

# **Phoenix Spree Deutschland Limited**

## **Risk Committee**

Terms of Reference

### **Latest Update:**

7 March 2023

(readopted)

## **Terms of Reference of the Risk Committee (the "Committee")**

### **1 Membership**

- 1.1 Members shall be appointed by the Board on the recommendation of the Nomination Committee or otherwise in consultation with the Chair.
- 1.2 The Committee shall be made up of at least three non-executive Directors. A majority of the Members shall be independent non-executive directors. The activities of the Committee should involve participation by the chair of the Audit Committee. At least one Member shall have experience in risk management issues and practices.
- 1.3 The chair of the Company may only be a Member provided that he/she was considered independent on appointment as chair of the Company.
- 1.4 Only Members shall have the right to attend Committee meetings. However, other individuals, such as representatives of the Property Advisor, other directors and external auditors may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Committee.

### **2 Chair**

- 2.1 The Board shall appoint the Chair. The Chair has the responsibility of liaising with the Board.
- 2.2 The Company's chair shall not be the Chair.
- 2.3 The Chair shall chair the meetings of the Committee unless the Chair is UK resident and unable to travel to Jersey for meetings then a Jersey resident member may be appointed chair for that meeting.
- 2.4 In the absence of the Chair, the remaining Members present shall elect one of themselves to chair the meetings of the Committee.

### **3 Secretary**

- 3.1 The Company Secretary (or his/her delegate) or such other person as the Board may determine from time to time shall be the secretary of the Committee.
- 3.2 The secretary of the Committee or his/her delegate shall attend meetings of the Committee to take minutes.
- 3.3 In the absence of the secretary of the Committee, the Members present at a meeting of the Committee shall elect another person to act as the secretary for the purposes of that meeting.

### **4 Quorum**

- 4.1 The quorum necessary for the transaction of business of the Committee shall be two Members.
- 4.2 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant Member shall not be counted towards the quorum and he/she must abstain from

voting on any resolution of the Committee in which he/she and/or his/her associates have a material interest.

- 4.3 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5 Frequency of meetings**

- 5.1 The Committee shall meet at least twice a year and otherwise as required.
- 5.2 Any Member of the Committee may request a meeting if they consider that one is necessary.
- 5.3 Outside of the formal meeting programme, the Chair will maintain dialogue with key individuals involved in the Company's governance, including the chair of the Board, the Chair of the Audit Committee, the Property Advisor and the Administrator/Company Secretary.

## **6 Attendance at meetings**

- 6.1 Members may attend meetings of the Committee either in person or through other telephonic and/or electronic means of communication. Such a meeting of Members shall only be validly convened if the majority of the Members participating are located outside the United Kingdom. Such a meeting shall be deemed to take place where the Chair of the meeting then is located provided that no meeting can take place in the United Kingdom.
- 6.2 Should any Member wish to attend a meeting through telephonic and/or electronic communications, prior arrangements shall be made with the secretary of the Committee.
- 6.3 The Property Advisor shall be invited to attend meetings on the permission of the Chair.

## **7 Notice of meetings**

- 7.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its Members or at the request of the Chair.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Member, and to any other person required to attend, within a reasonable time prior to the date of the meeting.
- 7.3 An agenda of items to be discussed shall be forwarded to the Chair of the Committee in the first instance unless otherwise agreed by the Chair of the Committee, then circulated to each member of the Committee and any other person required to attend within a reasonable time prior to the date of the meeting. Supporting papers shall be sent to Members and to other attendees as appropriate, at the same time.
- 7.4 Any Member shall be entitled, by notice to the secretary of the Committee, to include other matters relevant to the functions of the Committee in the agenda of a Committee meeting.
- 7.5 All meetings of the Committee shall be held outside the United Kingdom.

## **8 Minutes of meetings**

- 8.1 The secretary of the Committee (or his/her delegate) in attendance at the meetings of the Committee shall minute in sufficient detail all proceedings and resolutions of all such meetings, including the names of those present and in attendance. The minutes should also include any concerns raised by any Member and/or dissenting views expressed.
- 8.2 Draft minutes of the Committee meetings shall be circulated to the Chair of the Committee for review and comment prior to circulation to the wider Committee within a reasonable time after the meeting with a final draft tabled at the next appropriate Committee Meeting for approval and at the Board meeting for information purposes, unless it is considered inappropriate to do so by the Chair.
- 8.3 Minutes of the Committee meetings shall be kept by the secretary of the Committee and shall be available for inspection by any Member or Director at any reasonable time on reasonable notice.

## **9 Duties**

- 9.1 The Committee shall be responsible for performing the duties below for the Group.
- 9.2 The Committee shall:
  - 9.2.1 undertake a robust assessment of the Company's emerging and principal risks and advise the Board of its findings including how these have changed from the previous year;
  - 9.2.2 advise the Board on the Company's overall risk appetite, tolerance and strategy, taking account of 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 Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;
  - 9.2.3 keep under review the Company's overall risk assessment processes that inform the Board's decision making, ensuring that both qualitative and quantitative metrics are used;
  - 9.2.4 review regularly and approve the parameters used in these measures and the methodology adopted;
  - 9.2.5 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
  - 9.2.6 review the Company's capability to identify and manage new risk types in conjunction with the audit committee;
  - 9.2.7 before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance

of the Company, and taking independent external advice where appropriate and available;

9.2.8 review reports on any material breaches of risk limits and the adequacy of proposed action;

9.2.9 review the Company's arrangements for a proportionate and independent investigation of wrongdoing in financial reporting and appropriate follow up action;

9.2.10 review the Company's procedures for detecting fraud; and

9.2.11 review the Company's procedures for the prevention of bribery.

## **10 Narrative reporting**

10.1 Where requested by the Board, the Committee shall review and provide advice on whether the content of the risk management report, as contained in the annual report, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

10.2 Where requested by the Board, the Committee shall provide a report to the Board that it has completed the assessment referred to in paragraph 9.2.1 including a description of the principal risks, how each principle risk had moved in the year, what principle risks had been added or removed in the year, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated. The Committee shall, at the request of the Board, report how solvency, liquidity, or other risks may impact the long-term viability of the Company.

## **11 Internal controls and risk management systems**

11.1 The Committee shall, in conjunction with the Audit Committee, review the adequacy and effectiveness of the Company's internal controls and risk management systems at least annually and review and approve the statements to be included in the annual report concerning internal controls and risk management. This should cover all material controls including financial, operational and compliance controls.

11.2 The Committee is also responsible for oversight and advice to the Board on the current risk exposures and future risk strategy of the Company.

## **12 Reporting responsibilities**

12.1 The Chair shall report formally to the Board after each meeting on all matters within its duties and responsibilities.

12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

12.3 The Committee shall describe in the annual report and accounts its assessment of the Company's principal and emerging risks, together with explanations on how they are being managed and mitigated where applicable and any change from previous years.

- 12.4 The Committee Chair shall seek shareholder engagement on matters within the scope of the Committee's responsibilities including attending the Annual General Meeting of the Company (ideally in person but, if not possible, by phone) to answer any shareholder questions on the Committee's activities.

### **13 Other matters**

- 13.1 The Committee shall have access to sufficient resources in order to carry out its functions and discharge its duties. In the event that the Committee determines that it has insufficient resources, it may make a request to the Board. The Board shall convene a Board meeting as soon as reasonably practicable to consider the request.
- 13.2 All Members shall have access to the advice and services of the secretary of the Committee with a view to ensuring that procedures of the Committee and all applicable rules and regulations are followed.
- 13.3 The Committee shall 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.
- 13.4 Every Member shall give sufficient time and attention to his/her duties as a Member. He/she shall give the Company the benefit of his skills and expertise through regular attendance and active participation.
- 13.5 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 13.6 The Committee shall give due consideration to laws and regulations relevant to the Company, in particular the Companies (Jersey) Law 1991 (as amended), the provisions of the AIC Code and the Financial Conduct Authority's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.
- 13.7 The Committee shall work and liaise as necessary with all other Board committees.

### **14 Authority**

- 14.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it reasonably requires from any Director and all Directors are directed to co-operate with any reasonable request made by the Committee.
- 14.2 The Committee is authorised to obtain, at the Company's expense, independent, legal and accounting or other professional advice on any matter if it believes it necessary to do so.
- 14.3 The Committee has the authority to call any Director or adviser to be questioned at a meeting of the Committee as and when required.
- 14.4 The Committee has the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board.

## **Definitions**

In these Terms of Reference, unless the context requires otherwise, the following definitions shall apply:

**"AIC Code"** means the Association of Investment Companies Code of Corporate Governance

**"Board"** means the board of Directors of the Company

**"Chair"** means chair of the Committee from time to time

**"Company"** means Phoenix Spree Deutschland Limited

**"Company Secretary"** means the company secretary of the Company from time to time

**"Directors"** means the directors of the Company from time to time

**"Group"** means the Company and its subsidiaries from time to time

**"Member"** means a member of the Committee from time to time

**"Property Advisor"** means the property advisor to the Company from time to time

**"Shareholders"** means the shareholders of the Company