

# IBL Board Risk & Capital Committee

Terms of Reference | January 2025

## 1. Authority, mandate, objectives and reporting

### 1.1. Introduction

This Committee is mandated to provide effective oversight of the Bank's risk, compliance and capital management processes.

This Terms of Reference documents the authority and mandate delegated to the Committee by the Board but does not preclude the Committee from carrying out such additional functions and adopt such additional measures as may be required to effectively discharge its responsibilities.

### 1.2. Terminology and definitions

- IBL: Investec Bank Limited
- The Bank: Investec Bank Limited and its subsidiaries
- The IBL BRCC: The IBL Board Risk & Capital Committee
- IBP BRCC: Investec Bank plc Board Risk and Capital Committee
- SA PA: The South African Prudential Authority
- ICAAP: Internal Capital Adequacy Assessment Process
- DLC Sec: DLC Social and Ethics Committee
- DLC Nomdac: DLC Nominations and Directors Affairs Committee
- Key operating and regulated subsidiaries: list of key subsidiaries as listed in Appendix 4.2

### 1.3. Legislation and regulation that forms part of the mandate of the Committee

As a Committee mandated by the Board of Investec Bank Limited (the Board), the mandate of the IBL Board Risk and Capital Committee (the Committee) is informed by legislation and regulation in South Africa (SA), including:

- The Banks Act 94 of 1990 and Regulations thereto
- The SA Companies Act 71 of 2008
- King IV Code on Corporate Governance (King IV)
- The JSE Listings Requirements

### 1.4. Authority & mandate

The Committee is mandated by the Investec Bank Limited Board of Directors (the Board or Bank) to have oversight of the risk management framework of the Bank and its subsidiaries and to assist the Board in its responsibilities to ensure that the Bank maintains effective systems and process for the management and control of risk and capital exposures. The Committee's responsibilities extend across all the Bank's activities.

Risks which are directly related to the Bank's business strategy and/or strategic decisions taken by the Board will remain the direct responsibility of the Board. Strategic risks will therefore be considered by the Board directly and are therefore not within the scope of the Committee's responsibilities

The Committee may sub-delegate any of its powers, authorities and responsibilities to a sub-committee comprising such other forums or committees or individuals and, on such terms, and conditions, and may revoke or vary such delegation, as it sees fit.

#### 1.4.1 Annual workplan

The Committee will evidence how it discharged its mandate and exercised its authority by amongst others, following an annual work plan. The annual work plan will also record ad hoc tasks, work and duties undertaken by the Committee which are not expressly recorded within these Terms of Reference.

### 1.5. Objectives

- Risk framework
  - Challenge and review the Bank's risk framework to ensure that the framework is appropriate to the size, scale, and nature of the Bank's activities for the purposes of effectively managing the material risks to which the Bank is exposed and consider whether the resources allocated to the risk management framework are adequate for the purposes of managing the Bank's risks exposures effectively
  - Consider whether the remit and resources of the Bank's risk management function are adequate, independent, and free from restrictions which may impair its effectiveness
  - Challenge and review the reporting lines between the risk management function, senior management and the IBL Board for the purposes of ensuring the effective communication and understanding of risk policies, risk events and changes to risk exposure
  - Oversee and review the processes for determining the Bank's risk strategy, risk appetite and risk tolerances and provide advice and assistance to the Board on their implementation
  - Monitor the Bank's processes for the approval of policies relating to the management of risks and the setting of risk standards, limits and tolerances within the Bank's risk appetite and strategy

- Review the effectiveness of the Bank’s processes for monitoring compliance with approved risk tolerance levels and risk policies and for determining resultant action in respect of policy breaches
- Risk Management:
  - Review and challenge reports at each of its meetings from the Bank’s Chief Risk Officer (Bank CRO) and risk reporting teams, the reporting will include notification of any material breaches of risk limits and the remedial action taken by management in response
  - Challenge and review the forward-looking view of the risks that the Bank is exposed to
  - Review and challenge the material risks, wherever they occur throughout the Bank, and ensure that they are timeously identified and managed and also strive to ensure that Regulatory standards are met
  - Review the results of the Bank’s stress testing and consider the adequacy of management’s response to the result
  - Set the overall risk appetite and determine the categories of risk, the specific types of risks and the extent of such risks which Investec should undertake, as well as the mitigation of risks and overall capital management and allocation process
  - Review the capital adequacy goals as part of the risk appetite framework, taking account of the Bank’s strategic focus and business
  - Approve and ratify Risk Management and any other policies and terms of reference as recommended by Executive Risk Committee (ERC) or other authorised committee / forum, as it deems necessary
  - Receive *ad hoc* independent assurance on the effectiveness of risk management.
- Risk Data and Risk reporting:
  - Review and approve the Bank’s risk data aggregation and risk reporting framework, and ensures that adequate resources have been deployed
  - Is aware of any coverage, legal, technical limitations in risk data aggregation and risk reporting
  - Determine its own risk reporting requirements and that it is receiving relevant information that allows it to fulfil its governance mandate to the Bank and the risks to which it is exposed
  - Provide feedback to senior management when the risk reports do not meet its requirements and do not provide the right level and type of information to set and monitor adherence to the Bank’s risk tolerance/appetite; indicates whether it is receiving the right balance of detail and quantitative versus qualitative information
- Compliance
  - Review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the Bank’s compliance function
  - Review the effectiveness of the Bank’s compliance monitoring procedures and approve the annual Compliance Monitoring programme
- The Committee shall monitor any other risks to which the business is exposed by virtue of its business activities which are not specifically referred to within these terms of reference other than those which are specifically excluded from its remit
- The Committee shall monitor operational risks relating to the operational functions of the Bank.
- The Committee will consider, at least annually, inviting the Bank’s Head of IT to attend a meeting of the Committee for the purposes of discussing current and future IT matters relevant to the Committee’s remit
- Take account of relevant statutory and regulatory obligations of the Bank in fulfilling its duties
- The Committee shall review and recommend for approval to the Board:
  - Risk appetite statements and associated policies
  - ICAAP report or equivalent document when produced in lieu of a formal regulatory requirement to produce an ICAAP report
  - Recovery Plan and to the extent necessary the Resolution Plan

## 1.6. Reporting

The Committee's reporting line is: Committee → IBL Board

The Chair of the IBL BRCC is the Chair of the DLC BRCC and a member of the Investec Bank plc (IBP) BRCC and will provide verbal feedback at each IBL Board meeting.

The Committee Chair shall report to the IBL Board after each meeting on the nature and content of its discussion, recommendations, and action to be taken, and shall make whatever recommendations to the IBL Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall produce a report to be included in the Bank's annual report about its activities including the membership of the Committee, number of meetings and attendance as well as summarise the Committee's work and activities over the course of the year.

## 1.7. Interaction with other committees

- As an agreed principle, where practicable, the Chair of the IBL BRCC shall be a member of the BRCC's established by subsidiaries.
- DLC and IBP BRCCs have defined and documented responsibilities with regard to their respective entities. In order to effectively aggregate the work done by those committees, members may attend the meetings of those committees and a report will be provided by the Chair.
- IBL Audit Committee: A primary role of the Audit Committee is to provide assurance to the Board that appropriate material controls are in place to mitigate risk. The Audit Committee relies on the output of the IBL BRCC to provide assurance through the Combined Assurance Model, as regards principal risk management.
- DLC Remuneration Committee: The Committee will advise Group's Remuneration Committee on any matters within its remit which it considers are relevant to the Group's remuneration policy.
- DLC SEC: The DLC SEC where appropriate, will provide input to the IBL BRCC on risk related matters to assist in its work and vice versa.
- DLC IT Risk and Governance Committee: IT risk is covered by the IT Risk and Governance Committee and reported into this Committee.
- Investec Limited Customer Market and Conduct Committee (INL CMCC): Customer Market and conduct risk is covered by the INL CMCC and reported into this Committee.

## 2. Composition and quorum

### 2.1. Composition

Members of the Committee, including the designated Chair, are appointed and/or removed by the Board on the recommendation of the DLC Nominations and Directors' Affairs Committee (DLC Nomdac) in consultation with the Committee Chair.

The Committee shall comprise of at least seven members. The majority of members of the Committee must be independent non-executive directors. Members of the Committee shall have the appropriate knowledge, skills, and expertise to fully understand and monitor the risk strategy and the risk appetite of the Bank.

The membership shall include the Chair of the IBL Audit Committee.

Only members and white card holders of the Committee have the right to attend Committee meetings. The Chair of the Committee may at his / her discretion invite non-members to meetings as deemed necessary, but they shall not have a vote.

Members of the Committee are as set out in Appendix 4.1.

## **2.2. Quorum**

The quorum necessary for the transaction of business shall be four members of the Committee, of which at least three must be independent non-executive members of the Committee.

If a member is in any way, either directly or indirectly, interested in a matter before the Committee they must declare the nature and extent of that interest to the other members either at the beginning of the applicable meeting or in advance by email to members. A member who is interested in a matter before the Committee will be counted for quorum purposes but may not be counted as participating in the decision-making process for voting purposes unless the conflict of interest has been disclosed to and authorised by the members.

## **2.3. Frequency, notice and agenda**

The Committee will meet between four to six times per year, and ad hoc as often as is necessary to discharge its duties and objectives, on such dates and times as agreed with the Chair.

At least 3 days' notice of a meeting must be given to members but need not be in writing.

The notice of meeting should include the date and time of the meeting, details of the venue (whether in person or virtual), and, if relevant, an outline of the business to be discussed. Proposed agenda items should be discussed and agreed with the Chair prior to calling the meeting.

## **2.4. Chair, decision making and virtual meetings**

The Chair of the Committee shall be appointed by the Board on the recommendation of the DLC Nomdac. The Chair shall be an independent non-executive of the Board. In the Chair's temporary absence, one of the independent non-executive Committee members nominated by the Chair or elected by the other members of the Committee will act as Chair.

Meetings may be convened, and decisions taken either in person or by electronic means (including for the avoidance of doubt, conference call, email, or any other electronic means of audio-visual communication that facilitates the members of the Committee making an informed, collective decision).

If meetings are held in person, at the Chair's discretion any subsequent amendments, approvals, recommendations, or satisfaction of any conditions precedent and antecedent may be addressed by the Committee electronically.

Decisions taken electronically have no effect unless the approving members would have formed a quorum at a meeting held in person, but otherwise all decisions taken electronically have the same force as if they had been made at a meeting held in person.

## **2.5. Record keeping**

A member of the Company Secretarial function will act as Secretary of the Committee and will keep a record of the meeting papers and minutes of proceedings. Copies of the minutes of meetings will be circulated to members for comment no later than 14 days after the relevant meeting and thereafter provided to the Chair for comment and/or approval.

### 3. Review and approval of Terms of Reference

The Committee will review its own performance and composition at least once a year by way of the annual board effectiveness review.

The Committee will review the terms of reference at least once a year.

Any changes to the appendices to the Terms of Reference, with the exception of the Committee membership, may be amended by agreement between the Chair and Company Secretary.

Appendices reflecting membership changes may be updated by the Company Secretary after approval from the Board.

Any changes to the main body of the Terms of Reference must be tabled at the next meeting of the Committee for approval.

### 4. Appendices

#### 4.1. Membership

The members of the Committee are:

Name	Designation
<b>Vanessa Olver</b>	Chair of DLC BRCC, Independent non-executive director of Investec Bank Limited, Investec Limited & Investec plc
<b>Fani Titi</b>	Group CEO, executive director of IBP, IBL and Investec Limited & Investec plc
<b>Diane Radley</b>	Chair of DLC Audit & independent non-executive director of IBP, IBL and Investec Limited & Investec plc
<b>Philip Hourquebie</b>	Chair of IBL, independent non-executive director of IBL, Investec Limited & Investec plc
<b>Geoffrey Qhena</b>	Independent non-executive director of IBL
<b>Morris Mthombeni</b>	Independent non-executive director of IBL
<b>Cumesh Moodliar</b>	CEO of IBL
<b>Kevin Kerr</b>	IBL Chief Risk Officer
<b>Rupesh Govan</b>	IBL Chief Financial Officer

**4.2. Appendices | Lists of key operating and regulated subsidiaries that the committee is responsible for**

INVESTEC BANK (MAURITIUS ) LIMITED

### 4.3. Appendices | Workplan