



Peel Hunt Limited (the "Company")

RISK COMMITTEE TERMS OF REFERENCE

8 December 2023

PEEL HUNT LIMITED
(the "Company")

Risk Committee Terms of Reference

Approved and Adopted by the Board of the Company
At a Board Meeting held 8 December 2023

1. CONSTITUTION

- 1.1. The board of directors of the Company (the "**Board**") has established a committee of the Board known as the Risk Committee (the "**Committee**"). The meetings and proceedings of the Committee are governed by these Terms of Reference.

2. MEMBERSHIP AND ATTENDANCE

- 2.1. The Committee shall comprise at least two members, with the usual number being three. All members of the Committee shall be non-executive directors and a majority shall be independent. The Committee shall include at least one member of the Audit Committee.
- 2.2. 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 (the "**Committee Chair**"). Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, the Chief Financial and Operating Officer and the Chief Risk Officer ("**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.
- 2.4. 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 their number to preside as Committee Chair.

3. SECRETARY

- 3.1. The Company Secretary, or his or her 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.
- 3.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

4. QUORUM

- 4.1. The quorum necessary for the transaction of business shall be two members.
- 4.2. 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.
- 4.3. The Committee may hold meetings in person, by telephone or using any other method of electronic communication that permits the participants to communicate adequately with each other during the meeting.

5. FREQUENCY OF MEETINGS

- 5.1. The Committee shall meet at least four times a year at appropriate times and otherwise as required.
- 5.2. Outside of formal meetings, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance including the chair of the Board, the Chief Executive Officer, the Chief Financial & Operating Officer, the CRO, the Chief of Internal Audit, the General Counsel and the Head of Group Compliance and Money Laundering Reporting Officer.

6. NOTICE OF MEETINGS

- 6.1. 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 they consider it necessary.
- 6.2. 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 in good time. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 6.3. Notices and supporting papers may be circulated electronically.

7. MINUTES OF MEETINGS

- 7.1. The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 7.2. Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated to all members of the Committee.
- 7.3. Where practical, minutes from the previous meeting shall be tabled for review and approval at the next scheduled meeting. Once approved, minutes should be circulated to the Board unless, exceptionally, it would be inappropriate to do so.

8. ENGAGEMENT WITH SHAREHOLDERS

- 8.1. The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

9. DUTIES

- 9.1. The Committee should have oversight of the Peel Hunt group (the “Group”) as a whole and, unless required otherwise by law or regulation, and save for where such duties conflict with those of a separate risk committee with responsibility for a major subsidiary undertaking, carry out the duties below on behalf of the Company, major subsidiary undertakings, and the Group as a whole, as appropriate.
- 9.2. The Committee will advise the Board on the Group's overall risk appetite, as set out by the Board in the Group Risk Appetite Statement, and oversee the adequacy of the measures in place to monitor adherence to this appetite, taking into account the current and prospective macroeconomic and financial environment.
- 9.3. The Committee will review and, where appropriate, seek assurances on the risks identified and to which the business is or may be exposed. It will advise the Board on the likelihood and impact of any risk materialising, and on the management and mitigation of such risks.

- 9.4. The Committee will oversee the overall risk framework of the Group and associated controls (the “**Group Risk Framework**”), ensuring its ongoing integrity and suitability to support the Board's strategic objectives. In addition, the Committee will, at least annually, review and approve the Group Risk Framework.
- 9.5. The Committee will review and approve key policies of the Group, insofar as they relate to the management of regulatory compliance, conduct and management of materials risks faced by the Group.
- 9.6. The Committee shall regularly review and approve a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 9.7. The Committee will, in respect of the risk management and compliance function:
 - (a) consider and approve its remit and annual work programme;
 - (b) monitor the effectiveness of its work through review of regular reports; and
 - (c) ensure that it has adequate resources and appropriate access to information to enable it to perform effectively and in accordance with relevant professional standards.
- 9.8. The Committee will review risk information received from management of relevant Group entities, to aid monitoring of the overall risk profile of the Group. This will include receiving reports from the CRO, Head of Group Compliance and Money Laundering Reporting Officer, and acting as a point of escalation for risk and compliance matters within the Group.
- 9.9. The Committee will also review and monitor significant exposures and risk types and consider management's self-assessment of the controls in place, and the actions being undertaken by management to mitigate those risks.
- 9.10. The Committee will oversee and advise the Board on the embedding and maintenance throughout the Group of a positive and proactive risk management culture. In doing so, the Committee will identify matters that adversely affect or promote good culture and conduct, including through review of the appropriateness of the Company's reward systems and their impact on the management of risk and internal controls, liaising with the Remuneration Committee as appropriate.
- 9.11. In addition to the duties of the Committee detailed above, the Committee will:
 - (a) recommend the prosecution, defence or settlement of litigation or alternative dispute resolution which are material to the interests of the Company;
 - (b) work and liaise as necessary with all other Board committees, including providing the Audit Committee with;
 - i. recommendations as to any changes or improvements which might be made to the Company's internal controls and/or other matters within its terms of reference;
 - ii. recommendations for additions to the internal audit plan; and
 - iii. advice on all notes to the accounts quantifying risk exposures as well as reviewing and recommending statements that are to be included in the full year financial statements; and
 - (c) provide input and recommendations regarding the appointment, performance, and removal of the CRO and, where requested, any other senior risk appointments within the Company to the

Board, and review and report to the Board on the performance of the CRO and other senior risk staff.

10. REPORTING RESPONSIBILITIES

- 10.1. The Committee Chair shall update the Board on its proceedings (noting any approvals made on behalf of the Board) after each meeting.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall compile a report of its activities to be included in the Company's annual report. The report will comply with best practice disclosures.

11. OTHER MATTERS

- 11.1. The Committee shall:
 - (a) have access to sufficient resources to carry out its duties, including access to the Company secretariat for advice and assistance as required;
 - (b) 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;
 - (c) give due consideration to relevant laws and regulations including the Companies (Guernsey) Law 2008, the provisions of the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), the London Stock Exchange AIM Rules for Companies, the Disclosure Guidance and Transparency Rules, the UK Market Abuse Regulation and any other applicable rules and guidance as appropriate;
 - (d) oversee any investigation of activities which are within its terms of reference; and
 - (e) arrange for a periodic evaluation of the Committee's performance to be carried out, and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

12. AUTHORITY

- 12.1. The Committee is authorised to:
 - (a) seek any information it requires from any employee and from any sub-contractor, consultant, or other provider of services to perform its duties;
 - (b) obtain, at the Company's expense, independent legal, accounting, or other professional advice on any matter it believes it necessary to do so;
 - (c) call any employee to be questioned at a meeting of the Committee as and when required;
 - (d) delegate any matter or matters to another committee or person(s) as it deems appropriate; and
 - (e) perform any other functions as requested by the Board.