

Wakam UK Limited
(the “Company”)

Risk Committee - Terms of Reference

1. Purpose

- 1.1 The Board of Directors of the Company (the “Board”) has established a Risk Committee (the “Committee”) whose duties and responsibilities are discharged with respect to the Company.
- 1.2 The Committee is responsible for assisting the Board in its oversight of risk, including but not limited to:
- a) Advising the Board on the Company’s overall risk appetite, risk tolerances and risk strategy;
 - b) Reviewing the Company’s Risk Management Framework (“RMF”) and advising the Board on its overall effectiveness;
 - c) Reviewing the Company’s risk and compliance policies and recommending to the Board approval of these policies;
 - d) Reviewing current and potential future risks and the mitigation strategies for these;
 - e) In conjunction with the Audit Committee reviewing the effectiveness of financial and non-financial controls across the Company’s internal control framework;
 - f) Reviewing the effectiveness of internal models including stress testing;
 - g) Reviewing and approving the ORSA and, in conjunction with the Audit Committee, ensuring compliance with regulatory requirements in respect of the ORSA;
 - h) Advising the Nomination & Remuneration Committee on Risk and control issues that may impact remuneration strategy in any given year including adjustments to individual incentives; and,
 - i) Receiving information, via its regular risk, compliance, regulatory and other reporting.
- 1.3 The more specific responsibilities of the Committee are set out in section 4.

2. Constitution of the Committee

- 2.1 Membership – There shall be at least three Independent Non-Executive Directors (“Directors”) who comprise the majority of members of the Committee. The Chair of the Board may be a member of the Committee, but not the Chair of the Committee.
- 2.2 Appointment of Members – The Board shall appoint members of the Committee, following recommendation by the Nomination & Remuneration Committee, in consultation with the Chair of the Committee (the “Committee Chair”).

- 2.3 Appointment Term – Appointments shall be for a period of up to three years which may be extended by a further two additional periods of up to three years, subject to the members still meeting the criteria for membership of the Committee.
- 2.4 Quorum – The quorum for meetings shall be two members, the majority of whom must be Non-Executive Directors, and one of whom shall be the Chair, or their appointed deputy who will then Chair the meeting. A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in it by the Board.
- 2.5 Voting – Each Committee member in attendance at a meeting (whether in person or by telephone or video conference) shall have one vote which may be cast on matters considered at the meeting except where they are deemed, either directly or indirectly, to have a personal interest. The Committee Chair shall have a casting vote except where they have a personal interest.
- 2.6 Secretary – The Company Secretary of the Company (the “Secretary”), or their nominee, shall act as secretary to the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues and matters laid before it.
- 2.7 Frequency of Meetings – The Committee shall meet at least four times per year and at any other time as the Committee’s role and responsibilities require.
- 2.8 Attendance at Meetings – Only Committee members have the right to attend Committee meetings. The Chief Risk Officer and Chief Actuary shall attend and address the Committee on a regular basis and shall meet the Committee without management present at least once a year. Other individuals such as the Chief Executive Officer and Chief Operating Officer may be invited to attend for all or any part of any meeting as and when the Committee Chair considers it appropriate.
- 2.9 Remote Attendance - Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.
- 2.10 Notice of Meetings – Meetings of the Committee shall be convened by the Secretary at the request of the Committee Chair or any other Committee member. Unless otherwise agreed, and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Committee member no later than five business 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 or at shorter notice with the Committee Chair’s approval.
- 2.11 Minutes of Meetings – The Secretary or their nominee shall minute the proceedings and decisions of all Committee meetings. Draft minutes shall be agreed with the Committee Chair and circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other Board members unless, in the Committee Chair’s opinion, it is inappropriate to do so.

3. Annual General Meeting

- 3.1 The Committee Chair shall attend the Annual General Meeting (the “AGM”) of the Company to answer any shareholder questions on matters within the Committee’s area of responsibility.

4. Responsibility

The Committee shall carry out the following duties:

Risk Appetite, Tolerance, Profile and Strategy

- 4.1 Advise the Board on the Group’s overall risk appetite, tolerance and strategy, taking account the strategy and business plan of the Company as well as the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities, including the Bank of England, the Prudential Regulation Authority (the “PRA”), the Financial Conduct Authority (the “FCA”) and other authoritative sources that may be relevant for the Group’s risk policies.
- 4.2 On an annual basis, ensure that a robust assessment of the current, emerging and principal financial and non-financial risks facing the Company has been undertaken (including those risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and effective mitigation of those risks.
- 4.3 Advise the Board on the current and prospective financial and non-financial risks faced by the Company and its strategy in relation to future risks.
- 4.4 Oversee the embedding and maintenance of a supportive risk culture across the Company.
- 4.5 Consider proposed changes to the Group’s risk profile or risk appetite arising from the Company’s annual plan.

Risk Management Framework and Internal Controls

- 4.6 Review and approve the RMF and subsequently any changes made to the RMF and risk policies, recommending to the Board any material policies which require Board approval.
- 4.7 Review management’s controls to monitor compliance with the Company’s RMF and risk policies, including resultant actions in respect of any policy breaches.
- 4.8 Review procedures and controls for the preparation of the annual Own Risk and Solvency Assessment (the “ORSA”) document and the content of the document itself, as well as any other regulatory or statutory disclosures regarding risk for recommendation to the Board.
- 4.9 Review the adequacy of the Group’s compliance and risk management functions.
- 4.10 Approve the appointment and/or removal of the Chief Risk & Compliance Officer (the “CRCO”), monitor the performance of the CRCO and provide feedback to the Chief Executive Officer and the Remuneration Committee on the CRCO’s performance.

- 4.11 Consider and, where necessary, update and approve, on behalf of the Board, any risk policy statements required by law or regulation.
- 4.12 Review emerging regulations, regulatory risks and changes in the financial environment with an impact on the Company's risk profile.

Risk Based Capital

- 4.13 Annually review the overall effectiveness of the Group's risk based capital calculations.
- 4.14 Review and approve the overall methodology and key assumptions used in the Company's method for determining economic and regulatory capital requirements for the Group.
- 4.15 Review the appropriateness of any proposed major change in the Company's method to calculate economic and regulatory capital and make recommendations to the Board as required.
- 4.16 Review the outcomes of stress and scenario testing and monitor management's response to the results.

Specific Risks

- 4.17 Review procedures and controls for the prevention and detection of money laundering, terrorism financing, fraud, and bribery; and policies for ensuring that the Company complies with relevant regulatory and legal requirements and receive reports on non-compliance.
- 4.18 Review procedures and controls, and monitoring indicators of performance or implementation of Consumer Duty within the Company's activities, including but not limited to Conduct Risk, Complaints, Vulnerable Customers, and Data Protection and policies for ensuring that the Company complies with relevant regulatory and legal requirements and receive reports on non-compliance. by.
- 4.19 Review procedures and controls with regard to Conflicts of Interest and policies for ensuring that the Company complies with relevant regulatory and legal requirements and receive reports on non-compliance.
- 4.20 Review procedures and controls with regard to Fitness and Propriety and the requirements of the Senior Managers and Certification Regime and policies for ensuring that the Company complies with relevant regulatory and legal requirements and receive reports on non-compliance.
- 4.21 Review procedures and controls with regard to operational resilience and monitoring outsourcing arrangements and policies for ensuring that the Company complies with relevant regulatory and legal requirements and receive reports on non-compliance.
- 4.22 Review the reinsurance strategy in place and the procedures, controls and monitoring in place to ensure that the strategy is complied with and that insurance and credit exposures remain within tolerance.

- 4.23 Review the investment strategy in place and the procedures, controls and monitoring in place to ensure that the strategy is complied with and that instrument and credit exposures remain within tolerance.

Remuneration

- 4.24 Provide advice to the Board's Nomination & Remuneration Committee on risk management considerations to be applied to remuneration architecture, policies and performance measures, including risk adjustments to the incentive pool as well as risk adjustments to individual incentive packages, to ensure risk management culture and conduct is appropriately reflected in the design and implementation of remuneration policy.

5. Reporting Responsibilities

- 5.1 The Committee Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities and, subject to clause 2.11, shall make its minutes available to the Board.
- 5.2 The Committee Chair shall formally escalate to the Board Chairman in a timely manner any matters they see as requiring rapid escalation.
- 5.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 5.4 The Committee shall compile an annual report which should describe the work of the Committee, including:
- a) its activities,
 - b) the membership of the Committee, number of meetings and attendance over the course of the year; and,
 - c) a description of the Company's risk management strategy and key risk exposures.
- 5.5 The Committee shall undertake a formal annual review of its own performance and review its Terms of Reference at least annually, to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board. Any changes to the Committee's Terms of Reference must be approved by the Board.
- 5.6 The Committee Chair shall attend the Annual General Meeting (the "AGM") of the Company to answer any shareholder questions on matters within the Committee's area of responsibility.
- 5.7 The Committee shall make its Terms of Reference available to the public and the Company's shareholders via the Company's website.

6. Authority

- 6.1 The Committee shall be authorised to seek any information it requires from any Company (and/or parent company) employee in order to perform its duties and call any employee to be questioned at a Committee meeting as and when required.
- 6.2 The Committee shall be authorised to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so, and invite persons giving such advice to attend Committee meetings.
- 6.3 The Committee shall be authorised to 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.
- 6.4 The Committee has the delegated authority of the Board in respect of the functions and powers in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.
- 6.5 Where appropriate to ensure the ongoing operating efficiency of the Committee, the Committee may delegate responsibility to the Committee Chair to execute decisions on its behalf. In these instances, the Committee Chair shall, where appropriate, solicit the views of fellow Committee members.
- 6.6 The Committee shall liaise regularly with the Board's Audit Committee and where there is perceived overlap of responsibilities between the Committee and the Audit Committee, the respective Committee Chairs shall have discretion to agree the most appropriate committee to fulfil any obligation. An obligation under the Terms of Reference of the Committee or the Audit Committee shall be deemed to have been fulfilled providing it is dealt with by either the Committee or the Audit Committee. Where the Committee requests any reviews to be carried out which have an impact on the Audit Committee, the Committee Chair shall liaise with the Audit Committee Chair to determine the most appropriate way to update the Audit Committee.

7. Other

- 7.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.
- 7.2 Each member of the Committee will receive an induction upon appointment to the Committee. The level of induction needed will be considered by the Committee Chair. The Committee will receive training on an ongoing basis.
- 7.3 The Committee shall give due consideration to laws and regulations, the provisions of the Companies Act 2006, the Code, guidance as issued by the PRA, the FCA (and/or any and all regulators of the Company or the Group or any one of its constituent entities).
- 7.4 The Committee shall undertake a formal annual review of its own performance and review its Terms of Reference at least annually, to ensure that it is operating effectively.

Approved by the Committee on 30th April 2024