



TERMS OF REFERENCE – RISK SUB-COMMITTEE

1. Membership

- 1.1. The Committee shall comprise at least two members.
- 1.2. All members of the Committee shall be executive Directors and appointed for no fixed period.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4. The Committee Chairman shall be the Chief Executive Officer (CEO). In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The Company Secretary or their nominee or such other board member determined by the Committee shall act as the Secretary of the Committee.

3. Quorum

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

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year at appropriate times and otherwise as required.
- 4.2 Outside the formal meeting programme, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's risk programme.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date 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.

6. Minutes of Meetings

- 6.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.



7. Duties

The Committee should carry out the duties below for the Group as a whole, as appropriate.

- 7.1. Overseeing and advising the Board on the current and future risk exposure of the Group.
- 7.2. Reviewing the effectiveness of the Group's internal financial control systems.
- 7.3. Reviewing the effectiveness of the Group's internal control risk management systems.
- 7.4. Reviewing the statements to be included in the Annual Report and Financial Statements concerning internal controls and risk management.
- 7.5. Reviewing annually the requirement for an internal audit function.

8. Reporting Responsibilities

- 8.1 The Committee will report to the Chairman of the Audit and Risk Committee via the Chief Financial Officer (CFO) unless otherwise determined by the Board.
- 8.2 The Committee shall prepare reports and recommendations for the Board through the Audit Committee.
- 8.3 The Committee shall compile a report on behalf of the Audit and Risk Committee of its activities for inclusion in the Company's annual report.

9. Other Matters

The Committee shall

- 9.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 9.2 be provided with appropriate and timely training where necessary;
- 9.3 give due consideration to laws and regulations, and any other applicable rules, as appropriate;
- 9.5 oversee any investigation of activities which are within its terms of reference;
- 9.6 work and liaise as necessary with all other Board Committees; and
- 9.7 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 Audit Committee.

10. Authority

The Committee is authorised to:

- 10.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 10.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so; and



10.3 call any employee to be questioned at a meeting of the Committee as and when required.

11. Management of Committee Terms of Reference

11.1 **Publication** – The Committee terms of reference shall be available through the Company's website www.mckaysecurities.plc.uk and the Company Secretary.

11.2 **Effective Date** – The Committee terms of reference were last reviewed by the Risk Sub-committee on 16 March 2021.

11.3 **Revisions** – The Company Secretary is responsible for the maintenance and accuracy of the Committee terms of reference. The Committee terms of reference will be reviewed annually.