

# **FORESIGHT ENVIRONMENTAL INFRASTRUCTURE LIMITED**

## **RISK COMMITTEE TERMS OF REFERENCE**

**Reviewed and re-adopted on 20 November 2024**

**FORESIGHT ENVIRONMENTAL INFRASTRUCTURE LIMITED**  
**(the “Company”)**

**Terms of Reference – Risk Committee**

**1. Membership**

- 1.1 The Risk Committee (the “**Committee**”) shall comprise at least three members. Membership should include at least one member of the Audit Committee. A majority of members of the Committee shall be independent non-executive directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee. The members of the Committee for the time being shall be Alan Bates (Chair), Joanne Harrison, Nadia Sood, Ed Warner and Stephanie Coxon.
- 1.2 Only members of the Committee have the right to attend Committee meetings. Other individuals including the chair of the Company, other directors, other representatives of the risk function, compliance, administration and external audit may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Committee.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the Committee. For avoidance of doubt, if a Director retires or is otherwise removed from office, their membership of the Committee shall cease automatically. The term of the Committee membership was formally reviewed and resolved on 22 February 2017 and then on 3 September 2020.
- 1.4 The Board shall appoint the Committee Chair who shall be a non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

**2. Secretary**

The company secretary or his or her nominee shall act as the secretary of the Committee.

**3. Quorum**

The quorum necessary for the transaction of business shall be the Chair and an independent non-executive director or two independent non-executive directors.

**4. Frequency of meetings**

The Committee shall meet at least four times per year at appropriate times and otherwise as required.

**5. Notice of meetings**

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, all other non-executive directors and any other person required to attend, no later

than five working days before the date of the meeting. The agenda shall be circulated together with relevant supporting papers to Committee members and to other attendees as appropriate.

## **6. Minutes of meetings**

- 6.1 The secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chair of the Committee.
- 6.4 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records.

## **7. Annual General Meeting**

The Committee Chair shall attend the annual general meeting to respond to questions from shareholders on the Committee's activities. If the Chair is unable to attend, one of the other Committee members shall attend in his or her place.

## **8. Duties**

The Committee shall:

- 8.1 when requested to do so, advise the Board on the overall risk appetite, tolerance and strategy of the Company (comprising the Company, UK Holdco, its subsidiaries and businesses). In doing so the Committee shall take account of the extent to which the risk profile of the Company corresponds to the size, portfolio structure and investment strategies and objectives of the Company. It shall also take account of the current and prospective macroeconomic, financial and regulatory environment, including relevant stakeholder issues, and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Financial Conduct Authority and other authoritative sources that may be relevant for the Company's risk policies;
- 8.2 oversee and advise the board on the current risk exposures of the Company with particular focus on the Company's principal risks, being those which would threaten its business model, future performance, solvency or liquidity, and consequently could influence shareholders' economic decisions, and the controls in place to mitigate those risks; keep under review the Company's overall risk assessment processes that inform the board's decision making, ensuring both qualitative and quantitative metrics are used;
- 8.3 review the parameters used in these measures and the methodology adopted;
- 8.4 ensure the Company operates a robust mechanism to identify and manage new risk types;
- 8.5 in relation to risk management and in conjunction with the Audit Committee keep under review the adequacy and effectiveness of the Company's internal controls and risk management systems;

- 8.6 establish and maintain an effective risk management and internal control framework, determining the nature and extent of the principal risks that the Company is willing to take in order to achieve its long-term strategic objectives and, at least annually, to carry out a review of the effectiveness of the systems and to confirm accordingly in the annual report;
- 8.7 review and approve the statements to be included in the annual report concerning principal risks and the risk management framework.
- 8.8 in conjunction with the Environmental, Social and Governance committee, ensure the effective integration of climate risk into the Company's risk management framework;
- 8.9 before a decision to proceed is taken by the Board, and when requested to do so, 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;
- 8.10 review reports on any material breaches of risk limits and the adequacy of proposed action and consider other issues raised by the board or the risk management function;
- 8.11 consider and approve the remit of the risk management 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; and
- 8.12 work and liaise as necessary with all other board committees.

## **8 Reporting responsibilities**

- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report of its activities and the Company's risk management and strategy to be included in the Company's annual report.
- 9.4 The directors' report in the annual report and accounts should set out risk management objectives and policies including in relation to financial instruments.
- 9.5 Having discharged its duties during the financial year, the Committee shall consider the statement to be included in the Annual Report that the Directors have carried out a robust assessment of the principal risks facing the Company, including the descriptions provided in respect of such risks and the mitigating features relevant to each.

## **9 Other matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference; and
- 10.5 arrange for periodic reviews of its own performance and, at least annually, review its 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.

## **11. Authority**

The Committee is authorised:

- 11.1 to seek any information it requires from any employee/director of the Company in order to perform its duties;
- 11.2 to require action from the risk management function as regards reporting on or remedy of such risk matters as the Committee deems appropriate;
- 11.3 to obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference where required; and
- 11.4 to request the attendance of any employee of a company or business within the Company at a meeting of the Committee as and when required.

Where a duty falls within the terms of reference of both the Audit Committee and the Risk Committee the respective chairs of those committees shall have the discretion between them to determine the extent of responsibility of each committee.