to all applicable laws and regulations, in particular the directors' duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the FCA's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules as appropriate.
- 12.7 Oversee any investigation of activities which are within its terms of reference.
- 12.8 Work and liaise as necessary with all other Board Committees.
- 12.9 Arrange for annual review of its own effectiveness and performance (which may be incorporated into a wider evaluation of the Board and all its Committees as appropriate) and, at least annually, review its terms of reference and recommend any changes it considers necessary to the Board for approval.

### **13. Authority**

The Committee is authorised by the Board to:

- 13.1 Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within its terms of reference as it considers necessary.
- 13.2 Seek any information it requires from any employee of the Group to perform its duties.
- 13.3 Secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 13.4 Request the attendance of any employee to be questioned at a Committee meeting as and when required and all employees are directed to co-operate with any request made by the Committee.
- 13.5 Have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.
- 13.6 Obtain, at the Company's expense, any reports or surveys or other professional advice on any matter within its terms of reference which it deems necessary to help it fulfil its obligations.

**Last reviewed in November 2024**

**Adopted at the Board meeting of the Company on 20 November 2024**