# Vanquis Banking Group plc and Vanquis Bank Ltd

## Risk Committee Terms of Reference

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| The Company | Each of Vanquis Banking Group plc (the plc) and Vanquis Bank Ltd (VBL). Where these Terms of Reference are used for either the plc or VBL, then it shall mean the relevant company only. |
| Board | When used as a joint document, the Boards of both the plc and VBL. Where Terms of Reference are used as either of the plc or VBL, then it shall mean the relevant Board only. |
| Committee | When used as a joint document, the Risk Committees of both the plc and VBL. Where Terms of Reference are used as either of the plc or VBL, then it shall mean the relevant Risk Committee only. |
| Director | A director of the Board of each of the plc and VBL. |
| Group | The plc and its subsidiaries as defined by the Companies Act 2006. Should these Terms of Reference be used solely, then the same definition shall apply but when used for VBL, then this definition shall mean only those subsidiaries of the VBL. |
| Major Subsidiaries | The major subsidiaries of the plc are: Vanquis Bank Limited, Moneybarn No 1 Limited and Moneybarn Limited (together known as "Moneybarn"), USnoop Ltd ('Snoop') and Cheque Exchange Limited ("CEL") |
| The Code | The 2024 UK Corporate Governance Code and any later version superseding this version |

### Overview

The Board and Committees of VBG plc and VBL respectively have identical membership and sit jointly on most occasions. These Terms of Reference apply to both joint and individual meetings and the minutes will express, as required, where a discussion or resolution pertains to either or both entities.

Paragraphs or provisions marked with '*' are expected to apply primarily to the Committee of the plc and unless otherwise determined by the Committee that it should also apply to VBL, the paragraphs or provisions marked with a '†' are expected to apply primarily to the Committee of VBL.

Where a matter relating to VBL requires VBL Audit Committee approval, this matter will not also require approval from the Audit Committee of the plc

### 1. Name

**1.1.** This Committee of the Board shall be known as the Risk Committee (the "Committee").

## 2. Membership and attendance

**2.1.** The Committee shall comprise at least two members.

*Requirements of membership*

*2.2.* All members of the Committee shall be independent non-executive directors.
*2.3.* One of the members shall be a member of the Audit Committee. The Chair of the Board shall not be a member of the Committee.

*Appointment*

*2.4.* 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 Risk Committee.
*2.5.* The Chair of the Committee will be an independent non-executive director appointed by the Board. In the absence of the Chair of the Committee at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.
*2.6.* Membership of the Committee will be reviewed by the Board on an annual basis.

*Attendance*

*2.7.* Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited by the Chair to attend for all or part of any meeting, as and when appropriate and necessary.
*2.8.* Without prejudice to the foregoing provision, the Chief Finance Officer (CFO) and the Chief Risk Officer (CRO) shall be in attendance at all meetings.

## *3.* Secretary

*3.1.* The Company Secretary, or his or her nominee in consultation with the Chair of the Committee, is the Secretary of the Committee.
*3.2.* The Committee Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

## *4.* Quorum

*4.1.* The quorum necessary for the transaction of business will be two members.
*4.2.* In determining whether the members are participating in the meeting, it is irrelevant where the member is and how they are communicating with other attendees.

## 5. Meetings

*Frequency*

*5.1.* Meetings will be held at least four times a year and otherwise as required at

appropriate intervals.

*5.2.* Outside of the formal meeting programme, the Committee Chair, and to a lesser extent the other committee members, will maintain a dialogue with key individuals involved in the Group's governance, including the Board Chair, the Chief Executive Officer and the CRO.

*Notice*

*5.3.* Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chair or any other member of the Committee.

*5.4.* Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and the relevant supporting papers, shall be made available to each member of the Committee and any other person required to attend, as soon as reasonably practical and by five working days before the date of the meeting.

*Voting and conflicts*

*5.5.* The members of the Committee, at the beginning of the meeting, shall declare the existence of any conflicts arising and the Committee Secretary shall minute them accordingly.

*5.6.* Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Committee Chair having the casting vote in the event of a tie.

*5.7.* A Committee member who remains opposed to a proposal after a vote is taken, can ask for his or her dissent to be noted in the minutes.

*Minutes*

*5.8.* The Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

*5.9.* Draft minutes of Committee meetings shall be agreed with the Committee Chair and then circulated promptly to all members of the Committee. Once finalised, minutes will be made available to all members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chair.

*5.10.* Final signed copies of the minutes of the meetings of the Committee should be maintained for the company's records.

## 6. Engagement with Shareholders

*6.1.* The Chair of the Committee should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

*6.2.* In addition, the Chair of the Committee should engage with shareholders on significant matters related to the Committee's areas of responsibility as and when required.

## 7. Duties

7.1. 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 and major subsidiary undertakings and the Group as a whole.

The Committee shall:

*General*

7.2. In conjunction with the CEO, approve the appointment and/or removal of the CRO and Chief Compliance Officer (CCO);

7.3. Review promptly all reports from the CRO;

7.4. Review and monitor management's responsiveness to the findings and recommendations of the CRO;

7.5. Ensure the CRO shall be given the right of unfettered direct access to the Chair of the Board and to the Committee; work and liaise as necessary with all other Board committees;

7.6. Ensure workforce policies and practices, which fall in the scope of the Committee, are consistent with the Group's values and support long term sustainable success (see policy list below);

*Remuneration*

7.7. The CRO and the Committee Chair shall work with and provide advice to the Remuneration Committee on the management of remuneration risk, with support from the Committee where necessary and appropriate, reviewing annually performance against risk metrics, including of conduct matters and providing input to the Remuneration Committee to assist in its deliberations on appropriate quantitative and qualitative risk metrics and risk adjustments to be made to incentive packages;

7.8. The Committee should, without prejudice to the tasks of the Remuneration Committee, examine whether incentives provided by the remuneration policies and practices take into consideration the institution's risk, capital, liquidity and the likelihood and timing of earnings;

7.9. The Committee should, without prejudice to the tasks of the Remuneration Committee, ensure that the Group/Company's control functions are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control;

*Risk Resource, Strategy, Culture and Governance*

7.10. Assess the effectiveness of the Group's risk management strategy, governance arrangements and operating model in managing risk;

7.11. Consider and approve the remit of the Group's/Company's risk and compliance functions and ensure that they have adequate resources and

appropriate access to information to enable them to perform their function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the functions have adequate independence and are free from management and other restrictions;

7.12. To support embedding and maintenance of a risk culture which helps the Group and colleagues in delivering risk and customer outcomes aligned to the strategic Purpose and FCA's Consumer Duty;

7.13. Consider whether there is appropriate alignment between the Group's/Company's overall product and service offerings and the Group's/Company's risk strategy and business model, and whether the Group/Company has satisfactory controls in place to ensure customers are treated in accordance with both internal policies and regulatory requirements and that customer outcomes are in line with expectations;

*Risk Appetite*

7.14. Review and approve the Group's/Company's Risk Appetite tolerance and strategy and monitor adherence to it including proposed material changes to the Group's/Company's risk profile and/or risk appetite arising from any new products, geographical locations, new or increased business;

7.15. Advise the Board on the Group's/Company's overall risk appetite, tolerance and strategy, and that of its subsidiaries, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those by relevant industry and regulatory authorities;

7.16. Keep under review the Group's and Company's overall risk assessment processes that inform the Board's decision making, overseeing that both qualitative and quantitative metrics are used to ensure robust assessment of emerging and principal risks;

7.17. Regularly review and approve the parameters used in these measures and the methodology adopted particularly around timely monitoring of large exposures and certain risk types of critical importance, key balance sheet and profitability metrics;

7.18. Review and approve proposals on material decisions to breach risk appetite; and receive reports on any material breaches of risk appetite, and the adequacy of proposed actions;

*Risk Management and Internal Control Framework*

7.19. Keep under review and approve the Risk Management and Internal Control Framework (RMICF), including reviewing its adequacy and effectiveness, and oversee the Group's/Company's Policies as listed in Appendix 1.

7.20. Review the Group's capability to identify, assess and manage new and emerging risk types;

*Risk Management*

7.21. Oversee and advise the Board on the current principal and emerging risk exposures of the Group/Company and future risk strategy and oversee and challenge management's assessment of the Group/Company's risk exposures.

7.22. Assess and monitor the principal risks facing the Group/Company, including those that threaten its business model, future performance, solvency, liquidity or reputation;

7.23. Assess the company's ability to reduce the likelihood of risks, including principal risks materialising and the impact on the business of those risks that do materialise;

7.24. Review and challenge the principal risk assessments used to monitor risk events and trends and the associated RCSA process;

7.25. Keep under review, in conjunction with the Audit Committee the effectiveness of the Group's/Company's internal financial controls and the RMICF, inclusive of the Group's material controls, their effectiveness and actions to address to improve them.

7.26. In conjunction with the Audit Committee, review and approve the statements to be included in the annual report and accounts concerning internal controls and risk management;

7.27. Review and recommend the Group's/Company's Internal Capital Adequacy Assessment Process (ICAAP), including the stress testing and capital allocation approach, and the

7.28. Review and recommend the Group's Internal Liquidity Adequacy Assessment Process (ILAAP), including stress testing prior to submission to the Board for approval;

7.29. Review and approve the Group's annual and semi-annual Pillar 3 disclosures;

7.30. Keep under review, in conjunction with the Board, the Company's Treasury arrangements including, when necessary:

7.31. Approval of new wholesale counterparties

7.32. Before a decision is taken to proceed, advise the Board on proposed strategic transactions, including acquisitions and disposals, 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;

7.33. Where requested by the Board, review the Group's/Company's Operational Resilience Annual Self-Assessment, Important Business Services and their associated Impact Tolerances;

7.34. Review the Recovery Plan and the Group's/Company's Solvent Exit Plan and recommend to the Board for approval;

7.35. Monitor the progress of significant risk management projects as appropriate;

*Regulatory Compliance*

7.36. Review and approve the Second Line Integrated Assurance Plan and receive periodic updates, including details of activities (planned and /or undertaken) to manage the Group/Company's risk exposures;

7.37. Review regular reports from the Money Laundering Reporting Officer(s) and the adequacy and effectiveness of the Group's/Company's Anti-Money Laundering Systems and controls;

7.38. Review the Group's/Company's systems and controls for the detection and prevention of bribery and fraud and receive reports on non-compliance;

7.39. Oversee the regulatory contact strategy, and key communications with the regulators in particular conduct or prudential matters and that material matters are escalated to the Board;

7.40. Evaluate the effectiveness of the regulatory interactions and the management of any material actions or breaches arising from these and regulatory reviews. Monitoring and challenging the process for resolving issues raised.

*Conduct Risk*

7.41. Review the effectiveness of the processes and policies by which the Group/Company identified and manages conduct risk.

## 8. Reporting responsibilities

8.1. The Committee Chair shall formally report to the Board on its proceedings after each meeting including on relevant matters within its duties and responsibilities, that are not otherwise included in the CRO's brief to the Board, and any other issues on which the Board has requested the Committee's opinion.

8.2. 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.

8.3. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed:

8.4. The Committee shall compile a report on its activities and the Group's risk management and strategy and all other information requirements as set out in the Code to be included in the annual report and accounts.

8.5. The directors' report in the annual report and accounts should set out risk management objectives and policies, including in relation to financial instruments.

8.6. In compiling the reports referred to in 8.1 and 8.4, the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts but could provide cross references to that information

## 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, both in the form of an induction program for new members and on an ongoing basis for all members;

9.3. Give due consideration to relevant laws and regulations, the provisions of the Code and published guidance, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;

9.4. Work and liaise as necessary with all other Board committees, taking particular account of the impact of risk management and internal controls on the work of other committees;

9.5. Oversee any investigation of activities which are within this term of reference; and

9.6. 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 board.

## 10. Authority

The Committee is authorised to:

10.1. Seek any information it requires from any employee of the Group in order to perform its duties;

10.2. Obtain, at the Group's/Company's expense, independent legal, or other professional advice on any matter within its terms of reference it believes it necessary to do so, providing the cost of the advice in relation to a specific matter this does not exceed £20,000 (exclusive of VAT). Should it exceed this figure, approval from Board is to be obtained in advance;

10.3. Delegate any matter or matters to another committee or person (s) as it deems appropriate

10.4. Call any employee to be questioned at a meeting of the Committee as and when required; and

10.5. Have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the committee and the Board.

## 11. Change Control

| Date | Version | Changes Made | Approved By |
|---|---|---|---|
| 17 October 2018 | 0.2 | Various | Risk Committee |
| 26 February 2019 | 1.0 | Updated for CG Code 2018 | GRC / Board |
| 28 January 2020 | 1.1 | Updated as part of annual refresh | GRC / Board |
| December 2021 | 2 | Combined with VBL Risk Co and Updated with best practice for combined committees. | GRC (subject to CC review) |
| January 2022 | 2.1 | Incorporated recommendations from Clifford Chance | Chair and General Counsel as per delegated authority from the Committee |
| November 2022 | 2.2 | Annual review for best practice | GRC (November) and Board (16th December) |
| Feb 2023 | 2.3 | Rebrand to Vanquis Banking Group plc and consumer duty update | None required |
| November 2023 | 2.4 | Annual review for best practice | GRC (November) |
| February 2024 | 2.5 | To reflect the cessation of the CCE Committee | Board |
| Nov 2024 | 2.6 | Annual review. Updated policy list | GRC (Nov) |

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| Jan 2025 | 2.7 | Updated membership | GRC (Jan) |
| June 2025 | 3. | Terms of Reference transferred to new branded template | No approval required. |
| September 2025 | 3.1 | Review against model tors, review by ERM for Risk content to align to updated framework. Duplication removed and terminology and regulatory expectations reviewed to ensure all content remains relevant. Policies updated. | GRC (Sept 25) |

**Appendix 1:**

Risk-related Policies and where they are reviewed and approved:

- Conduct Risk Policy (BRC approved)
- Information Security Policy (GRC approved)
- SMCR Map (BRC consult where required, Board approved)
- Third Party Risk Management Policy (BRC Approved)
- Prevention of Tax Evasion and Prevention of Facilitation of Tax Evasion Policy (BRC approved)

- Anti-Bribery and Corruption Policy (Board approved)
- Data Protection Policy (Board approved)
- AML, CTF, PF and Sanctions Policy (Board approved)
- Health and Safety Policy Statement (Board approved)
- Environmental & Climate Change Risk (Board approved)

- Capital Risk Policy (ALCO approved)
- Funding and Liquidity Risk Policy (ALCO approved)
- Market (IRRBB) Risk Policy (ALCO approved)
- Capital Allocation Policy (ALCO approved)
- Stress Testing and Scenario Analysis Planning (ALCO approved)
- HQLA Policy (ALCO approved)
- Intra Group Funding Risk Policy (ALCO Approved)
- Funds Transfer Pricing Policy (ALCO Approved)
- Wholesale Counterparty Credit Risk Policy (ALCO approved)

- Credit Risk Policy (Credit Risk Committee approved)
- Model Risk Policy (Model Risk Committee approved)
- Customers with Characteristics of Vulnerability Policy (Customer Committee approved)
- Complaints Management (Customer Committee approved)
- Fraud Policy (Collections Recoveries and Fraud Committee approved)
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- Regulatory Contact Policy (ERC approved)
- Regulatory Reporting Policy (ERC approved)
- SMCR Policy (ERC approved)
- Gifts and Hospitality Policy (Collections Recoveries and Fraud

Committee approved)