



# OSB GROUP PLC (the “Company”) Group Risk Committee (“the Committee”) Terms of Reference

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Approved by the Board of Directors of OSB Group plc (the “**Board**”) on 7 July 2025, to take effect from 7 July 2025.

## 1. PURPOSE

- 1.1 The purpose of the Committee is to provide oversight, advice and recommendations to the Board on current risk exposures and future risk strategy and, to assist the Board to promote a culture within the Company and its subsidiaries (the “Group”) that emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Group.
- 1.2 The role of the Committee, on behalf of the Board, is to provide, oversight, review and challenge on management’s recommendations on enterprise risk, in particular:
  - 1.2.1 the Group’s current and future key risks, including the extent and categories of risk acceptable to the Board.
  - 1.2.2 the Group’s Enterprise Risk Management Framework (ERMF), including principles, supporting frameworks, risk policies, personnel and procedures, is fit for purpose and continuously refined to meet the evolving needs of the Group and the regulatory environment within which it operates.
  - 1.2.3 to promote a culture within the Company and its subsidiaries (the “**Group**”) that emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Group.
  - 1.2.4 the Group treats customers fairly and openly, delivers good customer outcomes, avoids foreseeable harm and considers risks relating to conduct and culture.
  - 1.2.5 due consideration is given to all significant matters relating to governance, control, regulation, compliance, and prevention of fraud.

## 2. AUTHORITY

- 2.1 This Committee is a committee of the Board from which it derives its authority and to which it regularly reports<sup>1</sup>.
- 2.2 The Committee may sub-delegate all or any of its responsibilities as it sees fit, including delegating authority to the Chair or any other member.
- 2.3 The Committee is concerned with the business of the OSB Group plc and its subsidiaries (“OSB Group”) within the scope of its Terms of Reference and has the authority to obtain such information as it may require from any Director, officer or employee of the OSB Group.

## 3. CONSTITUTION

### 3.1 Members

- 3.1.1 The Committee shall comprise at least three members, all of whom shall be Independent Non-Executive Directors<sup>2</sup>.
- 3.1.2 Members of the Committee shall be appointed by the Board upon the recommendation of the Group Nomination and Governance Committee and in consultation with the Committee Chair.

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<sup>1</sup> The Committee has delegated authority from the Board to undertake the role and responsibilities prescribed in these terms of reference.

<sup>2</sup> Independent Non-Executive Director (“INED”) has the meaning set out in section 4 of the OSB Group plc Corporate Governance Framework  
Internal

- 3.1.3 Appointments to the Committee shall be for a period of up to three years, which at the discretion of the Group Nomination and Governance Committee, may be extended by no more than two additional three-year periods.
- 3.1.4 At least one of the Non-Executive Directors on the Committee shall have significant, recent and relevant experience of financial services risk issues.
- 3.1.5 Members of the Committee shall have appropriate knowledge, skills and expertise to fully understand the risk appetite and strategy of the Group.

### **3.2 Chair**

- 3.2.1 The Board shall appoint the Chair of the Committee on the recommendation of the Group Nominations and Governance Committee who shall be an independent Non-Executive Director.
- 3.2.2 In the absence of the Committee Chair, or in situations where the Committee Chair is precluded from chairing a meeting due to a conflict of interest, the remaining members present shall elect one of themselves to chair the meeting.

### **3.3 Attendees**

- 3.3.1 Only members of the Committee have the right to attend Committee meetings, but the other Directors are entitled to observe any meetings at their discretion.
- 3.3.2 In addition to the members of the Committee, other attendees may be invited to the proceedings, and any member of the Committee may ask the Chair to invite specific individuals to attend a meeting. However, the Group Chief Risk Officer, Chief Financial Officer, Chief Internal Auditor, Chief Credit Officer and Money Laundering Reporting Officer and Deputy Chief Risk Officer are expected to attend meetings on a regular basis
- 3.3.3 The Committee Chair retains the discretion to invite any other individual to attend for all or part of any meeting as a presenter or observer (subject to any conflicts of interest).

### **3.4 Voting**

- 3.4.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 3.4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.
- 3.4.3 Except where the Chair has a personal interest, the Chair of the Committee shall have a casting vote.

## **4 RESPONSIBILITIES**

- 4.1 The Committee should provide oversight, challenge and advise the Board, to the Board on current risk exposures and future risk strategy and, to assist the Board to promote a culture within the Company and its subsidiaries (the "Group") that emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Group.
- 4.2 Recommend to the Board the appointment and/or removal of the Group Chief Risk Officer.
- 4.3 The Committee exercises its internal control and risk management role through the reports it receives from the Group Assets & Liabilities Committee, the Group Executive Risk Committee, the Group Models and Ratings Committee, the Group Credit Committee, and the Group Chief Risk Officer, the Chief Internal Auditor, the Chief Executive Officer, the Chief Financial Officer and other executive management, its

engagement with executive management and from internal and external auditors and consultants. The Committee will:

#### **4.4 Risk Profile**

- 4.4.1 Evaluate and report to the Board on the Group's risk profile, risk monitoring and risk tolerance for the principal risks as contained in the Group's ERMF.
- 4.4.2 Review the Group's capability to identify and manage new risk types.

#### **4.5 Risk Appetite**

- 4.5.1 The Group has appropriate methods for setting and monitoring performance against risk appetite limits.
- 4.5.2 The Group's current and proposed activities are reviewed against its risk appetite and capital budgets.
- 4.5.3 Adequate systems, processes and personnel are in place to manage risk within the Board's risk appetite and within regulatory limits.
- 4.5.4 Consider and recommend to the Board for approval, proposals in respect of the Group's overall risk = strategy, taking account of the current and prospective macroeconomic and financial environment 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 Group's risk policies.
- 4.5.5 Advise the Board on the Group's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Group is willing to take in order to achieve its long-term strategic objectives.
- 4.5.6 Evaluate and report to the Board on the Group's overall risk assessment, in particular, with respect to processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used.
- 4.5.7 Review regularly and approve the parameters used in these measures and the methodologies adopted.
- 4.5.8 Set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 4.5.9 Receive notifications on any material breaches of risk limits and the adequacy of proposed action.
- 4.5.10 Review the Group's procedures for preventing bribery, detecting and prevention of fraud (in relation to financial reporting) or misrepresentation of assets to the Group Audit Committee.

#### **4.6 Internal Controls and Risk Management**

- 4.6.1 On an annual basis consider and recommend to the Board for approval of:
  - 4.6.1.1 the sufficiency of capabilities, arrangements and resources available to remove the barriers to orderly resolution and restructuring in relation to the Operational Continuity in Resolution.
  - 4.6.1.2 the sufficiency of capabilities, arrangements and resources available to remove the barriers to orderly resolution and restructuring in relation to the Resolvability Assessment Framework.
  - 4.6.1.3 Operational Resilience Self-Assessment.
- 4.6.2 On a quarterly basis review and approve the:
  - 4.6.2.1 IFRS9 quarterly proposed position.
  - 4.6.2.2 Operational Risk and Control Self-Assessment Summary
  - 4.6.2.3 On a regular basis the Committee will approve the Group Lending Policy.

#### **4.7 Regulatory**

- 4.7.1 Adequate capital is maintained for the Group's key risk exposures, both to ensure regulatory compliance and the achievement of its strategic objectives.
- 4.7.2 Changes to capital utilisation, including utilisation of any spare capital available to the Group, or raising of additional capital as required.
- 4.7.3 Monitor and report to the Board on the Group's actual and forecast liquidity position on an ongoing basis.
- 4.7.4 Monitor on an ongoing basis, the Group's actual and forecast risk and regulatory capital positions.
- 4.7.5 Oversee the performance and regulatory compliance of the Group's Internal Ratings based rating systems.
- 4.7.5 Consider and monitor the risks arising from Climate Change.
- 4.7.6 On an annual basis consider and recommend to the Board for approval the:
- 4.7.7 ICAAP and ILAAP assessments.
- 4.7.11 Group Recovery and Restructuring plans.

#### **4.8 Transactions**

- 4.8.1 Strategic and Material transactions:
- 4.8.2.1 Prior to a decision to proceed being taken by the Board on any strategic or material transaction including acquisitions or disposals, take such steps as are appropriate to satisfy itself that a due diligence appraisal of the proposition has been undertaken, focusing on risk aspects and implications for the risk appetite and tolerance of the Group; and taking independent external advice where appropriate and available.
- 4.8.2.2 Review, where appropriate and available, the key conclusions of any due diligence process including the impact of the strategic transaction on the Group's risk profile and overall risk appetite, reporting its conclusion to the Board.
- 4.8.3 Portfolio acquisitions:
- 4.8.3.1 Acquire or dispose a portfolio with a maximum drawn balance and capital consumption in line with the limits set out in the Authorities Mandate. The Committee shall escalate a transaction to the Board if it is unusual or is deemed to carry reputational or operational risks that the Board should be advised on.
- 4.8.4 Secured funding lines:
- 4.8.4.1 Provide a secured funding line with a maximum drawn balance and capital consumption when fully drawn in line with the limits set out in the Authorities Mandate. The Committee shall escalate a transaction to the Board if it is unusual or is deemed to carry reputational or operational risks that the Board should be advised on.

#### **4.9 Remuneration**

- 4.9.1 Review annual performance against financial and operational risk metrics and provide input to the Board and/or Group Remuneration and People Committee to assist in its deliberations on appropriate quantitative and qualitative risk metrics and risk adjustments to be made to remuneration within risk appetite.

#### **4.10 Risk Committees of relevant subsidiaries**

- 4.10.1 The Committee shall establish and monitor governance structures such as risk committees for subsidiaries that are required to have them, and any appropriate sub-committees.
- 4.10.2 To review core terms of reference for adoption by subsidiary risk committees and approve material deviations.

- 4.10.3 On an annual basis to review the composition, powers and responsibilities of subsidiary committees with responsibility for oversight of risk within the Group.
- 4.10.4 To liaise as necessary with the Group's subsidiaries with risk committees (setting clear expectations). In exercising its responsibilities, the Committee will have the right to request but not direct subsidiary risk committees to take action or provide information and documentation from time to time such as it shall determine. This may include the following: (i) receiving copies of the minutes from each subsidiary risk committee; (ii) receiving an update on the emerging risks of a subsidiary company; (iii) encouraging information sharing and best practice to be adopted; and (iv) encouraging interaction with the Committee and between the Chairs of subsidiary risk committees.

#### **4.11 Risk Function**

- 4.11.1 Consider and approve the remit of the Risk function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate independence and is free from Management and other restrictions.
- 4.11.2 Review and consider all reports on the Group from the CROs and evaluate management's responsiveness to the findings and recommendations of the CROs.
- 4.11.3 Ensure that the CROs have the right of unfettered direct access to the Chair of the Committee and Chairman of the Board.
- 4.11.4 Escalate to Board any additional issues as it sees appropriate.
- 4.11.5 Consider any other matters requested by the Board from time to time.

#### **4.12 Compliance**

- 4.12.1 Review at least annually a report from the Chief Compliance Officer and keep under review the adequacy and effectiveness of the Group's compliance assurance function.
- 4.12.2 Review and approve the Group Compliance Assurance Plan, at least annually.

### **5 MEETING PROCEEDINGS**

#### **5.1 Quorum**

- 5.1.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which the quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.1.2 Meetings of the Committee may be held by telephone or by any other means whereby the participants are able to communicate effectively with each other.

#### **5.2 Secretary**

- 5.2.1 The Committee Secretary shall be a member of the Group Governance Office as agreed with the Committee Chair.

#### **5.3 Minutes**

- 5.3.1 The Committee Secretary shall minute the proceedings of Committee meetings, which shall be circulated promptly to all members of the Committee, once agreed by the Committee Chair (subject to any actual or potential conflicts of interest restricting such circulation).

#### **5.4 Notice and frequency of meetings**

- 5.4.1 The Committee shall meet at least six times a year at appropriate times as determined by the Committee Chair and otherwise as required. Meetings of the Committee and the OneSavings Bank plc and Charter

Court Financial Services Limited Risk Committees may be held concurrently where it is considered appropriate to do so.

- 5.4.2 Meetings of the Committee shall be convened by the Committee Secretary at the request of the Committee Chair or any of the Committee's members.
- 5.4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and, as appropriate, any other person required to attend, not 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.

## **6 ADVICE**

- 6.1 The Committee is authorised to obtain any information it requires from any employee of OSB Group plc in order to perform its duties and, at the Company's expense, obtain external legal or other professional advice on any matter within its Terms of Reference. The Committee is also authorised to select and set out the terms of appointment for any external advisers to the Committee.

## **7 GENERAL MATTERS**

7.1 The Committee shall:

- 7.1.1 Have access to sufficient resources to carry out its duties, including access to external advisers and Group Governance Office for assistance as required, and shall ensure the proper involvement of such functions as are necessary to ensure that the Committee is appropriately advised.
- 7.1.2 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.
- 7.1.3 Give due consideration to relevant legislation, regulation, best practice guidance, industry practice and development trends affecting issues within the Committee's remit.
- 7.1.4 Oversee any investigation of activities which are within its Terms of Reference.
- 7.1.5 Ensure a periodic evaluation of the Committee's own performance is carried out.
- 7.1.6 Promote the success of the Group for the benefits of its shareholders, whilst having due regard to its wider stakeholder group (including employees, regulators, communities, customers and suppliers) as set out in the Companies Act 2006. During its deliberations, the Committee shall consider the long-term consequences of its decisions, and the need to act to deliver good customer outcomes, foster good relationships, demonstrate acts of fairness, maintain a reputation of high standards of business conduct and mindfulness of environmental impacts.
- 7.1.7 Work and liaise as necessary with all committees of the Board. Where there is a perceived overlap of responsibilities, the respective committee chairs shall have the discretion to determine the most appropriate committee to fulfil the obligation.

## **8 REPORTING RESPONSIBILITIES**

- 8.1.1 The Committee Chair (or their elected nominee) shall report to the Board on the Committee's proceedings after each meeting.
- 8.2 The Committee shall where appropriate make recommendations to the on any area within its remit.

## **9. CHANGES TO THE TERMS OF REFERENCE**

- 9.1 It is recognised that the Committee and the Group Audit Committee have duties in potentially overlapping areas of the Group's operations. Consequently, the Chair of the Committee, in conjunction with the Chair of the Group Audit Committee, has the authority to determine, from time to time, in relation to any matter

whether it falls within the remit of the Committee or the Audit Committee or is the responsibility of both the Committee and Audit Committee.

- 9.2 These Terms of Reference shall be reviewed periodically by the Committee and any proposed amendments **will be recommended to the Board for approval.**