



# STO Board Committee Charter

## *Risk Committee Charter*

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**Guiding the Board  
in effectively  
managing key risks  
to secure a  
sustainable and  
resilient future for  
our organization.**

The Risk  
Committee  
assists the board  
in overseeing the  
management of  
key risks across  
the company,  
including setting  
risk policies,  
monitoring  
processes, and  
reviewing reports  
to ensure  
effective risk  
management.



## Purpose

The committee's purpose is to support the board in overseeing the management of key risks, including the frameworks, guidelines, policies, and processes for identifying, monitoring, and mitigating these risks.

## Scope

This Charter applies to the Risk Committee of STO, and the Committee's responsibilities as detailed in this Charter extend to the whole of the STO Group, where applicable.

## Charter Overview

This Charter specifies the roles and responsibilities of the Risk Committee in performing their duty to the Board, Company and its stakeholders.

## Effective date

January 2019

## 1. Authority

The Risk Committee is a Committee established by the Board of Directors of STO Plc.

The Committee has no executive responsibility but is accountable for performing its duties in accordance with its charter and making recommendations to and advising the Board in relation to risk management. The Committee's responsibilities as detailed in this charter extend to the whole of the STO Group.



## 2. Membership

The Committee shall consist of at least three (3) members, appointed by the Board from one Annual General Meeting to the next. Members may be removed at the Board's discretion.

## 3. Chairperson

The Board shall appoint one member of the Committee to serve as its chairperson.

## 4. Quorum

The quorum required for the Committee to transact business shall be two-thirds of its members. A properly convened meeting with a quorum present shall be empowered to exercise all the authorities, powers, and discretions granted to the Committee.

## 5. Secretary

The Company Secretary or his/her designated representative shall be appointed Secretary to the Committee. The Secretary, in conjunction with the Chairperson, shall draw up an agenda, which shall be circulated to each member prior to each meeting. The Secretary will also prepare the minutes of the Committee meetings.

## 6. Meetings

The Committee shall meet at least twice a year, with additional meetings as necessary.

## 7. Notice of Meetings

Committee meetings shall be scheduled by the Secretary at the request of the Chairperson, or any Committee member. Unless otherwise agreed, notice of each meeting, including the venue, time, date, and agenda, will be sent to all Committee members at least two working days before the meeting. However, special meetings may be held without notice to address urgent matters. Supporting documents will be distributed to Committee members and other attendees, as appropriate.

## 8. Minutes of Meetings

The Secretary shall record the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Draft minutes shall be circulated to all Committee members within 48 hours of the meeting.



## 9. Resources and Access to Expertise

The committee has the authority to retain such outside counsel, experts and other advisors as the committee may deem appropriate at its discretion. The committee shall have the authority to approve related fees and retention terms.

## 10. Annual General Meeting

The Committee Chairperson shall attend the Annual General Meeting to respond to shareholder questions regarding the Committee's activities.

## 11. Duties:

- a. Recommend risk policy and risk appetite to the Board.
- b. Review and discuss with management the Company's risk governance structure, risk assessment and risk management practices and the frameworks, guidelines, policies and processes for risk assessment and risk management.
- c. Monitor risk management policy implementation in the Group.
- d. Receive and review reports from management concerning risk management in the Group.
- e. Monitor the effectiveness of the Company's Chief Risk Officer and the risk management unit in the Company.
- f. Consider individual significant risks, risk issues, risk strategies and emerging risks as presented to the Committee by management.
- g. Provide a formal forum for communication between the Board and senior management in relation to risk management.
- h. Approve the appointment and replacement of the Company's Chief Risk Officer.
- i. Prepare and disclose a risk report in the Annual Report.
- j. Review reports on selected risk topics as the Committee deems appropriate from time to time.
- k. Discharge any other duties or responsibilities delegated to the Committee by the Board in relation to risk management.
- l. The Committee shall report its actions and any recommendations to the Board after each committee meeting.



- m. The Committee shall conduct and present to the Board an annual performance evaluation of the committee.
- n. The committee shall review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

## 12. Reporting Responsibilities

The Chairperson of the Committee should report formally to the Board with a summary of the Committee's work and results. This should include the Committee's meetings, any formal recommendations of the Committee and other major issues of which the Committee believes the Board should be informed.

The committee shall make whatever recommendations to the 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 company's annual report about its activities, the process used to make appointments of directors and other such relevant information.

## 13. Other Matters

The Committee shall:

- a. Consider relevant laws, regulations, the Code, and the requirements of Listing Authority Rules, Transparency Rules, and other applicable rules, as appropriate.
- b. Undertake any other duties or responsibilities as delegated by the Board.



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