

BLME Holdings Limited ('BLMEH' or 'Group')**GROUP BOARD RISK COMMITTEE** ('Group BRC' or 'GBRC')

TERMS OF REFERENCE (as at 06 September 2022)

1. Appointment of Group Board Risk Committee

This Committee is established under the Authority of the Board of BLMEH (Group Board) to assist and advise the Group 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 Group's Companies.

GBRC delegates to the Board of each individual subsidiary the limits which they need to operate and monitors their activities via its sub-committee Group Executive Risk Committee ('GERC'). GERC collects and reports all risk-related information for the Group.

2. Purpose

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

The Committee notes that the Group Board has emphasised that members of the Committee have both collective and individual responsibilities. In this regard the Group 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 Group Board and will comprise 5 members as below:

Members:			
David Williams	Chair	1 vote	Independent Non-Exec Director
Maged Fanous		1 vote	Shareholder Non-Exec Director
Calum Thomson		1 vote	Independent Non-Exec Director
Joanne Hindle		1 vote	Independent Non-Exec Director
Bader Abdullah Al Kandari		1 vote	Shareholder Non-Exec Director

4. Quorum

3 voting members of the Committee, including the Chair, are required to constitute a quorum. In the absence of the Chair, any independent non-executive director shall act in his place. Voting will be by majority. In the event of a split vote, the casting vote rests with the Chair. In the event of the Chair being absent, an independent non-executive director acting as Chair does have a casting vote.

If any Committee member identifies any actual or potential conflict of interest affecting any Committee member, then the conflicted member shall not vote at a meeting of the Committee on any resolution concerning a matter in which he or she has, directly or indirectly, an interest and should also consider excusing themselves from discussion of such a matter.

5. Frequency of Meetings

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

6. Secretary and Minutes

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

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 Group Board and to other recipients identified by the Chair. Action points will be assigned to named individuals for resolution and will be reviewed and updated on a regular basis.

The Chair 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 escalated to the Group Board as appropriate, for consideration.

8. Powers and Responsibilities of the Group Board Risk Committee

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

9. Authorities

The Committee has the full authority of the Group Board in the below areas:

- (a) To agree individual transactions, (including those which are beyond the Group Board's agreed risk appetite), within the level of the Group's Large Exposure Ceiling. The Group 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.

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

- (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 Group BRC minutes.

10. Responsibilities

10.1 Risk Appetite and Strategy

- (a) Consider the Group's risk profile in relation to the current and proposed Group 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 Group's risk appetite.
- (c) Review and recommend annually to the Group Board an appropriate risk appetite framework, statements, limits and tolerance levels for all risk types for which Group BRC is responsible.
- (d) GBRC should recommend to the Group Board any changes to risk appetite.
- (e) Reviewing the aggregate risk being taken against the Group Board's risk appetite and reporting any breaches or exceptions to the Group Board.
- (f) Provide oversight and advice to the Group Board in relation to current and potential future risk exposures and on the principles and practice of the Group's current and future risk policy and risk measurement and management.
- (g) When GBRC authorises a transaction that would take BLMEH outside the risk appetite agreed by the Group Board, this will be subsequently reported to next Group Board meeting.

10.2 Risk Policy

- (a) Review the design, implementation, and effectiveness of risk management policy in the Group including operation of the Group Risk Management Framework.
Review the design, implementation, and effectiveness of risk management and measurement strategies within the Group and the procedures for monitoring and managing risk.

10.3 Risk Management and Operational Resilience

- (a) Assist the Group 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 Group Board with recommendations on action to be taken; assess the effectiveness of past performance of the Group Risk function; review the annual operational plan for risk management and related activities within the Group.
- (c) Consider the adequacy and effectiveness of the Group's approach to operational resilience and its ability to effectively recover from operational disruptions.
- (d) Ensure the establishment and implementation of a risk management framework.

10.4 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 and recommend the ICAAP, ILAAP, Recovery Plan and Resolution Pack regulatory submissions to the Group Board.

- (c) Review the Group's financial performance relative to risk appetite and monitor the regular risk reports from GERC with risk responsibilities for significant issues that require remedial action or recommendations to the Group Board.
- (d) Examine and review the Group's stress-testing programme and ensure that it is sufficiently comprehensive and effective to ensure the principal risks are within risk appetite.

10.5 Risk Governance

- (a) Ensure that the Committee's activities are in accordance with the Sharia'a as interpreted by the Sharia'a Supervisory Board.
- (b) Agree the risk governance and the risk group organisational structure of the Group companies.

10.6 Communication

- (a) Review and recommend the risk analysis sections of the Annual Report and Financial Statements for approval by the Group 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 Group Board approval.

In the exercise of such responsibilities, Group BRC has agreed a timetable of consolidated reports from the GERC, in accordance with the following:

- A quarterly report 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 Group'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.
 - Notification of a summary of all new products approved.
- An annual review of the appropriateness of risk policy, risk limits and delegated authorities by the Chief Risk and Compliance Officer compared to the Group's risk appetite and capacity to absorb risk events.
- A review of the Group sectors that is performed annually or more frequently.
- An annual self-assessment by the Chief Risk and Compliance Officer of the capacity and capability of the Group's Risk Function to adequately discharge its duties to identify, measure, monitor, and control risks.
- Annual review and preparation of ICAAP, ILAAP, Recovery Plan and Resolution Pack by the Chief Risk and Compliance Officer.
- Review of the draft Financial Risk Management note to the accounts from the Annual Report and Financial Statements for consideration by Group BRC.