

## HASTINGS GROUP HOLDINGS plc (the “Company”)

### RISK COMMITTEE - TERMS OF REFERENCE

#### Definitions

In these Terms of Reference the following terms shall have the following meanings:

the “ <b>Articles</b> ”	means the Company’s Articles of Association, as amended from time to time;
the “ <b>Board</b> ”	means the board of directors of the Company;
the “ <b>Committee</b> ”	means the Risk Committee;
the “ <b>FCA</b> ”	means the UK Financial Conduct Authority (or any successor body);
the “ <b>GFSC</b> ”	means the Gibraltar Financial Services Commission (or any successor body);
the “ <b>Group</b> ”	means the Company and its direct and indirect subsidiaries from time to time;
“ <b>INED</b> ”	means an independent non-executive Director appointed by the Company in accordance with the Articles;
“ <b>Regulated Subsidiary</b> ”	means any of the Company’s subsidiary companies which is separately regulated by any of the FCA or the GFSC and “ <b>Regulated Subsidiaries</b> ” means all of such subsidiary companies;

#### 1. Background and Purpose

- 1.1 The Board is responsible for directing the affairs of the Group in a manner that meets both shareholder and regulatory requirements and is consistent with the Articles and current corporate governance standards.
- 1.2 The purpose of the Committee is to advise the Board on risk management issues, recommend the Group framework of risk limits and risk appetite to the Board for approval and oversee the risk management arrangements of the Company and Group generally. The Committee ensures that the material risks facing the Group have been identified and that appropriate arrangements are in place to manage and mitigate those risks effectively within risk appetite and also ensures that responsibility for managing and monitoring risk in each of the Regulated Subsidiaries has been effectively delegated to the respective boards of directors.

#### 2. Membership

- 2.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three members. Representatives of the Group’s Risk Management, Compliance and Internal Audit functions shall be regular attendees (or, if such posts are not filled at Group level, by appropriate functional representatives from the Regulated Subsidiaries).
- 2.2 Only members of the Committee, and a representative of the Group’s Risk Management, Compliance, and Internal Audit functions, have the right to attend Committee meetings. However, other individuals such as the Chair of the Board, other directors of the Company or Regulated Subsidiaries, and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.
- 2.3 The Company’s external auditor may request to attend Committee meetings and the Chair may authorise this.
- 2.4 The Board shall appoint the Committee Chair, who shall be an INED. In the absence of the designated Committee Chair, the remaining members present shall elect one of their number to chair the meeting, provided that the chair shall always be an INED.

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2.5 If any member of the Committee, who, is unable to attend any meeting, he shall be permitted to appoint an INED (as appropriate) as his alternate for that meeting and such alternate shall then be deemed a member of the Committee for the purposes of establishing a quorum for the meeting.

2.6 Appointments to the 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 director still meets the criteria for membership of the Committee.

**3. Secretary**

3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

3.2 The Secretary must ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3.3 The Secretary must ascertain, at the beginning of each meeting, whether any conflicts of interest exist and, if so, minute them accordingly.

**4. Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

**5. Frequency of Meetings**

5.1 The Committee shall meet formally at least four times a year and at such other times as the Chair of the Committee shall require.

5.2 Should it be necessary to consider any matter that would otherwise be required to be considered and approved at a meeting of the Committee and, in the opinion of the Chair, it would not be possible or convenient to convene a meeting for that purpose, it will be possible for the Committee to consider the matter via exchange of emails. In such circumstances, full details of the matter to be considered should be circulated to all Committee members who should signify their response/approval by email response.

5.3 Details of any matter reviewed and approved outside of a formal meeting of the Committee in the above circumstances should be noted in the minutes of the subsequent Committee meeting.

**6. Notice of Meetings**

6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chair or any of the Committee members.

6.2 Unless otherwise agreed, 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.

**7. Minutes of Meetings**

7.1 The Secretary or such person as the Secretary nominates acts as the secretary of the Committee.

7.2 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.3 Draft minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

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#### **8. Duties**

The Committee should carry out the duties below for the Group, as appropriate:

- 8.1 advise the board on the Group’s overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments such as those published by the Bank of England, the FCA, GFSC, and other authoritative sources that may be relevant for the Group’s risk policies;
- 8.2 oversee and advise the Board on the current risk exposures of the Group and future risk strategy;
- 8.3 ensure that the Group’s attitude and approach to corporate risk is effectively defined and communicated throughout the business;
- 8.4 ensure that responsibility for identifying, measuring, monitoring, and managing risks within the business is effectively delegated to operational management within the Regulated Subsidiaries;
- 8.5 in relation to risk assessment:
  - 8.5.1 keep under review the Group’s overall risk assessment processes that inform the Board’s decision making, ensuring both qualitative and quantitative metrics are used;
  - 8.5.2 review regularly and approve the parameters used in these measures and the methodology adopted;
  - 8.5.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- 8.6 regularly review the Group’s capability to identify and manage emerging risks;
- 8.7 oversee and challenge the design and execution of stress and scenario testing including reverse stress testing;
- 8.8 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 Group, and taking independent external advice where appropriate and available;
- 8.9 ensure that the risk management framework is formally reviewed at least annually and that formal review reports are presented to the Committee for consideration at least each quarter;
- 8.10 consider the quarterly review reports of the risk committees of all Regulated Subsidiaries, including reports on any material breaches of risk limits and the adequacy of proposed action, and decide upon any recommendations made as required;
- 8.11 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. The Committee shall also ensure the function has adequate independence and is free from management or other restrictions;
- 8.12 consider and review areas of specific risk to the Company and the Group;
- 8.13 review and approve the Board’s statements to be made in the annual report about its assessment of the principal risks facing the Company and how they are being managed and mitigated.

#### **9. Reporting Responsibilities**

- 9.1 The Committee’s Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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- 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 produce a report of its activities and the Group’s risk management and strategy to be included in the Group’s Annual Report.

#### **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 secretariat 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 appropriate laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference; and
- 10.5 at least once a year, review its own performance, 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;
- 10.6 the Chair shall make himself/herself available to the head of the Group’s Risk Management function to discuss any matters of concern in relation to risk management or solvency matters should this be considered necessary by the head of the Group’s Risk Management function.

#### **11. Authority**

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Group in order to perform its duties;
- 11.2 to obtain, at the Company’s expense, outside legal or other professional advice on any other matter within its terms of reference; and
- 11.3 to call any employee of the Group to be questioned at a meeting of the Committee as and when required.