

## Board Risk Committee Terms of Reference

The Board Risk Committee (the “Committee”) is a Committee of the IG Group Holdings plc (“IGGH or the “Company”) Board from which it derives its authority and to which it regularly reports.

The Committee shall undertake these responsibilities for the IG Group as a whole and where relevant for the individual entities forming part of the IG Group, in particular in respect of IG Markets Limited (“IGM”), IG Index Limited (“IGI”) and IG Trading and Investments Limited (“IG T&I”) under MIFIDPRU 7.3 (formerly SYSC 7.1). In undertaking its responsibilities in respect of IGM, IGI and IG T&I, the Committee will advise the boards of those legal entities on their current and future risk appetite and assist those boards in overseeing the implementation of that strategy by senior management.

The Purpose of the Committee is to:

- provide oversight and advice to the Board in relation to current and potential future risk exposures of the IG Group and future risk strategy, including determination of risk appetite and tolerance, taking into account the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities.
- assist on such other matters as may be referred to it by the Board.
- promote a risk-awareness culture within the IG Group.

### 1. Duties

#### 1.1. Risk Strategy and Policy

The Committee shall:

- 1.1.1. review the design and implementation of the general risk management policy and measurement strategies across the Group, and the procedures for monitoring the adequacy and effectiveness of those processes;
- 1.1.2. consider, and regularly review the Group’s risk profile relative to current and future group strategy and risk appetite, identify any risk trends, material regulatory changes, concentrations or exposures and any requirement for policy change; and
- 1.1.3. before a decision to proceed is taken by the Board, to undertake a risk assessment of any proposed strategic transaction (including a merger, acquisition or disposal), focusing on implications of the proposed transaction for the risk appetite and risk tolerance of the Group, taking independent external advice where appropriate. The Committee should also ensure that a due diligence appraisal of the proposition is undertaken by the Group and refer to the conclusions of such appraisal as part of its risk assessment.

## **1.2. Risk Profile**

The Committee shall:

- 1.2.1. receive regular reports setting out the risk profile of the Group and report to the Board on its consideration of the above matters and material breaches, identifying those areas where improvement is needed and making recommendations as appropriate;
- 1.2.2. carry out a robust assessment of the Group's emerging and principal risks and report on the same to the Board so that the Board can confirm in the Annual Report that it has completed this assessment, including a description of its principal risks (to include but not limited to those that could result in events or circumstances that might threaten the Group's business model, future performance, solvency or liquidity and reputation), what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated. In deciding which risks are principal risks, the Committee should consider the potential impact and probability of the related events or circumstances, and the timescale over which they may occur;
- 1.2.3. consider and recommend to the Board for approval, the Internal Capital and Risk Assessment (ICARA) for UK regulated entities, including its assessment that the entities have sufficient own funds and liquid assets to minimise the potential to cause harm to the client, the market or the firm and the application of the ICARA principles in key decision-making processes, Wind Down Plans and other material risk-related regulatory submissions;
- 1.2.4. receive a report and dashboard twice a year on the Group's risk culture relating to Group risk awareness, Group compliance with risk processes and Group responses to realised issues in order to monitor long term trends; and
- 1.2.5. monitor the Group's exposure to climate-related risks and appropriate risk mitigations.

## **1.3. Risk Appetite, Framework and Limits**

The Committee shall:

- 1.3.1. challenge rigorous stress and scenario testing of the Group's business and receive reports that explain the impact of identified risks and threats to the Group;
- 1.3.2. ensure a sufficient level of risk mitigation is in place;
- 1.3.3. receive and challenge the major risk exposures of the Group;
- 1.3.4. consider and recommend to the Board for approval the Group's overall risk appetite and key risk indicators for current and future strategy, taking into account the Group's capital adequacy and the external risk environment; and
- 1.3.5. discuss and recommend to the Board for approval, the Group's Risk Appetite Statement.

#### **1.4. Risk Management Department and Control Functions**

- 1.4.1. consider the scope and nature of the work undertaken by the Risk Management and the control functions (noting any significant issues in the period under review and work planned for the next period) in analysing, monitoring and reporting of risks forming part of the IG Risk taxonomy;
- 1.4.2. receive regular reports on the operation of the Group Compliance Framework and Plan;
- 1.4.3. receive periodic reports on the development of, and risk relating to, IG's Product Governance obligations;
- 1.4.4. receive regular reporting on regulatory risk and compliance matters from either the Chief Risk Officer, the divisional Heads of Compliance, including the UK Chief Compliance Officer for the UK regulated entities;
- 1.4.5. oversee, where appropriate, management's compliance with the twelfth FCA Principle introduced by the FCA's Consumer Duty regulation which requires firms "to act to deliver good outcomes for retail clients" in respect of UK regulated entities. Consumer Duty creates a higher and more exacting standard of conduct;
- 1.4.6. receive regular reports on Consumer Duty for UK regulated entities, and, review and consider for approval, at least annually, an assessment of whether the firm is delivering good outcomes for its customers which are consistent with the Consumer Duty regulations and in line with the FCA principle that "A firm must act to deliver good outcomes for retail clients" as supported by its three "cross-cutting" rules;
- 1.4.7. consider the adequacy and effectiveness of resources within Risk Management and Compliance functions; and
- 1.4.8. discuss and recommend to the Board the statements to be included in the Annual Report concerning controls and risk management.

#### **1.5. IT Architecture**

The Committee shall:

- 1.5.1. consider the adequacy and effectiveness of the technology infrastructure and supporting documentation in the risk management framework.

#### **1.6. Remuneration**

The Committee shall:

- 1.6.1. provide advice to the Remuneration Committee on the alignment of the remuneration policy to risk appetite and annually review relevant remuneration-related risks.

#### **1.7. Fraud, Bribery and Anti Money Laundering**

The Committee shall:

- 1.7.1. receive and consider reports related to the management and oversight of financial

crime and the effectiveness of the financial crime framework; and

- 1.7.2. receive and consider an annual report from the Group Money Laundering Reporting Officer on the operation and effectiveness of IG's Anti Money Laundering ("AML") and Countering Terrorist Financing ("CTF") controls for recommendation to the Board.

## **1.8. Group Corporate Insurance Cover**

The Committee shall:

- 1.8.1. periodically review the design of the Group's corporate insurance cover against the current and future risks in order to recommend to the Board any changes to that design; and
- 1.8.2. review the annual Group corporate insurance renewal terms and make renewal recommendations to the Board.

## **1.9. Internal Audit**

The Committee shall:

- 1.9.1. receive periodic updates on the state of the risk management framework and the current and potential risk exposures of the Group. Such reporting will take into account the Risk Appetite and Risk Taxonomy agreed by the Board and will support the annual opinion on the design and operating effectiveness of the risk management internal control framework prepared by Internal Audit.
- 1.9.2. In support of such activity the Global Head of Internal Audit will report to the Committee on:
  - thematic issues, trends and emerging risks including those identified through internal audit reports;
  - internal governance structures and the risk and control culture;
  - significant risk related themes arising out of the Control Action List; and
  - reviewing the business's risk and control risk assessments as well as the risk framework effectiveness.

## **1.10. The Chief Risk Officer and Chief Compliance Officers**

- 1.10.1. The Committee shall recommend to the Board, the appointment and, when and if appropriate, replacement of the Chief Risk Officer and/or the UK Chief Compliance officer, taking into consideration the skills and qualifications required.
- 1.10.2. The Committee Chair shall contribute to the annual performance review of the Chief Risk Officer during year-end considerations.
- 1.10.3. The Committee shall review performance of the UK Chief Compliance Officer.
- 1.10.4. The Chief Risk Officer shall meet regularly with the Committee Chair and will have the right and responsibility to elevate issues, including that of a Compliance nature, when considered necessary.

## **2. Membership**

- 2.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair.
- 2.2. The Committee shall be comprised of at least three independent Non-Executive Directors members and the Committee as a whole should have the appropriate knowledge, skills and expertise to fully understand risk appetite and strategy. The Chair of the Board shall not be a member of the Committee.
- 2.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals, including the Chair of the Board, Chief Executive Officer, other Directors, Chief Risk Officer, divisional Compliance Officers, the Global Head of Internal Audit or any employee of the Group and external advisers may be invited to attend all or part of any meeting when appropriate.
- 2.4. The Board shall appoint the Committee Chair who shall be an independent Non- Executive Director. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 2.5. There should be some cross-membership between the Committee and the Audit Committee.

## **3. Secretary**

- 3.1. The Group Company Secretary (the “Secretary”) or their nominee shall act as the Secretary of the Committee and attend all meetings. The Group Company Secretary will ensure that the Committee receives information and papers in a timely manner to enable full consideration to be given to all matters by the Committee.

## **4. Quorum**

- 4.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present (in person or virtually) shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5. Conflicts of Interest**

- 5.1. Each member of the Committee should consider whether they have any conflicts of interest prior to participating in meetings of Committee and contributing to decisions.

## **6. Frequency of Meetings**

- 6.1. The Committee shall meet at least four times a year and otherwise as required.

## **7. Notice of Meetings**

- 7.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or by any of its members. The Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, Global Head of Internal Audit or divisional Compliance Officers may request the Committee Chair to convene a meeting if they consider it necessary.
- 7.2. Notice of each meeting confirming the venue, time and date together with an agenda, shall

be sent to Committee members and any other attendees, no later than five working days before the date of the meeting, or as otherwise agreed with the Committee Chair. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

## **8. Minutes of Meetings**

- 8.1. The Secretary shall minute the proceedings and decisions of all Committee meetings, including the names of those present and in attendance.
- 8.2. Draft minutes of Committee meetings shall be circulated to all members of the Committee in the next meeting pack unless a conflict of interest exists.
- 8.3. Where required due to urgency or expediency, a decision may be recorded and agreed by all the members of the Committee electronically and will be as effective as a resolution passed at a Committee meeting.

## **9. Engagement with Shareholders**

- 9.1. The Committee Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **10. Reporting Responsibilities**

- 10.1. The Committee Chair shall report formally to the Board after each meeting on the content of its discussion, recommendations and actions to be taken. In relation to IGM, IGI and IG T&I, the Chair shall provide periodic reports on relevant matters to the boards of directors of those entities, including advising their respective management bodies of the matters considered in accordance with MIFIDPRU 7.3 (formerly SYSC 7).
- 10.2. The Committee shall produce a report to be included in the IGGH Annual Report describing its work, including the Group's risk management framework, its activities and any appropriate matter. The Committee shall review the financial risk management notes (including its objectives and policies) in the IGGH Annual Report and confirm its satisfaction to the Audit Committee.
- 10.3. The Committee shall make whatever recommendations to the Audit Committee it deems appropriate with regards to the robustness and effectiveness of the Group's risk management framework.
- 10.4. The Committee shall provide an annual report on the effectiveness of Group's risk management and internal control framework to the Audit Committee and for recommendation to the Board for approval.

## **11. Authority**

The Committee is authorised:

- 11.1. to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Group to perform its duties. The Committee shall have access to all records of the Group and any relevant internal or external reports.

- 11.2. to obtain, at the Group's expense, outside legal or other independent professional advice on any matter within its terms of reference; and
- 11.3. to ask any employee to attend at a Committee meeting if required.

## **12. Other Matters**

The Committee shall:

- 12.1. Have access to sufficient resources to carry out its duties, including access to the services of the Group Secretary for advice and assistance as required;
- 12.2. 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;
- 12.3. give due consideration to all applicable laws and regulations, in particular the directors' duties contained in the Companies Act 2006, the UK Corporate Governance Code and associated guidance, the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook, Market Abuse Regulation and any other applicable rules, as appropriate;
- 12.4. monitor the progress of any relevant corporate governance or regulatory developments that may impact the Committee and recommend any action or changes it considers necessary to the Board for approval;
- 12.5. consider the Group's Sustainability strategy and any implications of this during its discussions and decision- making;
- 12.6. work and liaise as necessary with all other Board committees ensuring interaction between Committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and controls on the work of other Committees; and
- 12.7. At least annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any necessary changes to the Board for approval. The Board shall review the Committee's effectiveness annually.