

**DATED**

**28 NOVEMBER 2018**

**FINNCAP GROUP PLC**

**RISK COMMITTEE – TERMS OF REFERENCE**

## **FINNCAP GROUP PLC (THE "COMPANY")**

### **RISK COMMITTEE - TERMS OF REFERENCE**

#### **INTRODUCTION**

1. The Risk Committee ("Risk Committee"/"Committee") is a Committee of the Board of Directors. In the context of this document, "Company" means finnCap Group plc.
2. The Committee's remit is the assessment of the quality, integrity, implementation and reliability of the Company's risk management processes.

#### **PURPOSE OF THE TERMS OF REFERENCE**

3. The purpose of these Terms of Reference is to set out the Risk Committee's scope, role and responsibilities as well as the requirements for its composition and meeting procedures.

#### **COMPOSITION OF THE COMMITTEE**

4. The Committee shall comprise at least three members.
5. The members of the Committee shall be directors and managers. The number of managers shall always be less than one-half of the total number of members of the Committee and no resolution of the Committee shall be effective unless a majority of the members of the Committee present at the meeting concerned are Directors.
6. The attendees of the Committee shall normally include at least Jon Moulton (as Chair)<sup>1</sup>, Barbara Firth, Tom Hayward and the Head or Deputy Head of Compliance.
7. The Chairman and members of this Committee shall be appointed by the Board. Any change to the composition of the Committee shall be considered and approved by the Board.
8. The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, be fit and proper, and keep up-to-date with developments affecting the required skills-set.
9. The Company Secretary shall be the secretary to the Committee.

#### **ROLE**

10. The Board is responsible for the total process of risk management, as well as forming its opinion on the effectiveness of the respective processes employed in the Company's Finance and Compliance functions. Management is accountable to the Board for designing, implementing and monitoring the process of sound risk management, and integrating it into the day-to-day activities of the Company.
11. In fulfilling its role and responsibilities, the Committee will have due regard to the principles of governance and codes of best practice.

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<sup>1</sup> Jon Moulton resigned as Chair and a member of the Committee on 31 December 2020 and Robert Lister joined the Committee as Chair on 1 January 2021.

- 12.** In meeting its obligations the Committee will be guided by the Company's purpose, vision, mission and values. It will:
- 12.1** form an opinion about the quality, integrity and reliability of the Company's Risk and Compliance management processes, including CASS arrangements;
  - 12.2** provide an objective oversight and review of the information presented by the management team on Risks and Risk Management in their specific departments, including a review of the breach register at each meeting;
  - 12.3** monitor the Company's entire Risk profile, ensuring that the major Risks are identified and escalated appropriately;
  - 12.4** ensure that the Risk disclosure is comprehensive, timely and relevant; and
  - 12.5** discharge its duties relating to corporate accountability and the associated Risk in terms of management, assurance and Risk reporting.

### **AUTHORITY**

- 13.** The Committee in the fulfilment of its role and responsibilities:
- 13.1** will act with the authority as recorded in these Terms of Reference;
  - 13.2** has the power to investigate any activity within the scope of these Terms of Reference;
  - 13.3** has the right to obtain independent outside professional expertise and advice to assist with the execution of its duties, subject to following a Board approved process;
  - 13.4** shall make recommendations to the Board that it deems appropriate relating to any area within the ambit of its Terms of Reference where action or improvement is required;
  - 13.5** may call upon the Chairman, members of Board committees, any of the executive directors, officers or the company secretary to provide it with information,
  - 13.6** will coordinate its activities with the Audit Committee and
  - 13.7** will have reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

### **MEETINGS AND PROCEDURES**

**13.8 Frequency**

- 13.8.1** The Committee should hold sufficient scheduled meetings with no less than four meetings a year to discharge all its duties as set out in these Terms of Reference and other relevant Company documents and applicable policies or directives;
- 13.8.2** Meetings in addition to those scheduled may be held at the request of the Chief Executive Officer, Finance Director, or other members of senior

management, or at the instance of the Board, after consultation with the Chairman of the Committee;

### **13.9 Attendance**

- 13.9.1** The Chairman may invite any member of staff from the Company and/or external professional advisers to Committee meetings as and when required. Invitees to meetings attend by invitation only and they may not vote on matters at the meeting.
- 13.9.2** Committee members will attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Committee secretary.
- 13.9.3** If the nominated Chairman of the Committee is absent from a meeting, the members present shall elect one of the members present to act as Chairman for that meeting.

### **13.10 Agenda and Minutes**

- 13.10.1** The Committee shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- 13.10.2** The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with the supporting documentation, shall be forwarded to each member of the Committee prior to the date of the meeting.
- 13.10.3** Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.
- 13.10.4** The minutes of meetings shall be completed as soon as possible after the meeting and circulated to the Chairman for review. The minutes will be formally approved by the Committee at its next scheduled meeting.

### **13.11 Quorum and voting**

- 13.11.1** A quorum for meetings shall be a simple majority of members.
- 13.11.2** Individuals in attendance at Committee meetings by invitation may participate in discussions at meetings but do not form part of the quorum for Committee meetings, and shall have no voting rights where decisions are to be voted on.
- 13.11.3** A decision is taken at a meeting of the Committee by a majority of the votes of the members of the Committee who are participating in the meeting, with each participating member having one vote. If there is an equality of votes,

the chairman of the Committee (or other person chairing the meeting) has a casting vote.

- 13.11.4** Each member of the Committee must, at or prior to the commencement of each meeting, disclose to the Committee any interest that he/she has in any matter or proposal to be considered at the meeting. A member of the Committee must not participate in any discussions concerning, and is not entitled to vote in relation to, any matter or proposal to be considered at a meeting in which he/she has a direct or indirect interest unless that interest cannot reasonably be regarded as likely to give rise to a conflict of interest.

#### **REVIEW**

- 14.** The Committee will review these Terms of Reference once every three years, or as determined by the Committee, to ensure they remain consistent with the objectives and responsibilities, as well as good corporate governance principles, corporate and other relevant laws.
- 15.** The Committee shall conduct an annual review of its work, constitution, performance and these Terms of Reference to ensure it is operating at maximum effectiveness and shall make recommendations for any changes to the Board.

#### **APPROVAL OF TERMS OF REFERENCE**

- 16.** These Terms of Reference were approved by the Committee on 28 November 2018, and then ratified by the Company Board on 28 November 2018, and will be reviewed once every three years, or as and when deemed necessary.