



Board Risk Committee - Terms of Reference

1 Purpose

- 1.1 The purpose of the Risk Committee is to assist the Board in the fulfilment of its corporate governance duties in relation to risk management and internal control. The Committee is responsible for determining the nature and extent of the systemic significant risks it is willing to take in achieving its strategic objectives, and having done so, putting in place controls to ensure it operates in line with its risk appetite.
- 1.2 The Terms of Reference shall be prepared and proposed by the Risk Committee and approved by the Board.

2 Membership

- 2.1 The Risk Committee shall comprise at least three members.
- 2.2 A majority of the Risk Committee shall be Independent Non-Executive Directors. Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Committee, and the Board may also choose to be advised in this by the Nominations Committee. The activities of the Risk Committee will involve the active participation of the Chairman of the Audit Committee, whether or not he/she is also a member of the Risk Committee.
- 2.3 The Board Chairman shall be invited to attend all meetings if he/she is not a member of the Risk Committee.
- 2.4 The CEO, the Head of Risk, COO and the Finance Director (or in their absence, an appropriately empowered deputy) shall be expected to attend all meetings of the Risk Committee.
- 2.5 Other individuals including other Directors, other representatives of the Risk function, Operations, and Internal Audit may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Board or its Risk Committee.
- 2.6 Appointments to the Risk Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Directors still meet the criteria for membership of the Committee.
- 2.7 The Board shall appoint the Risk Committee Chairman who shall be an Independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

3 Secretary



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- 3.1 The Company Secretary, or nominee, for the time being the LINK Scheme Executive, shall act as the Secretary of the Risk 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 issues.

4 Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members.

5 Frequency of Meetings

- 5.1 The Risk Committee shall meet at least four times a year at appropriate times and otherwise as required.
- 5.2 The Risk Committee and Audit Committee shall meet at least annually to align annual agendas and meeting cycles.

6 Notice of Meetings

- 6.1 Meetings of the Risk Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the Head of Risk if he/she considers a meeting necessary.
- 6.2 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 Risk Committee, and any other person required to attend, no later than five working days before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Committee members and to other attendees as appropriate.

7 Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings of all meetings of the Risk Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of the Risk Committee meetings shall be circulated promptly to all members of the Committee for approval. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman of the Risk Committee.
- 7.3 Final signed copies of the minutes of the meetings of the Risk Committee should be maintained for the company's records, in hard and soft copy where possible.

8 Annual General Meeting

- 8.1 The Risk Committee Chairman should attend the Annual General Meeting if necessary to answer shareholder questions on the Committee's activities.

9 Duties

- 9.1 Advise the Board on the company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and



drawing on relevant financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the company's risk policies.

- 9.2 Oversee and advise the Board on the current risk exposures of the company and future risk strategy.
- 9.3 In relation to risk assessment and subject to coordination with the Audit Committee:
 - 9.3.1 Keep under review the company's overall risk assessment processes that inform the Board's decision making, ensuring that both qualitative and quantitative metrics are used.
 - 9.3.2 Review regularly and approve the parameters used in these measures and the methodology adopted.
 - 9.3.3 Set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 9.4 Review the company's capability to identify and manage new risk types, working in coordination with the Audit Committee.
- 9.5 Review reports on any material breaches of risk limits and the adequacy of proposed action.
- 9.6 Keep under review the effectiveness of the company's internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 9.7 Provide any relevant advice to the Remuneration Committee on risk-related performance objectives incorporated in executive remuneration.
- 9.8 Review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in risk management, as set out in the Whistleblowing Policy. The Risk Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.
- 9.9 Consider and approve 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. The Risk Committee shall also ensure the function has adequate independence.
- 9.10 Recommend to the CEO the appointment and/or removal of the Head of Risk.
- 9.11 Review promptly all reports on the company from the Head of Risk.
- 9.12 Review and monitor management's responsiveness to the findings and recommendations of the Head of Risk.



9.13 Ensure the Head of Risk shall be given the right of unfettered direct access to the Chairman of the Board and to the Risk Committee.

9.14 Work and liaise as necessary with all other Board Committees.

10 Reporting Responsibilities

10.1 The Risk Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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

10.3 The Risk Committee shall produce a report of its activities and the company's risk management and strategy to be included in the company's annual report.

11 Other Matters

11.1 The Risk Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.

11.2 Risk Committee members shall be provided with appropriate and timely training as determined by the Committee Chairman.

11.3 The Risk Committee shall oversee any investigation of activities which are within its Terms of Reference.

11.4 The Risk Committee shall arrange for periodic reviews of its own performance and, 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.

12 Authority

12.1 The Risk Committee is authorised to seek any information it requires from any employee/director of the company in order to perform its duties.

12.2 The Risk Committee is authorised to obtain, at the company's expense, external legal or other professional advice on any matter within its terms of reference where required.

12.3 The Risk Committee is authorised to request the attendance of any employee at a meeting of the Committee as and when required.