

Terms of Reference – Risk Committee

Risk Committee (the “Committee”) of InvestAcc Group Limited (the “Company”)

References to the “**Board**” shall mean the full Board of Directors.

MEMBERSHIP

- The Committee shall comprise at least two members, all of whom shall be independent non-executive directors.
- The Committee shall include at least one member of the audit committee and/or remuneration committee and/or include one non-executive director specifically responsible for risk.
- Members as a whole shall have relevant risk expertise.
- The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee and in consultation with the chair of the Committee. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided the director still meets the criteria for membership of the Committee.
- Only members of the Committee have the right to attend Committee meetings. However, the Chief Financial Officer and any Chief Risk Officer appointed by the Company (the “CRO”) shall be expected to attend meetings of the Committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate.
- The Board shall appoint the Committee chair. In the absence of the Committee chair and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

SECRETARY

- The Company Secretary, or their nominee, shall act as the Secretary of the Committee (“Secretary”) 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.

MEETINGS

- The quorum necessary for the transaction of business shall be two members.
- The committee shall meet at least four times a year at appropriate times and otherwise as required.
- Meetings of the Committee shall be called by the Secretary at the request of the Committee chair or any of its members, or at the request of the CRO, if appointed, if they consider it necessary.
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, 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.
- The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all members of the Board unless, exceptionally, it would be inappropriate to do so. They may also be circulated to other interested parties where appropriate.
- The Committee chair should attend the annual general meeting to answer any shareholder questions on the Committee’s activities. In addition, the Committee chair should seek engagement with shareholders on significant matters related to the Committee’s areas of responsibility.

DUTIES

The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, subsidiary undertakings and the group as a whole (the "**Group**"), as appropriate.

Risk appetite tolerance and strategy

The Committee shall:

- Advise the Board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives. The Committee should seek assurance on the risks the Company identifies as those to which the business may be exposed. The risks will be specific to the Company's circumstances but are likely to include many of the following:
 - o Threats to the business model or future performance
 - o Operational risk
 - o Transactional risk
 - o Capital
 - o Insolvency
 - o Market risk
 - o Liquidity
 - o Counterparty risk
 - o Conduct risk
 - o Material litigation
 - o Reputational risk
 - o Environmental, Social and Governance (ESG) issues
 - o Ethical codes
 - o IT operations, including cyber risk
 - o Health and safety
 - o Business continuity plans
 - o Regulatory and legal risks
 - o Regulatory stress testing
 - o Risk trends, concentrations and correlations.
- Advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
- Advise the Board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on implications for the risk appetite, tolerance and strategy of the Company, and taking independent external advice where appropriate and available.

Narrative Reporting

The Committee shall carry out the following duties to assist the Board in fulfilling its reporting responsibilities in the annual report.

- Monitor and review the effectiveness of the Company's risk management and internal control systems.
- Review the Company's procedures to manage or mitigate principal risks and to identify and manage emerging risks, to assist in the Board's assessment of principal and emerging risks.
- Review and assess the Company's risk appetite and associated stress testing.
- Keep under review the Company's internal control and risk management systems (other than internal financial controls systems that identify, assess, manage and monitor financial risks, which shall be the responsibility of the Audit Committee).
- Evaluate the Company's principal risks, to be taken into account by the Board when assessing the Company's prospects.
- Review and recommend to the Board statements to be included in the annual report concerning internal control and risk management (save that the Audit Committee shall review and recommend statements concerning internal financial controls).

Internal controls and risk management systems

The Committee shall oversee and seek suitable assurance regarding:

- The risk exposures of the Company, including risk to the Company's business model, and solvency and liquidity risks.
- The adequacy and effectiveness of the Company's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems.
- The ability of the Company's risk management and internal control systems to identify the risks facing the Company and enable a robust assessment of principal risks.
- The Company's capability to identify and manage new and emerging risks.
- The effectiveness and relative costs and benefit of particular controls.
- The effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken when necessary.
- The Company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
- The appropriateness of the Company's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the Company.
- The right of direct access of the CRO (if appointed) to the chairman of the Board and to the Committee.

Alongside the Audit Committee, the Committee shall consider at least annually the need for an internal audit function, make any recommendation to the Board and explain the reasons for the absence of such a function, how internal assurance is achieved and how this affects the external audit work to the Board for disclosure in the annual report

Compliance, whistleblowing and fraud

The Committee shall:

- review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- review the Company's procedures for detecting fraud;
- review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

REPORTING RESPONSIBILITIES

- The Committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall provide advice to the Remuneration Committee on any risk weightings to be applied to performance objectives incorporated in the incentive structure for executive remuneration and make recommendations to the Remuneration Committee on clawback provisions.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report of its activities to be included in the Company's annual report, describing the work of the Committee.

OTHER MATTERS

The Committee shall:

- Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required.
- 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.
- Give due consideration to all relevant laws and regulations, the provisions of the Code and published guidance, the applicable requirements of the FCA's Listing Rules (until such time as the UK Listing Rules are implemented), the UK Listing Rules (following their implementation), the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- Oversee any investigation of activities which are within its terms of reference.
- Work and liaise as necessary with all other Board committees ensuring interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls on the work of other committees.
- Ensure that a periodic evaluation of the Committee's performance is carried out.
- 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.

AUTHORITY

The Committee is authorised to:

- Request the attendance of any employee at a meeting of the Committee and/or seek any information it requires from any employee of the Company in order to perform its duties.
- Delegate any matter or matters to another Committee or person(s) as it deems appropriate.
- Obtain, at the Company's expense, independent legal or other professional advice on any matter within its terms of reference if it believes it necessary to do so.