

ARROW GLOBAL GROUP PLC

RISK COMMITTEE TERMS OF REFERENCE

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

1. Role

- 1.1. The Risk Committee advises the Board on the Company’s overall risk appetite, risk exposures and future risk strategy. It regularly reviews the Company’s risk assessment processes, parameters and risk register and reports back to the Board. The Risk Committee’s authority and responsibilities are documented further in the contents of this Terms of Reference.

2. Membership

- 2.1 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. The Risk Committee shall comprise at least three members.
- 2.2 Unless the Board agrees otherwise, all members of the Risk Committee shall be independent non-executive directors. One of the members shall be the Chair of the Audit Committee. The Chair of the Board shall not be a member of the Risk Committee.
- 2.3 The Board shall appoint the Chair of the Risk Committee (the “**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.
- 2.4 Appointments to the Risk Committee shall be for a period of up to three years, which may be extended for no more than two additional periods of up to three years, so long as (where applicable) members continue to be independent.
- 2.5 The Company Secretary (or his or her nominee) shall act as the Secretary of the Risk Committee (the “**Secretary**”).

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members of the Risk Committee.
- 3.2 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. Meetings may be convened by telephone when necessary. Meetings should be held, where possible, alongside Audit Committee meetings, to ensure that the work of the two committees is coordinated and consistent.
- 4.2 Outside the formal meeting programme, the Chair will maintain a dialogue with key individuals involved in the Company’s governance, including the Chair of the Board, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Legal & Risk Officer, the External Audit Lead Partner and the lead Internal Auditor.

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 any of the following people if they consider a meeting to be necessary.

- (A) the Chair of the Board;
- (B) the Group Chief Executive Officer;
- (C) the Group Chief Financial Officer;
- (D) the Group Chief Legal & Risk Officer;
- (E) the external audit lead partner; or
- (F) lead Internal Auditor.

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. The Chair shall have the sole discretion to amend the above notice period to whatever the Chair considers appropriate in the circumstances

6. Proceedings of the Risk Committee

6.1 Only Risk Committee members have the right to attend Risk Committee meetings. However, the Risk Committee may invite the External Auditor, the Internal Auditor, the Group Chief Financial Officer and Group Chief Legal & Risk Officer to attend meetings on a regular basis and other individuals (such as the Chair of the Board, the Group Chief Executive Officer, other Directors or Management) to attend all or part of any meeting as and when appropriate and necessary.

6.2 The Risk Committee may meet separately with any of the Executive Directors without any other Executive Directors being present.

6.3 The Chair will be available to the Secretary, the Group Chief Financial Officer and the Group Chief Legal & 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 a majority vote. All members in attendance will have an equal right to vote, with the Chair having a second, casting vote should the number of votes 'for' or 'against' be the same. 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. Where there is a conflict of interest and the Chair determines that it is material, they shall have the power to exclude that Risk Committee member from discussions on that issue.

7.3 Draft minutes of Risk Committee meetings shall be circulated to the Chair and subsequently to all members of the Risk Committee as soon as practicable after each meeting for review. Minutes

shall be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chair.

7.4 The minutes of the Risk Committee shall be provided to the subsequent Risk Committee meeting for approval.

7.5 Final signed copies of the minutes shall be maintained for Company records.

8. Annual General Meeting

8.1 The Chair shall, where it is possible to do so in the circumstances, attend the Annual General Meeting of the Company 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 and may at any time ask the Group Chief Legal & Risk Officer to carry out such independent reviews as it deems necessary and report back to the Risk Committee.

9.2 The Risk Committee also delegates key risk management activity to the Executive which will be governed by the Group Executive Risk Committee (GERC) with escalations back to the Risk Committee where appropriate.

9.3 In particular, the Risk Committee is authorised to:

- (A) oversee any investigation of activities which are within its terms of reference;
- (B) seek any information that it requires from any Group employee or contractor to perform its duties;
- (C) obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- (D) call any employee or contractor of the Group to discuss matters at a meeting of the Risk Committee as and when required; and
- (E) publish in the Company's annual report details of any issues that cannot be resolved between the Risk Committee and the Board.

10. Responsibilities

10.1 The Risk Committee shall:

- (A) determine and assess the appropriateness of the risks that the Company proposes to take in executing its strategy and make recommendations to the Board as to appetite and tolerance;
- (B) provide input to the Board on risk assessments of material transactions and strategic proposals, ensuring that a due diligence appraisal is undertaken focussing on particular risk aspects and implications for the risk appetite and tolerance of the Company;
- (C) regularly review and at least annually report to the Board on the current risk exposures and effectiveness of internal controls of the Company by means of a Risk & Control Self Assessment

- (D) regularly monitor the Company's Risk Management Framework, including systems, controls and processes, and at least annually carry out a robust assessment of their effectiveness, providing recommendations to the Board and reporting the review in the Company's Annual Report.
- (E) at least annually and as required, review and recommend for approval to the Board, the Company's Risk policies:
- (F) receive timely notification of 'high severity' incidents and the remedial action taken or proposed
- (G) review the corporate 'Top Risks' register which identifies and monitors the Company's Principal Risks & Uncertainties (including emerging risks) and consider robustness of mitigating actions;
- (H) review mid-year and annual reports from the Money Laundering Reporting Officer and monitor the adequacy and effectiveness of the Company's anti-money laundering systems and controls in the detection of fraud and prevention of bribery
- (I) at least annually review any whistleblowing activity which has occurred and provide a verbal or written report to the Board;
- (J) review regular reports from the compliance department and maintain review of the adequacy and effectiveness of the Company's compliance function;
- (K) advise the Remuneration Committee on alignment of the Remuneration Policy with Risk Appetite
- (L) advise the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in the incentive structure of the Company;
- (M) ensure the Group Chief Legal & Risk Officer has direct access to the Board;
- (N) consider and approve the remit of the Risk Management Function (including Compliance Function) and ensure it has adequate resources, appropriate independence and sufficient access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- (O) approve the Governance, Risk & Compliance Function's work programme via a 'BRC Workplan';
- (P) approve the Compliance Function's annual work programme;
- (Q) identify matters that adversely affect or promote good culture, conduct and customer outcomes within the Group;
- (R) review the Company procedures for ensuring adequate application of regulatory requirements, giving due consideration to the provisions of applicable rules and guidance issued by regulatory bodies in all of the Company's jurisdictions, to ensure these are complied with,
- (S) review and challenge the use of, and outputs from, stress and/or scenario testing.
- (T) arrange for periodic reviews of the Committee's performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively. Recommend appropriate changes to the Board; and
- (U) work and liaise as necessary with all other Board committees.

11. Reporting responsibilities

- 11.1 The 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 and report on any other 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 review and recommend all statements and reports concerning risk management. The Committee shall comply with best practice disclosures.
- 11.4 The Risk Committee shall produce an annual report of the Risk Committee's duties and activities during the year, which will form part of the Company's Annual Report and Accounts.

12. Other matters

- 12.1 The Risk Committee shall:
 - (A) 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;

These terms of reference were reviewed and approved by the Board on 31st March 2020.