



BLME Holdings plc ('BLMEH plc' or 'Company')

BOARD RISK COMMITTEE ('BRC' or 'Committee')

TERMS OF REFERENCE (as at 10th December 2015)

1. Appointment of Board Risk Committee

This Committee is established under the Authority of the Board of BLMEH plc to assist and advise the Board in exercising its responsibilities for all aspects connected with the current and future risk strategy including the determination of risk appetite, tolerance, risk measurement, management and mitigation procedures throughout all the Company's businesses in all Group Companies and Special Purpose Entities. The principal risks covered within this remit include credit risk, market price risk, liquidity risk and operational risk.

In order to clarify the matrix of responsibility for risk across the business areas, the manner in which the Board expects risk to be monitored, reported, handled and escalated under the responsibilities of Board Committees is as follows:

RISK	Board Committee
Liquidity	Risk
Market	Risk
Credit (including country)	Risk
Operational	Risk
Legal	Risk
Investment (Company)	Risk
Investment (Asset Management)	Risk
Compliance	Audit
Management	Board
Governance	Audit
Reputation	Board
IT	Audit

The responsibility for a holistic overview of risk, including concentration risks across risk categories, belongs to BRC.

Any other identified and reportable risks are the responsibility of the Head of Risk and Compliance who shall discuss and agree with BRC where responsibility shall be until ratified by the Board at the next available meeting.

The Articles of Association of BLMEH plc (the Articles) adopted by Resolution of the Board passed on 24th June 2013 impose membership criteria and establish proceedings protocols (unless varied by way of Board Resolution) on both the Board and its Committees. Any such stipulations are reflected in these Terms of Reference which are intended to be fully compliant. Should any conflict arise between the Terms of Reference for any Committee established under the authority of the Board and the Articles, then the requirements of the Articles will take precedence.

2. Purpose

The Committee is responsible for taking decisions within delegated authority and for providing guidance, advice and recommendations to the Board on all matters, including those involving outsourced or joint ventures, relating to risk management and will assist the Board to foster a culture within the Company that encourages good stewardship of risk and emphasises and demonstrates the benefits of a risk based approach to internal control and management of the Company.

The Committee notes that the Board has emphasised that members of the Committee have both collective and individual responsibilities. In this regard the Board reminds Committee members of their obligations as described in the Individual Accountability policy as appropriate to the knowledge and experience of each member of the Committee.

3. Membership

The Committee will be appointed by the Board and will comprise 5 members.

The present membership of Committee is as under:

Members:			
David Williams	Chairman	1 vote	Non-Exec Director
Frank Vermeulen	Deputy Chairman	1 vote	Non-Exec Director
Neil Holden		1 vote	Non-Exec Director
Sheikh Abdullah Al-Sabah		1 vote	Non-Exec Director
Zeyad Al Mukhaizeem		1 vote	Non-Exec Director

Voting will be by majority and in the event of a split vote the Chairman will have the casting vote.

4. Quorum

3 voting members of the Committee, including the Chairman, are required to constitute a quorum. In the absence of the Chairman, the Deputy Chairman shall act in his place. In the event of a split vote, the casting vote rests with the Chairman.

5. Frequency of Meetings

The Committee will meet at least four times per year and additionally at the request of the Committee Chairman or if the Board of the Company so request.

6. Secretary and Minutes

The nomination of a secretary will be the responsibility of the Chairman.

Minutes of the scheduled and ad-hoc meetings, proceedings and decisions of the Committee will be agreed and circulated¹ promptly to members and to the Board and to other recipients identified by the Chairman.

¹ Circulation may be by way of email attachment, physical copy or electronic posting on BoardPad

Action points will be assigned to named individuals for resolution and will be reviewed and updated on a regular basis.

The Chairman will be responsible for reporting the Committee deliberations and any recommendations at the subsequent Board meeting.

7. Escalation

Matters that are deemed to be outside the responsibilities of the Committee will be submitted to the Board or to Board Audit Committee as appropriate, for consideration.

8. Powers and Responsibilities of the Board Risk Committee

This Committee will work closely with the Board, Executive Directors, Chief Executive Officer and any relevant executive committees of the Company and any professional advisors that it determines are necessary to assist with its responsibilities. Its duties will include the review and challenge of executive management reporting as detailed below.

9. Authorities

The Committee has full authority of the Board as follows:

- (a) BRC has the authority from the Board to agree individual transactions, (including those which are beyond the Board's agreed risk appetite), within the level of the Company's Large Exposure Ceiling. BRC may, in turn, delegate this authority to individuals or sub-committees. These delegated authorities should be reviewed at least annually.
- (b) To set any additional restrictions or limitations it feels is appropriate to ensure that risk is properly controlled.
- (c) Engage any outside professional advisers who may be necessary for the Committee to carry out its duties.
- (d) The Committee may set up separate sub-committees to operate within its agreed authorities and with clearly documented terms of reference including delegated authorities. Such committees should document their activities and such reports should be noted in the BRC minutes.

10. Responsibilities

1. Risk Appetite and Strategy

- (a) Consider the Company's risk profile in relation to the current and proposed Company strategy and risk appetite identifying any risk trends, exposures or concentrations that may necessitate policy changes
- (b) Oversee the impact of market trends, events and regulatory changes on the Company's risk appetite
- (c) Review and recommend annually to the Board an appropriate risk appetite framework, statements, limits and tolerance levels for all risk types for which BRC is responsible.
- (d) Reviewing the aggregate risk being taken against the Board's risk appetite and reporting any breaches or exceptions to the Board.

- (e) Provide oversight and advice to the Board in relation to current and potential future risk exposures and on the principles and practice of the Company's current and future risk policy and risk measurement and management
- (f) Where a counterparty credit application has been agreed that would take BLMEH plc outside the risk appetite agreed by the Board, this will be retrospectively reviewed by BRC at its next meeting and reported to the Board. BRC should recommend to the Board any resulting changes to risk appetite.

2. Risk Policy

- (a) Review the design, implementation, and effectiveness of risk management policy in the Company including operation of the Company's risk policy framework
- (b) Review the design, implementation, and effectiveness of risk management and measurement strategies within the Company and the procedures for monitoring and managing risk

3. Risk Management and Operational Capacity

- (a) Assist the Board to promote a culture of risk awareness
- (b) Ensure that all matters and issues within its powers and responsibilities that require attention or improvement are reported to the Board with recommendations on action to be taken assess the effectiveness of past performance of the Risk function and review the annual operational plan for risk management and related activities within the Company ensuring timeliness, scope of coverage and adequacy of resources
- (c) Consider the adequacy and effectiveness of the technology infrastructure supporting the risk management framework

4. Risk Profile

- (a) Ensure the production of management information is sufficient and effective to provide the necessary support for risk modelling, stress testing, monitoring and decision making
- (b) Review the Company's financial performance relative to risk appetite and monitor the regular risk reports from executive management committees with risk responsibilities for significant issues that require remedial action or recommendations to the Board
- (c) Examine and review the Company's stress-testing programme and ensure that it is sufficiently comprehensive and effective to ensure the principal risks are within risk appetite

5. Risk Governance

- (a) To appoint the Chairman and Deputy Chairman of BCC and CCRC
- (b) Review and recommend the ICAAP, ILAAP and RRP regulatory submissions to the Board
- (c) Ensure that the Committee's activities are in accordance with the Sharia'a as interpreted by the Sharia'a Supervisory Board.

6. Communication

- (a) Review and recommend the risk analysis sections of the Interim Report and Annual Report and Accounts for approval by the Board, including any report on the Committee's activities and practices

- (b) Review its own performance and terms of reference annually to ensure it is operating effectively, discharging its duties and recommend any changes necessary to improve performance for Board approval
- (c) The Chairman or Deputy Chairman will be represented at the Annual General Meeting to respond to shareholders' questions on the Committee's activities

In the exercise of such responsibilities, BRC has agreed a timetable of reports from the Executive Directors and the Head of Risk and Compliance, in accordance with the following:

- A quarterly report from the Head of Risk and Compliance in respect of all risk types for which BRC is responsible, highlighting:
 - A summary highlighting key market trends and key risks, particularly concentration risks across risk types
 - A review of all significant risks for each risk type, analysing exposures and commitments
 - Stress tests sufficient for judging whether the Company's risk appetite is being breached by the risks being run
 - Any internal or regulatory limit breaches (all risk types), detailing their circumstances and rectification
 - A summary of all new products approved
- An annual review of the appropriateness of risk policy, risk limits and delegated authorities by the Head of Risk and Compliance compared to the Company's risk appetite and capacity to absorb risk events
- An annual self-assessment by the Head of Risk and Compliance of the capacity and capability of the Risk Function to adequately discharge its duties to identify, measure, monitor, and control risks
- Annual review and preparation of ICAAP, ILAAP and RRP by the Head of Risk and Compliance
- Review of the draft Annual Report and Accounts and Interim Report risk sections for consideration by BRC