

RISK COMMITTEE

Terms of Reference

01 July 2021

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Risk Committee – Terms of Reference

The board of directors (the **Board**) of Sanne Group plc (the **Company**) has resolved to establish a committee of the Board to be known as the Risk Committee (the **Committee**).

1. Membership

- 1.1 The Committee shall comprise at least three members. The Committee should include the Chairman of the Audit Committee as a member. All members of the Committee shall be independent non-executive directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman of the Committee.
- 1.2 The Chief Risk Officer (**CRO**) and Group Head of Compliance (**GHoC**) shall be in attendance at all meetings. The Committee Chairman shall decide with the Chief Executive Officer (**CEO**), whether the CEO should be present at all meetings.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals including the Chairman of the Board, CEO, Chief Financial Officer, other non-executive directors, the Internal Audit Director and other representatives of the risk function, compliance function, and internal and external audit may be invited to attend all or part of any meeting of the Committee as and when deemed appropriate and necessary by the Board or the Risk Committee.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than a further two periods of up to three years, provided members continue to be independent and meet the criteria for membership.
- 1.5 The Board shall appoint the Committee Chairman who shall be a 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.
- 1.6 At least once a year, the Committee may meet with the CRO, the GHoC, the Internal Audit Director and the external auditors respectively without the presence of executive management to discuss any matters that either the Committee or these four believe should be discussed privately.

2. Secretary

The company secretary, or his or her nominee, shall act as the secretary of the 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.

3. Quorum

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

4. Frequency of meetings

- 4.1 The Committee shall meet at least four times a year and otherwise as required for the Committee to effectively discharge its roles and responsibilities.
- 4.2 Outside of the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the CEO, the CRO and the GHoC.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members or at the request of the CRO or the GHoC if they consider it necessary.

- 5.2 Unless otherwise agreed by the Committee, 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 Committee, any other person required to attend and all other non-executive directors, 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. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in this way.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 6.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

7. Annual general meeting

The Committee Chairman should attend the Company's annual general meeting to answer shareholder questions on the Committee's activities.

8. Duties - Risk

The Committee shall:

- 8.1 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 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;
- 8.2 oversee and advise the Board on the current risk exposures of the Company and future risk strategy;
- 8.3 approve the Company's risk strategy and key risk activities;
- 8.4 in relation to risk assessment:
- 8.4.1 Keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
- 8.4.2 review regularly and approve the parameters used in these measures and the methodology adopted; and
- 8.4.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 8.5 review the Company's capability to identify and manage new risk types, in conjunction with the Audit Committee. The Committee shall carry out a robust assessment of the Company's emerging and principal risks and provide a description of the procedures in place to identify emerging risks, including an explanation of how these are being managed or mitigated, in the Company's annual report;
- 8.6 before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite

and tolerance of the Company, and taking independent external advice where appropriate and available;

- 8.7 review reports on any material breaches of risk limits and the adequacy of proposed action;
- 8.8 keep under review the effectiveness of the Company's internal controls and risk management systems and review, ensuring they are robust and allow for prudent and effective risk assessment and management, and approve the statements to be included in the annual report concerning internal controls and risk management;
- 8.9 advise the Board on the continued commercial viability of the Company's business model, including the likely achievement of strategic objectives, based on; an assessment of its principal and emerging risks, any actual or likely breaches of risk appetite, and the Company's overall risk profile and capacity;
- 8.10 keep under review the adequacy of operational resilience, including outsourcing and business continuity arrangements over the Company's provision of services;
- 8.11 provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive and senior management remuneration, and monitor incentive plans to ensure that they continue to promote long-term shareholding by management and support alignment with long-term shareholder interests;
- 8.12 review the Company's systems and controls for the prevention of financial crime and receive reports on non-compliance, including reviewing regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls;
- 8.13 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 8.14 keep under review the framework and controls associated with protecting business and client data;
- 8.15 consider and periodically report to the Board whether the Company's purpose, values and risk culture expectations are appropriately embedded in the Company's risk strategy and risk appetite, and are reflected in observed behaviours and decisions. The Committee shall also ensure it understands how the Company identifies and measures success in embedding and sustaining a risk culture within its risk management framework and, where required, how the Company takes prompt and fair action in instances of non-compliant or irresponsible risk-taking behaviours.
- 8.16 review promptly all reports on the Company from the CRO and the GHoC;
- 8.17 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 and in accordance with the relevant professional standards across the Company. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions;
- 8.18 keep under review the performance of the compliance 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 regulatory and professional standards across the Company. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions;
- 8.19 keep under review the performance of the CRO and the GHoC and recommend to the Board the appointment and/or removal of the CRO and the GHoC;
- 8.20 review and monitor management's responsiveness to the findings and recommendations of the CRO and the GHoC;
- 8.21 ensure the CRO and the GHoC shall be given the right of unfettered direct access to the Chairman of the Board and to the Committee; and

8.22 work and liaise as necessary with all other Board committees.

9. Reporting responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall advise the Board on the quality and appropriateness of the Company's risk information and reporting.
- 9.4 The Committee shall produce a report on its activities and the Company's risk management and strategy to be included in the Company's annual report.
- 9.5 The Directors' Report in the Company's annual report should set out risk management objectives and policies including in relation to financial instruments.

10. Other matters

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules, and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 give due consideration to the interests of, and the impacts on, the workforce and any other key internal and external stakeholders when decision making;
- 10.5 oversee any investigation of activities which are within its terms of reference; and
- 10.6 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.

11. Authority

The Committee is authorised to:

- 11.1 Seek any information it requires from any employee/director of the Company in order to perform its duties;
- 11.2 obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference where required;
- 11.3 request the attendance of any employee at a meeting of the Committee as and when required; and
- 11.4 form a sub-committee to address specific aspects of its duties.

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