

## **Close Brothers Group plc**

### **Risk Committee (the “Committee”)**

#### **Terms of Reference**

**Approved by the Board on 24 July 2025**

#### **1. Purpose**

The Board of Close Brothers Group plc (the “**Board**”) has delegated responsibility to the Risk Committee to provide oversight and advice on the current and future risk exposures of the Group, including determination of risk appetite, tolerance and desired risk culture. The Committee shall assist the Board in ensuring that risks are properly identified, assessed and reported on; that risks are properly managed and controlled to support delivery of good customer outcomes and to avoid foreseeable harm to customers and the Group.

The Committee shall carry out the duties below on behalf of the Board in respect of Close Brothers Group plc, and each of its subsidiaries and divisions (the “**Group**”), as appropriate.

#### **2. Membership and quorum**

##### Members

- 2.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chair of the Committee. The Chair of the Board may be appointed as a member of the Committee.
- 2.2. The Committee shall be made up of at least three members and should include the Chair of the Audit Committee. Members as a whole shall have appropriate knowledge, skills and experience to fully understand risk appetite and strategy. The Committee as a whole shall have competence relevant to the sector in which the Group operates.
- 2.3. All members of the Committee shall be independent non-executive directors.

##### Chair

- 2.4. The Board shall appoint the Chair of the Committee (the “**Chair**”).
- 2.5. In the absence of the Chair or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

- 2.6 The Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities. In addition, the Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility as appropriate.

#### Attendance

- 2.7 Only members of the Committee have the right to attend Committee meetings; however, other members of the Board are invited to attend.
- 2.8 The Group Chief Risk Officer, Group Finance Officer and Group Chief Executive Officer are expected to attend meetings and other members of the management will attend as appropriate.
- 2.9 Other individuals such as external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

#### Quorum

- 2.10 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.

### **3. Committee management**

#### Secretary

- 3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

#### Frequency of Meetings

- 3.2 The Committee shall meet at least four times a year and at such other times as the Chair shall require.

#### Notice of Meetings

- 3.3 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair or any of its members.
- 3.4 The notice, agenda and papers for the meeting will be circulated to all Committee members and any other person required to attend, no later than five working days before the date of the meeting, unless agreed with the Chair in advance.

#### Minutes of Meetings

- 3.5 The Secretary shall minute the proceedings and decisions of meetings of the Committee, including recording the names of those present and in attendance.
- 3.6 Minutes of Committee meetings shall be agreed with the Chair and circulated promptly to all members of the Committee.

- 3.7 Minutes of Committee meetings will be made available to all Board members and the Company Secretary unless it would be inappropriate to do so. The minutes may also be circulated to other interested parties.

#### Terms of reference

- 3.8 The Committee shall, at least annually, review these Terms of Reference and its own performance, as well as the quality of information it receives and recommend any necessary changes to the Board for approval. .

### **4. Responsibilities**

The Committee shall:

#### Risk Appetite

- 4.1 Advise the Board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic, market and financial environment.
- 4.2 Review and approve intra-year changes to the Group's risk appetite
- 4.3 Provide oversight and challenge of the metrics used to monitor the Group's risk management performance.
- 4.4 Oversee, challenge and advise the Board as necessary on risk issues relating to strategic and material transactions, including acquisitions or disposals that are subject to approval by the governing body, 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.

#### Risk Monitoring

- 4.5 Understand, oversee management of, and provide advice to the Board on, the current risk exposures of the Group.
- 4.6 Review and monitor the Group's risk profile in respect of performance against risk appetite, risk trends, customer outcomes, emerging risks and risk concentrations.
- 4.7 Ensure that a robust assessment of principal, current and emerging risks facing the Group is undertaken at least annually. Advise the Board on those risks, including the likelihood and impact of the risks materialising and the management and mitigation of those risks.
- 4.8 Identify, review and assess emerging and principal risks and risk issues, and consider the Group's capability to identify and manage these appropriately.
- 4.9 Review and challenge reports from the Group Chief Risk Officer and the Group Head of Compliance on relevant matters.
- 4.10 Review and challenge reports from management (including periodic portfolio reviews presented to the Committee), which assess the nature and extent of risks facing the Group, including reports on any breaches of risk

appetite and consider the adequacy of actions and the impact on the business of risks that do materialise.

- 4.11 Review the circumstances surrounding material risk events and operational risk losses and near misses to satisfy itself that the investigation has been sufficiently detailed and that appropriate actions are identified (including appropriate consideration of any impact on remuneration outcomes) and implemented in a timely manner to mitigate against a future recurrence.
- 4.12 Oversee the operational resilience of the Group, including the ratification of important business services across the Group, the agreement of impact tolerances in respect thereof, and the periodic review and ratification of documented self-assessments of the Group's operational resilience position.
- 4.13 Oversee the adequacy and effectiveness of the company's procedures for preventing and detecting fraud.
- 4.14 Receive regular updates on financial crime compliance measures and risks (including bribery and money laundering) and receive reports on non-compliance.
- 4.15 Together with the Audit Committee, where appropriate, consider the material recommendations of the Group's internal or external auditors on matters within the remit of the Committee.
- 4.16 Have oversight of the implementation of and compliance with the Senior Managers and Certification Regime.

#### Risk Management Framework and Internal Controls

- 4.17 Keep under review the effectiveness of the Group's enterprise risk management framework ("ERMF") and compliance systems to identify, assess and manage risk and annually recommend the design of the ERMF to the Board for approval.
- 4.18 Oversee and challenge the day-to-day risk, control and oversight arrangements of the executive, ensuring corrective action is taken when necessary.
- 4.19 Support executive management in embedding and maintaining a supportive risk culture throughout the Group.
- 4.20 In conjunction with the Audit Committee, keep under review and monitor the effectiveness of the Group's internal control and risk management systems.
- 4.21 Oversee and challenge the risk framework employed by the Group to manage the risks (including financial risk) arising from climate change and make recommendations to the Board as appropriate.
- 4.22 Oversee the effectiveness of the Model Risk Management Framework, monitoring reporting against the Group's model risk appetite and receive the escalation of the Model Governance Committee's concerns, providing challenge to model outputs and understanding model capabilities, limitations and the potential impacts of model uncertainty for the Group's most material models.

- 4.23 Review and approve the Risk and Compliance Assurance Plan at least annually, including any significant changes made thereto over the course of the year.
- 4.24 Review and approve those Group frameworks and or policies which from time to time fall to be considered by the Committee under the Group Policy Framework.

#### Stress Testing

- 4.25 Consider, oversee and challenge the design and execution of stress and scenario testing, including oversight and challenge of the ICAAP and ILAAP.
- 4.26 Review and approve the key assumptions and scenario themes identified to be used in both internal and regulatory group-wide stress tests, as appropriate.

#### Regulatory

- 4.27 Monitor the regulatory landscape and assess the impact of, and actions required, in response to any legal and regulatory risks and developments which may have a material impact on the Group and its customers.
- 4.28 Consider any major findings of the Bank of England, PRA, FCA or other relevant regulator and management's response to any risk management reviews.
- 4.29 In conjunction with the Audit Committee, at least annually, review and challenge the Recovery Plan and make a recommendation to the Board for its approval.
- 4.30 Review and recommend to the Board for its approval, the capital and liquidity adequacy assessments and the methodologies and results of the reverse stress testing for submission of the ICAAP and ILAAP.

#### Annual Report & Accounts

- 4.31 Review and approve the statements to be included in the Annual Report and Accounts in relation to risk management.
- 4.32 Produce a report of the Committee's activities and the Group's risk management, compliance systems and strategy to be included in the company's Annual Report and Accounts.

#### Risk and Compliance Functions

- 4.33 Ensure the risk and compliance functions have adequate resources and have appropriate access to information to enable them to perform their functions effectively. The Committee shall also safeguard and oversee the independence and performance of the risk and compliance functions, ensuring they are free from management influence or other restrictions and that the Group Chief Risk Officer has direct access to the Chair, the Chair of the Board, and the Committee.
- 4.34 Consider and approve the appointment and dismissal of the Group Chief Risk Officer who shall report to and whose performance will be reviewed by the Group Chief Executive Officer and the Chair of the Committee.

- 4.35 Consider and approve the appointment and dismissal of the Group Head of Compliance who shall report to and whose performance will be reviewed by the Group Chief Risk Officer with input from the Chair of the Committee.

#### Remuneration

- 4.36 Through the Committee Chair (with input from the Group Chief Risk Officer, where appropriate), provide advice or input to the Remuneration Committee on (i) the design of remuneration policies and the alignment of reward structures and outcomes to the Group's risk appetite and (ii) considerations to be applied to performance objectives (including risk management objectives) incorporated in the incentive structure for the executive and other relevant Group employees.

### **5. Reporting Responsibilities**

- 5.1 The Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

### **6. Other matters**

The Committee shall:

- 6.1 Work and liaise as necessary with other Board committees, ensuring that the Committee's interaction with the Board and other committees is reviewed periodically, taking particular account of the impact of risk management and internal controls on the work of other committees.
- 6.2 Review and approve those policies which from time to time fall to be considered by the Committee under the Group Policy Framework.
- 6.3 Where considered appropriate, provide input or advice on the appointment of external consultants or advisers that the Board or other Board Committees may decide to engage.

### **7. Authority**

The Committee is authorised by the Board to:

- 7.1 Investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from, and require the attendance at its meetings of, any employee in order to perform its duties.
- 7.2 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required.
- 7.3 Obtain, at the Company's expense, external legal or other professional advice on any matters it believes necessary.
- 7.4 Delegate any matter or matters to another committee or person(s) as it deems appropriate.

- 7.5 Publish in the Company's Annual Report, details of any issues that cannot be resolved between the Committee and the Board.