IG Group

Group Risk Committee Terms of Reference

The Group Risk Committee (the "Committee") is a Committee of IG Group Holdings plc (the "Jersey TopCo" or the "Company" or the "Group") Board from which it derives its authority and to which it regularly reports. References to the Company or the Group shall include all other wholly owned subsidiaries in the Group.

The Committee shall undertake these responsibilities for the Group as a whole and where relevant for the individual entities forming part of the Group.

The purpose of the Committee is to:

- provide oversight and advice to the Group Board in relation to current and potential future risk exposures of the 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 with such other matters as may be referred to it by the Group Board.
- promote a risk-awareness culture within the Group.

1 Duties

1.1 Risk Strategy and Policy

The Committee shall:

a. review the overall design and implementation of general risk management policies and measurement strategies across the Group, and the procedures for monitoring the adequacy and effectiveness of those processes;

b. 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

c. before a decision to proceed is taken by the Group Board, 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:

a. receive regular reports setting out the risk profile of the Group and report to the Group Board on its consideration of the above matters and material issues, identifying those areas where improvement is needed and making recommendations as appropriate;

b. carry out a robust assessment of the Group's emerging and principal risks and report on the same to the Group Board so that the Group 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; and

c. monitor the Group's exposure to climate-related risks and appropriate risk mitigations.

1.3 Risk Appetite, Framework and Limits

The Committee shall:

a. 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;

b. receive and challenge the major risk exposures and mitigating controls of the Group;

c. consider and recommend to the Group 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;

d. discuss and recommend to the Group Board for approval, the Group's Risk Appetite Statement; and

e. receive regular reports from relevant subsidiary risk committees or subsidiary boards of risk management matters with material Group impact.

1.4 Risk Management Department and Control Functions

a. consider the scope of work, resourcing, performance and independence of risk and compliance functions across the Group; and

b. discuss and recommend to the Group Board the statements to be included in the Annual Report concerning controls and risk management.

1.5 IT Architecture

The Committee shall:

a. consider the adequacy and effectiveness of the technology infrastructure and resilience matters in the management of material risks.

1.6 Fraud, Bribery and Anti-Money Laundering

The Committee shall:

a. receive and consider reports related to the management and oversight of financial crime and the effectiveness of financial crime frameworks across the Group.

1.7 Group Corporate Insurance Cover

The Committee shall:

a. periodically review the design of the Group's corporate insurance cover against the current and future risks in order to recommend to the Group Board any changes to that design; and

b. review the annual Group corporate insurance renewal terms and make renewal recommendations to the Group Board.

1.8 Internal Audit

The Committee shall:

a. 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 Group Board and will support the annual opinion on the design and operating effectiveness of the risk management and internal control framework prepared by Internal Audit.

b. 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
   - the business's risk and control assessments as well as the risk framework effectiveness.

1.9 The Group Chief Risk Officer

a. The Committee shall recommend to the Group Board, the appointment and, when and if appropriate, replacement of the Group Chief Risk Officer, taking into consideration the skills and qualifications required.

b. The Committee Chair shall contribute to the annual performance review of the Group Chief Risk Officer during year-end considerations.

c. The Group 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.

1.10 International and Non-UK Regulated Businesses

a. maintain oversight of the risk profile of material Group businesses operating outside the UK's MIFIDPRU Investment Firm Group, including businesses regulated by non-UK regulators, or operating in markets where the legal or regulatory treatment of the business is unsettled, receiving regular reports from the risk committees, boards or equivalent governance bodies of those businesses;

b. where a Group business outside the UK Sub-Group is of sufficient scale, regional concentration or risk complexity, recommend to the Group Board the establishment of a dedicated risk committee for that business or region, reporting to the Committee on the same basis as the UK Board Risk Committee; and

c. in respect of any material acquisition risk-assessed under paragraph 1.1(c) above, maintain ongoing oversight — from signing, through completion, and until the business is fully integrated into the Group's standing risk management framework — of the acquired business's regulatory and legal risk profile (including any pending litigation or regulatory uncertainty), integration risk, and performance against the assumptions underpinning the original risk assessment.

1.11 Remuneration

a. provide advice to the Group Remuneration Committee on the alignment of the Group remuneration policy to risk appetite and annually review relevant remuneration-related risks, consistent with the equivalent duty of the UK Board Risk Committee.

2 Membership

2.1 Members of the Committee shall be appointed by the Group Board, on the recommendation of the Group Nomination Committee in consultation with the Committee Chair.

2.2 The Committee shall be comprised of at least three independent Non-Executive Directors 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 Group 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 Group Board, Group Chief Executive Officer, Group Chief Financial Officer, other Directors, Group 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 Group 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 Group 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 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 the 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 Group Board, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Risk Officer, the 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 Group Board after each meeting on the content of its discussion, recommendations and actions to be taken. The Committee Chair shall also report to the Boards of IG UK Holdings Limited ("IGUK"), IG Markets Limited ("IGM") and IG Index Limited ("IGI") on matters pertinent to those entities specifically, in addition to the reporting each receives through its own Board Risk Committee.

10.2 In relation to IGUK, the Committee shall receive and review periodic reports from the Chair of IGUK's Risk Committee on matters of a material nature impacting the Group.

10.3 The Committee shall produce a report to be included in the Company's 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 Company's Annual Report and confirm its satisfaction to the Group Audit Committee.

10.4 The Committee shall make whatever recommendations to the Group Audit Committee it deems appropriate with regards to the robustness and effectiveness of the Group's risk management framework.

10.5 The Committee shall provide an annual report on the effectiveness of the Group's risk management and internal control framework to the Group Audit Committee and for recommendation to the Group 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 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 Company 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 (Jersey) Law 1991, the UK Corporate Governance Code and associated guidance, the requirements of the Financial Conduct Authority's UK 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 Group 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 Group Board committees ensuring interaction between Committees and with the Group 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 Group Board for approval. The Group Board shall review the Committee's effectiveness annually.