

Rathbone Brothers Plc
Group Risk Committee
Terms of reference

These terms of reference were approved by the committee on 21 November 2019.

1. Membership

- 1.1 The committee shall comprise at least three members. Membership shall include the chairman of the audit committee. All members of the committee shall be independent non-executive directors. Members of the committee shall be appointed by the board, on the recommendation of the nomination committee in consultation with the chairman of the risk committee.
- 1.2 The finance director and the chief risk officer shall be in attendance at all meetings. The committee chairman shall decide, with the chief executive, whether the chief executive should be present at meetings.
- 1.3 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chairman of the board, and other representatives of the risk function, compliance, and internal and external audit may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.
- 1.5 The board shall appoint the committee chairman who shall be a non-executive director. 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 his or her nominee shall act as the secretary of the committee.

3. Quorum

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.

4. Frequency of meetings

The committee shall meet at least three times a year at appropriate times and otherwise as required.

5. Notice of meetings

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of any of its members or at the request of the chief risk officer if he or she considers it necessary.
- 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 and all other non-executive directors, 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 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. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.

7. Annual General Meeting

The committee chairman should attend the annual general meeting to answer shareholder questions on the committee's activities.

8. Duties

The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

Within the duties set out below, there are certain duties that could be undertaken by either the audit committee or the risk committee and there is some overlap in duties. The precise allocation of responsibilities should be detailed in the terms of reference for the audit committee and the terms of reference for the risk committee and should be agreed by the board.

The committee shall

8.1 provide oversight and advise the board on the company's overall risk appetite, risk management framework, risk tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment drawing on financial stability assessments such as those published by the Bank of England, the Financial Conduct Authority and other authoritative sources that may be relevant for the company's risk policies. It will also review alignment of remuneration structures and proposed share awards to risk appetite;

8.2 oversee and advise the board on the current risk exposures of the company and future risk strategy.

8.3 in relation to risk assessment -

8.3.1 keep under review the company's overall risk assessment processes that inform the board's decision making, ensuring both qualitative and quantitative metrics are used;

8.3.2 review regularly and approve the parameters used in these measures and the methodology adopted;

8.3.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.

8.4 review the company's capability to identify and manage new risk types.

8.5 before a decision to proceed is taken by the board, advise the board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the company, and taking independent external advice where appropriate and available.

Involvement of the committee is required where:

- The proposed transaction involves the taking of an equity stake in another business;

- The proposed transaction involves the issue of Rathbone Brothers Plc shares;
 - The consideration payable may exceed £10 million;
 - There are potential reputational risk concerns;
 - The proposed transaction involves a significant change to strategy and/or geographical markets.
- 8.6 review reports on any material breaches of risk limits and the adequacy of proposed action;
- 8.7 keep under review the effectiveness of the company's internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management;
- 8.8 provide qualitative and quantitative advice to the remuneration committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- 8.9 review and recommend to the Board for approval, the Group's Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment (ILAA) to fulfil its regulatory obligations under the Capital Requirements Directive and to assess whether the Pillar 2 calculations and Pillar 3 disclosures remain appropriate;
- 8.10 review the company's procedures for detecting fraud;
- 8.11 review the company's procedures for the prevention of bribery;
- 8.12 review the company's anti-money laundering procedures;
- 8.13 consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate independence and is free from management or other restrictions;
- 8.14 recommend to the board the appointment and/or removal of the chief risk officer;
- 8.15 review promptly all reports on the company from the chief risk officer;
- 8.16 review and monitor management's responsiveness to the findings and recommendations of the chief risk officer;
- 8.17 the chief risk officer shall be given the right of direct access to the chairman of the board and to the committee;
- 8.18 identify and review emerging Risk issues and approve and monitor early warning indicators;
- 8.19 provide the advice, oversight and challenge necessary to embed and maintain a supportive risk culture throughout the Group.

9. Reporting responsibilities

- 9.1 The committee chairman shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
- 9.3 The committee shall produce a report of its activities and the company's risk management and strategy to be included in the company's annual report.

10. Other matters

The committee shall

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference;
- 10.5 for the avoidance of doubt, the annual review of the whistle-blowing policy shall be undertaken by the audit committee;
- 10.6 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 for approval;
- 10.7 The committee will meet with the chief risk officer once a year without management being present.

11. Authority

The committee is authorised

- 11.1 to seek any information it requires from any employee of the company in order to perform its duties;
- 11.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 11.3 to call any employee to attend a meeting of the committee as and when required.