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## Risk Committee Terms of Reference

The “**Group**” shall mean TP ICAP plc (the “**Company**”) and its subsidiaries (each subsidiary individually to be referred to as a “**Legal Entity**”). The “**Board**” shall mean the Board of Directors of the Company.

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### 1. Membership

- 1.1. Members of the Risk Committee (the “**Committee**”, “**Board Risk Committee**” or “**BRC**”) shall be appointed by the Board on the recommendation of the Nominations and Governance Committee. The Committee shall comprise not less than three members. All members shall be independent non-executive directors. At least one member shall have recent relevant risk oversight experience.
- 1.2. The chairman of the Committee (the “**Committee Chairman**”) shall be appointed from time to time by the Board. In case of the temporary absence of the Committee Chairman, one of the Committee members nominated by the Committee Chairman or elected by the other members of the Committee shall act as chairman. Where at any meeting of the Committee an equal number of votes have been cast for and against any resolution, the Committee Chairman shall be entitled to a casting vote. The Committee Chairman must also be a member of the Audit Committee.
- 1.3. The quorum shall be any two members.
- 1.4. Members of the Committee shall be identified in the Company’s Annual Report.

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### 2. Secretary

- 2.1. The Secretary of the Committee shall be the Group Company Secretary, or their nominated alternate, as appointed from time to time by the Committee.
- 2.2. The Secretary of the Committee shall:
  - 2.2.1. ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues;
  - 2.2.2. ascertain at the beginning of each meeting if any conflict of interest exists and minute it accordingly; and

- 2.2.3. minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance and key discussion and action points. The minutes of the meeting will be approved by the Committee Chairman and circulated promptly to all members of the Committee.

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### **3. Authority of the Committee**

- 3.1. The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 3.2. The Committee is authorised by the Board to investigate any activity within its terms of reference and seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.
- 3.3. The Committee has risk management oversight of the Group as a whole.

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### **4. Attendance at meetings**

- 4.1. No-one other than the Committee Chairman, members, and other Non-executive Directors are entitled to be present at meetings of the Committee. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer (“CRO”), General Counsel, Head of Compliance, Chief Internal Auditor, and the External Audit Partner will normally attend the meetings. Other members of the Executive and the UK Regulated Entity Risk Committee Chairs may attend at the invitation of the Committee, as appropriate.
- 4.2. The Committee will meet from time to time without any executives present and will also meet from time to time with only the CRO and/or the Head of Compliance present.
- 4.3. The CRO and Head of Compliance will have direct access to the Committee Chairman and members at all times.

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### **5. Frequency of meetings**

- 5.1. Meetings shall be held not less than four times a year.
  - 5.2. The CRO, Head of Compliance, Chief Executive Officer and any independent Non-executive Director may request a meeting of the Committee at any time outside the normal schedule of meetings if they feel this to be necessary.
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## 6. Purpose of the Committee

- 6.1. The Committee is responsible for supporting the Board in discharging its responsibilities for:
  - 6.1.1. defining the nature and extent of the risks it is willing to take in achieving its objectives (i.e. its risk appetite);
  - 6.1.2. defining expectations for the Group's risk culture;
  - 6.1.3. ensuring that the Group has an appropriate and effective risk management and internal control framework; and
  - 6.1.4. monitoring and reviewing the ongoing effectiveness of risk management and internal controls systems, and report on it annually as part of the Annual Report.

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## 7. Duties and Responsibilities of the Committee

- 7.1. In carrying out their responsibilities, Committee members must act in accordance with the statement of Directors' Duties set out in Sections 171-177 of the Companies Act 2006 and the UK Corporate Governance Code.
- 7.2. The duties and responsibilities of the Committee shall be to:
  - 7.2.1. oversee the implementation of the Group's Enterprise Risk Management Framework ("**ERMF**"), including (i) the adoption of risk tolerances to embed risk appetite and (ii) the adoption and implementation of Risk Management Standards ("**RMS**");
  - 7.2.2. review the resourcing within the Three Lines of Defence ("**3LoD**") model to ensure the Group has the capacity to operate the ERMF effectively;
  - 7.2.3. track risk management activity against the annual Risk Plan;
  - 7.2.4. monitor risk exposure against risk appetite and agreeing any risk response required to address any breach of risk appetite;
  - 7.2.5. review the status of the control environment and track the status of any remedial actions required to remediate control deficiencies;
  - 7.2.6. identify and monitor Emerging Risks with the potential to impact the organisation, and consider relevant mitigants where appropriate;
  - 7.2.7. promote a risk-aware culture aligned to the values of the Group and to the principles defined in the Risk Appetite Statements;
  - 7.2.8. identify and consider upcoming regulatory developments relevant to the Group, including the potential impact to the Group and advise the Board as appropriate;

- 7.2.9. consider the prospects of the Company, in light of its current position and principal risks and assess whether there is reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due;
- 7.2.10. consider the risks arising from any strategic initiatives and advise the Board accordingly;
- 7.2.11. oversee the independence and effectiveness of the Risk and Compliance functions including adequacy of resourcing, capabilities and succession planning;
- 7.2.12. ensure the Board receives appropriate and timely risk information for all risks including Compliance;
- 7.2.13. review the appointment, resignation or dismissal of the CRO and General Counsel and make appropriate recommendations to the Board;
- 7.2.14. review management's and the internal auditor's reports on the effectiveness of systems for risk management;
- 7.2.15. monitor the ERMF, by ensuring that an annual review of its effectiveness has been carried out;
- 7.2.16. provide input to the Board Remuneration Committee on the alignment of remuneration to risk performance;
- 7.2.17. facilitate the effective contribution and involvement of non-executive directors and aid their understanding of risk issues and the way they are managed in the Group;
- 7.2.18. liaise with the Audit Committee to ensure clear delineation of responsibilities; and
- 7.2.19. review the Group's culture monitoring arrangements and promote a risk-aware culture aligned to the values of the Group and principles defined in the risk appetite statements.

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## **8. Reporting Procedures**

- 8.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2. A note of the decisions of the Committee signed by the Committee Chairman shall be sufficient record and conclusive evidence of the validity of the Committee's decisions.
- 8.3. The Secretary of the Committee shall circulate the minutes of meetings of the Committee to all members of the Board as appropriate.



- 8.4. The Committee may ask to receive the minutes of any committee or board within the Group with risk management oversight.
- 8.5. The Committee Chairman shall attend each AGM and shall be available to answer questions raised by shareholders at the AGM.
- 8.6. The Committee shall review all risk related disclosures contained within the Company's Annual Report, ensuring the relevant information requirements of the UK Corporate Governance Code and any applicable legislation and guidance are met.
- 8.7. The Committee shall review all matters escalated as appropriate from the UK Regulated Entities' Risk Committees ("**UKRE Risk Committees**") and the Group Risk, Conduct and Culture Committee ("**GRCCC**"), noting that the GRCCC will consider all matters escalated as appropriate from the UKRE Risk Committees and the three Regional Risk, Conduct and Culture Committees ("**RRCCC**") in EMEA, Americas and APAC and that the EMEA RCCC will consider all matters escalated from the UKRE Risk Committees
- 8.8. A sub-committee may be established where it meets the following criteria, and will report to the Committee by way of regular updates at meetings of the Committee:
  - 8.6.1 it is established under the delegated authority of the Committee;
  - 8.6.2 it has well-defined terms of reference, agendas, papers and is formally minuted; and
  - 8.6.3 it is formed to provide advice, coordination and encourage challenge for a decision to be made by the accountable executive.
  - 8.6.4 The Committee shall on a timely basis consider all matters raised for its attention by any of its sub-committees.
- 8.9. All other arrangements that do not meet the requirements of a sub-committee as outlined above will be classed as business meetings, working groups or forums. Functions may choose to convene such arrangements to oversee daily risk management activities that are not considered part of the formal risk management governance framework and could include subject-specific forums to discuss particular topics such as technology risk management or data risk management.

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## 9. Procedural and Other Matters

- 9.1. CRO and Group Risk Function:
- 9.1.1 The CRO's formal reporting line is to the Chief Executive Officer, with an additional reporting line to the Committee through the Committee Chairman in respect of matters set out in these terms of reference;
  - 9.1.2 The CRO will meet regularly with the Committee Chairman and have the right and responsibility to elevate issues to the Committee Chairman where considered necessary;
  - 9.1.3 The Committee Chairman will be consulted in respect of the CRO's performance appraisal and compensation; and
  - 9.1.4 The Committee will satisfy itself that the Group Risk function is adequately resourced, has appropriate access to information and is free from constraint by management or other restrictions so as to be able to perform its function effectively.
- 9.2. Where these terms of reference contemplate the Committee taking decisions or making recommendations applicable to any UK regulated entity ("UKRE") it should be read as decisions and/or recommendations from a whole Group perspective and subject to the relevant UKRE Boards and relevant committees exercising their own independent judgment about the interests of and regulatory compliance by that UKRE.
- 9.3. The Committee shall arrange, at least annually, for the periodic review of its own performance and its terms of reference and recommend any changes it considers necessary to the Board for approval.
- 9.4. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 9.5. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 9.6. The Committee shall 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.

Approved on: 30 July 2020