



**Risk Committee**

**Terms of Reference**

Version 3 (revised 28/04/22)

## **Amigo Holdings PLC**

### **RISK COMMITTEE**

#### **TERMS OF REFERENCE**

The following are the terms of reference of the Risk Committee (the “Risk Committee”) of Amigo Holdings PLC (the “Company”) and its subsidiaries (together, the “Group”).

#### **1. Membership**

- 1.1 The Risk Committee shall be appointed by the board of directors of the Company (the “Board”) on the recommendation of the Nomination Committee in consultation with the Chair of the Risk Committee and shall comprise at least three members.
- 1.2 The majority of members of the Risk Committee shall be independent non-executive directors.
- 1.3 The Board shall appoint the Chair of the Risk Committee (the “Risk Chair”), who shall be an independent non-executive director. In the absence of the Chair, the remaining members present shall elect one member to chair the meeting.
- 1.4 Membership shall include the Chair of the Audit Committee, or the Chair shall be a member of the Audit Committee. The Chief Financial Officer and the Chief Risk Officer, whilst not members of the Committee, shall both be expected to attend at all meetings.
- 1.5 At least one member of the Risk Committee shall be a member of the Remuneration Committee.
- 1.6 In deciding who is the Chair and membership of the Risk Committee, the value of ensuring that Risk Committee membership is refreshed and that undue reliance is not placed on particular individuals should be taken into account.
- 1.7 Appointments to the Risk Committee shall be for a period of up to three years, extendable for additional periods of up to one year, so long as the majority of members continue to be independent. Membership of the Risk Committee shall be reviewed by the Board at least annually.
- 1.8 The company secretary (or his or her nominee) shall act as the secretary of the Risk Committee (the “Secretary”) and shall ensure that the Risk Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

#### **2. Terms of Reference to be made available**

- 2.1 The Risk Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board.
- 2.2 These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Risk Committee and the authority delegated to it by the Board.

2.3 The requirement to make this information available would be met by making such information available on request and including the terms of reference and such explanation on the Company's website

### **3. Quorum**

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

3.2 No member of the Risk Committee shall attend or form part of the quorum in relation to any matter in which he or she has a personal interest unless such personal interest has been fully disclosed to the Risk Committee and the remaining members present at the meeting unanimously agree that such member may attend or form part of the quorate in relation to such matter.

3.3 A duly convened and quorate meeting of the Risk Committee shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Risk Committee.

### **4. Frequency of meetings**

4.1 The Risk Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and at such other times as required. Meetings may be convened by telephone when necessary or as video or audio conferences.

4.2 Outside the formal meeting programme, the Risk Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer and the Chief Risk Officer.

### **5. Notice of meetings**

5.1 Meetings of the Risk Committee shall be called by the Secretary at the request of any of its members or at the request of the Chief Risk Officer.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Risk Committee, and to other attendees as appropriate, no later than five working days before the date of the meeting.

### **6. Proceedings of the Risk Committee**

6.1 Only Risk Committee members and the Chair of the Board (if not a member) shall have the right to attend Risk Committee meetings. However, the Risk Committee will usually also invite the Chief Executive Officer, Chief Risk Officer and the Chief Financial Officer to attend meetings (where such persons are not members). The Risk Committee may also invite other non-members (such as the Chair of the Board or other directors or executives/employees of the Company) to attend all or part of any meeting as and when appropriate.

6.2 Similarly, the Risk Committee may meet separately with any of the executive directors without any other executive directors being present.

6.3 The Risk Chair will be available to the Secretary, and the Chief Risk Officer to discuss any matters of concern in relation to internal control concerns or compliance with the Group's legal and regulatory obligations, in the widest sense, should this be considered necessary by those individuals.

6.4 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Risk Chair having a second, casting vote in the event of a tie (except where he or she has a personal interest). A Risk Committee member who remains opposed to a proposal after a vote can ask for his or her dissent to be noted in the minutes.

## **7. Minutes of meetings**

7.1 The Secretary shall minute the proceedings and decisions of all Risk Committee meetings and record the names of those present and in attendance.

7.2 The members of the Risk Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.

7.3 Draft minutes of Risk Committee meetings shall be circulated to all members of the Risk Committee as soon as practicable after each meeting. Once approved, minutes shall be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Risk Chair.

## **8. Annual general meeting**

8.1 The Risk Chair shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Risk Committee's activities and responsibilities.

## **9. Authority**

9.1 The Risk Committee is authorised by the Board to undertake any activity within its terms of reference. The Risk Committee is entitled to sufficient resources from the Group to undertake its duties, including access to the company secretary for assistance as required.

9.2 In particular, the Risk Committee is authorised to:

(a) seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company in order to perform its duties. All employees, directors, consultants and other service providers of services are directed to co-operate with requests for information made by the Risk Committee including requests to attend meetings of the Risk Committee;

(b) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;

(c) call any employee of the Group to be questioned at a meeting of the Risk Committee as and when required; and

(d) work and liaise as necessary with all other Board committees.

## **10. Responsibilities**

10.1 The Risk Committee shall:

- (a) 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 authoritative sources that may be relevant for the Group's risk policies. In particular, the Risk Committee shall advise the Board on the Group's overall customer risk management policies and procedures and will seek to ensure that there is a fair deal between the Group and its customers;
- (b) ensure that a robust assessment of the principal risks facing the Group has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity), and oversee and advise the Board on the current risk (including but not limited to customer and conduct risk) exposures of the Company and future risk strategy taking account of the current and prospective macroeconomic and financial environment;
- (c) keep under review the Company's overall risk assessment processes and risk appetite, tolerance and framework that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
- (d) regularly review and approve the parameters used in measuring risk and the methodology adopted;
- (e) review the Group's credit risk and interest rate risk by reference to the Group's risk appetite;
- (f) review the processes and procedures for ensuring that material business risks and/or new risk types are properly identified and managed and that appropriate systems of monitoring and control are in place and, in conjunction with the Audit Committee, set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance and review, on behalf of the Board, the effectiveness of all other aspects of the Group's system of internal control (including financial, operational and compliance);
- (g) receive regular reports on significant litigation and compliance issues (including treating customers fairly) involving the Group;
- (h) review the Company's procedures for protecting against and detecting fraud;
- (i) review the Company's processes and procedures for ensuring that applicable legal and regulatory requirements are complied with;
- (j) review the Company's systems and controls for ethical behaviour and the prevention of bribery and modern slavery and receive reports on non-compliance;
- (k) review the corporate risk register and consider mitigating actions (including the cost and benefits for such mitigation);

- (l) 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, focussing 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;
- (m) review reports on any material breaches in relation to customer and conduct risk and reviews the adequacy of any proposed action;
- (n) consider and approve the remit of the risk management functions, including but not limited to those relating to customer and conduct risk, and ensure they have adequate resources and appropriate access to information to enable them to perform their functions effectively and in accordance with best industry standards. The Risk Committee shall also ensure that the functions have adequate independence and are free from management and other restrictions in line with the Board's responsibility to maintain sound risk management and internal controls systems;
- (o) keep under review the Group's business continuity and disaster recovery plans;
- (p) consider other matters, as determined by the Board;
- (q) review regular reports from the money laundering reporting officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls;
- (r) review regular reports from the compliance department and keep under review the adequacy and effectiveness of the Company's compliance function;
- (s) recommend to the Board the appointment and/or removal of the Chief Risk Officer;
- (t) review promptly all reports on the Company from the Chief Risk Officer;
- (u) review and monitor management's responsiveness to the findings and recommendations of the Chief Risk Officer; and
- (v) ensure that the Chief Risk Officer shall be given the right of unfettered direct access to the chair of the Board and to the Risk Committee.
- (w) consider accountability and approval of the Operational Resilience strategy, including: (i) defining important business services; (ii) considering the impact tolerances and continuity strategy; (iii) the suitability and approval of the Operational Resilience framework; (iv) the process for adequate oversight in order to drive improvement; and (v) resourcing needs.

## **11. Reporting responsibilities**

- 11.1 The Risk Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include any issues on which the Board has requested the Risk Committee's opinion.
- 11.2 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.
- 11.3 The Risk Committee shall compile a report to shareholders on its activities to be included in the Company's annual report, which shall include:

- (a) details of the membership of the Risk Committee, number of meetings held and attendance over the course of the year;
- (b) confirmation that the board has carried out a robust assessment of the principal risks facing the Company, a description of those risks and an explanation as to how they are being managed and mitigated; and
- (c) any other issues on which the board has requested the Risk Committee's opinion.

## **12. Other matters**

12.1 The Risk Committee shall:

- (a) with the involvement of the member of the Risk Committee that is a member of the Remuneration Committee, review the executive remuneration and incentive arrangements to ensure that they adequately reflect prudent risk management practice and regulatory guidelines;
- (b) 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;
- (c) give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and the Market Abuse Regulation as well as any other applicable laws and regulations, as appropriate;
- (d) oversee any investigation of activities which are within its terms of reference;
- (e) work and liaise as necessary with all other Board committees; and
- (f) 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.

These terms of reference were reviewed and approved by the Board on 28 April 2022.

<b>Review performed &amp; work done</b>	<b>Approval date</b>
For IPO (new)	28/6/18
General update review for Committee	18/12/21
Incorporated comments from Committee	31/3/21
Incorporating change to reference CFO not a member, Operational Reliance accountability and minor typographical corrections.	28/04/22