

# RISK AND COMPLIANCE COMMITTEE TERMS OF REFERENCE

VAN LANSCHOT KEMPEN N.V.

Adopted by the Supervisory Board on 31 October 2023 and effective from 1 December 2023

## 0. INTRODUCTION

- 0.1 These terms of reference have been drawn up by the SB pursuant to article 5 of SB By-Laws.
- 0.2 The Risk and Compliance Committee is a standing committee of the SB. The Risk and Compliance Committee has been established for the purpose of providing advice regarding the credit risks (including bank and country limits) and the other risks attached to the business activities, such as operational risks (including information technology risks), market risks and interest risks, solvency risks, liquidity risks and compliance risks of the Company and its subsidiaries. Providing advice regarding compliance risks also includes supervising the proper representation of the interests of clients and monitoring the reputation of the Company.
- 0.3 A number of terms used but not further defined in these terms of reference, whether or not capitalised, have the meaning attributed to them in the SB By-Laws and the definitions included in Schedule 1 to these By-laws.

Any references to the 'Company' are references to Van Lanschot Kempen N.V. as well as, where appropriate, subsidiaries and any other group companies of the Company whose financial data are included in the consolidated annual accounts of the Company.

## 1. COMPOSITION AND WAY OF WORKING

- 1.1. In principle, the Risk and Compliance Committee will consist of at least three members. All members of the Risk and Compliance Committee will be a member of the SB. More than half of the members of the Risk and Compliance Committee will be independent within the meaning of article 1.5 of the SB By-Laws.<sup>1</sup> The chair of the Risk and Compliance Committee will be independent.<sup>2</sup> The chair of the Audit Committee will also be a member of the Risk and Compliance Committee.
- 1.2. The members of the Risk and Compliance Committee will have thorough knowledge of the financial and technical aspects of risk management or a level of experience enabling them to thoroughly assess the risks, including compliance risks.<sup>3</sup>
- 1.3. The SB will determine the level of knowledge of and experience in the various risk management subfields that members of the Risk and Compliance Committee need to have. The chair of the Risk and Compliance Committee will have sufficient (relevant) experience in the financial sector.

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<sup>1</sup> Dutch Corporate Governance Code 2022, best practice provision 2.3.4.

<sup>2</sup> Basel Committee Guidelines Corporate governance principles for banks, under Board committees, principle 67.

<sup>3</sup> Banking Code, under 'Supervisory Board' and article 1.2 of the SB profile.

- 1.4. The SB will appoint the members of the Risk and Compliance Committee and can dismiss them at any time from membership of the committee. The SB will appoint one of the members of the Risk and Compliance Committee as chair of the Risk and Compliance Committee. The chair of the SB and the chairs of the other committees of the SB will be excluded from fulfilling the role of chair of the Risk and Compliance Committee.<sup>4</sup>
- 1.5. The SB will discuss the composition of the Risk and Compliance Committee at least once every two years.
- 1.6. The Director Risk Management will act as the secretary of the Risk and Compliance Committee. The Director Risk Management may delegate some or all of their duties under these terms of reference to a substitute appointed by them in consultation with the chair of Risk and Compliance Committee. In addition, the Director Risk Management can be assisted in the performance of their duties by a minutes secretary to be designated by them.
- 1.7. The Risk and Compliance Committee and the Audit Committee will ensure, through their chairs, that the activities of both committees are properly coordinated in such a way that all risks of the Company will be discussed and managed together.<sup>5</sup>

## **2. TASKS AND POWERS**

- 2.1. The Risk and Compliance Committee will advise and support the SB in supervising the risk policy conducted by the MB<sup>6</sup> and it will prepare the decision-making regarding its focus areas.<sup>7</sup> The Risk and Compliance Committee will in particular be responsible for:
  - a. assessing and approving the Risk Management Charter of the Company, including the organisational structure of Risk Management and the main procedures;
  - b. setting up the compliance function and the compliance programme, including assessing and approving the Compliance Charter which describes the function and position of Compliance;
  - c. overseeing the existence of adequate processes for safeguarding compliance with the approved risk<sup>8</sup> and compliance policies;
  - d. discussing the annual plan for Risk Management and Compliance as adopted by the MB;
  - e. discussing and making recommendations on all risks to which the Company is exposed, both on an aggregated basis and by type of risk<sup>9</sup>, and the methods for monitoring and measuring these risks;
  - f. overseeing the application of information and communication technology of the Company, including risks in the field of cyber security;<sup>10</sup>
  - g. assessing and providing advice on an annual basis on the main policy amendments<sup>11</sup> in the field of credit risk, market risk, interest risk, solvency risk, liquidity risk, operational

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<sup>4</sup> EBA Guidelines on internal governance, provision 54

<sup>5</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 75.

<sup>6</sup> Banking Code, under 'Risk Policy'.

<sup>7</sup> Dutch Corporate Governance Code 2022, best practice provision 2.3.2.

<sup>8</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 71.

<sup>9</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 71.

<sup>10</sup> Dutch Corporate Governance Code 2022, best practice provision 1.5.1.

<sup>11</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 71.

risk, compliance risk or any other risks attached to the business activities in so far as not discussed in the Audit Committee;

- h. preparing the decision-making and the discussions within the SB regarding the risk appetite and any interim material changes to the risk appetite<sup>12</sup>, the actual risk profile of the Company and overseeing its implementation;<sup>13</sup>
- i. the Risk and Compliance Committee will periodically review at a strategic level whether capital allocation and liquidity impact in a general sense are in line with the approved risk appetite and whether the business operations in a general sense are in line with the risk appetite of the Company. The results of this review will be submitted to the SB for forming a final opinion;<sup>14</sup>
- j. discussing the annual ICAAP and ILAAP;
- k. reporting on the risk culture within the Company;<sup>15</sup>
- l. maintaining contact with and supervising the Chief Risk Officer of the Company;<sup>16</sup>
- m. overseeing the alignment between all material financial products and services offered to clients and the business model and risk strategy of the Company;<sup>17</sup>
- n. overseeing the accurate and complete reporting on risk management, compliance and the activities of the Risk and Compliance Committee in the Management Report;
- o. overseeing compliance with relevant legislation and regulations by the Company and compliance with the compliance policy;
- p. the quarterly report of Risk Management and Compliance;
- q. providing advice on the appointment of external consultants that the SB may decide to engage for advice or support, unless another committee has provided advice in this respect in relation to its focus area;<sup>18</sup>
- r. the independence of the Risk Management and Compliance;
- s. handling other matters related to risk management and compliance that the committee considers opportune at any time.

2.2 The Risk and Compliance Committee will, among other things, receive the following information:

- a. information from Internal Audit regarding the design and operation of Risk Management and Compliance;
- b. information from Internal Audit regarding the design and operation of the (New) Product Approval and Review Process;

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<sup>12</sup> Banking Code, under 'Risk Policy'.

<sup>13</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principles 71 and 72.

<sup>14</sup> Banking Code, under 'Risk Policy'.

<sup>15</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 72.

<sup>16</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 72.

<sup>17</sup> EBA Guidelines on internal governance, provision 61g

<sup>18</sup> EBA Guidelines on internal governance, provision 61e

- c. information regarding the current risk profile of the Company, the current risk culture and any acts that are in conflict with the established risk appetite, limits and other risk management procedures;<sup>19</sup>
- d. information about and recommendations for corrective measures taken or to be taken or proposed regarding major violations of the current risk profile, the current risk culture and the risk limits of the Company.<sup>20</sup>

The Risk and Compliance Committee will periodically evaluate and decide about the content, form and frequency of risk-related information reported to it.<sup>21</sup>

- 2.3 Risk Management will examine on an annual basis, at the request of the Risk and Compliance Committee, whether incentives provided by the remuneration policy take into consideration the Company's risk, capital, liquidity and the likelihood and timing of earnings. The results of this examination will be discussed in the Remuneration Committee and with the SB.<sup>22</sup>
- 2.4 The Risk and Compliance Committee may not exercise any other powers than those explicitly granted or delegated to it by the SB and it may never exercise powers exceeding the powers that the SB may exercise as a collective.
- 2.5 The Risk and Compliance Committee, in the fulfilment of its duties, may further be assisted or informed by the Chief Risk Officer, the Director Risk Management or the Director Compliance of the Company or by one or more experts to be appointed by it, who will receive a compensation to be agreed with the Risk and Compliance Committee, which will be charged to the Company.<sup>23</sup>

### **3 THE RISK MANAGEMENT FUNCTION**

- 3.1 Risk Management will have direct access to the Risk and Compliance Committee of the SB.
- 3.2 The Director Risk Management will report to the MB member responsible for the preparation of the decision-making in the field of risk management and will also have a direct reporting line to the chair of the Risk and Compliance Committee of the SB.<sup>24</sup>

### **4 THE COMPLIANCE FUNCTION**

- 4.1 Compliance will have direct access to the Risk and Compliance Committee of the SB.
- 4.2 The Director Compliance will report to the MB member responsible for the preparation of the decision-making in the field of risk management and will also have a direct reporting line to the chair of the Risk and Compliance Committee of the SB.<sup>25</sup>

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<sup>19</sup> Basel Committee, Guidelines Corporate governance principles for banks, under Risk Committee, principle 74.

<sup>20</sup> EBA Guidelines on internal governance, provision 60b

<sup>21</sup> EBA Guidelines on internal governance, provision 60b

<sup>22</sup> EBA Guidelines on internal governance, provision 63

<sup>23</sup> EBA Guidelines on internal governance, provision 60c

<sup>24</sup> EBA Guidelines on internal governance, provisions 172 and 173.

<sup>25</sup> EBA Guidelines on internal governance, provisions 172 and 173.

## **5. MEETINGS**

- 5.1 The Risk and Compliance Committee will meet as often as necessary for the proper functioning of the Risk and Compliance Committee, but at least three times a year. The dates of the meetings will as far as possible be scheduled in advance every year and will as far as possible take place shortly before meetings of the SB. The Risk and Compliance Committee will meet in the interim if deemed necessary by the chair or another member of the Risk and Compliance Committee.
- 5.2 Meetings of the Risk and Compliance Committee will, in principle, be convened by the secretary of the Risk and Compliance Committee, in consultation with the chair of the Risk and Compliance Committee. Except in case of urgency, at the discretion of the chair of the Risk and Compliance Committee, the agenda of the meeting will be sent to the members of the Risk and Compliance Committee at least five calendar days before the meeting. A written explanation will as far as possible be provided for each item on the agenda and relevant documents will be added.
- 5.3 Preferably, at least two members of the Risk and Compliance Committee will be present at a meeting of the Risk and Compliance Committee. The chair of the MB, the MB member responsible for risk management and compliance (the Chief Risk Officer), the Director Risk Management and the Director Compliance have a standing invitation to attend the meetings. In addition, (independent) experts, such as the external auditor, but also internal specialists (in subfields) may be invited to attend meetings of the Risk and Compliance Committee. Each member of the SB may attend meetings of the Risk and Compliance Committee.
- 5.4 The secretary of the Risk and Compliance Committee will draw up minutes of the meeting of the Risk and Compliance Committee. The minutes will provide an insight into the decision-making at the meeting. The minutes will be adopted by the Risk and Compliance Committee at the next meeting and in witness thereof signed by the chair and the secretary of the Risk and Compliance Committee.

## **6. REPORTING TO THE SUPERVISORY BOARD**

- 6.1 The Risk and Compliance Committee will inform the SB clearly and timely about how it exercised the delegated authorities and about key developments in the field that falls under its responsibility.
- 6.2 The Risk and Compliance Committee will provide the SB with minutes of its deliberations, findings and recommendations.<sup>26</sup> The minutes of the meetings of the Risk and Compliance Committee will be provided to all members of the SB for their information.
- 6.3 At meetings of the SB, the chair of the Risk and Compliance Committee will provide an oral explanation of the deliberations of the Risk and Compliance Committee.
- 6.4 Each SB member will have unlimited access to all information of the Risk and Compliance Committee. SB members will exercise this right in consultation with the chair of the Risk and Compliance Committee and the secretary of the Company.

## **7. MISCELLANEOUS**

- 7.1 The chair or any other member of the Risk and Compliance Committee will be available to answer any questions regarding the activities of the Risk and Compliance Committee at the General Meeting.

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<sup>26</sup> Dutch Corporate Governance Code 2022, best practice provision 2.3.5.

- 7.2 The SB may occasionally consent to non-compliance with these terms of reference, with due observance of applicable legislation and regulations.
- 7.3 The SB may amend these terms of reference at any time, whether or not on the proposal of the Risk and Compliance Committee, and/or it may revoke the powers granted to the Risk and Compliance Committee.
- 7.4 Articles 32.4 up to and including 32.7 of the SB By-Laws apply by analogy to these Risk and Compliance Committee terms of reference and any power of the SB or the chair of the SB referred to in those articles will also be considered a power of the SB or the chair of the SB for the purpose of the present terms of reference.
- 7.5 In the report of the SB, as referred to in article 11.2 of the SB By-Laws, the SB will report on the performance of the duties assigned to the Risk and Compliance Committee in the financial year in question. The report will describe the composition of the Risk and Compliance Committee, the number of meetings of the Risk and Compliance Committee and the key topics that have been discussed at the meetings.<sup>27</sup>
- 7.6 The functioning of the Risk and Compliance Committee will be assessed in the context of the functioning of the SB and its committees.<sup>28</sup>
- 7.7 The terms of reference and the composition of the Risk and Compliance Committee will be published on the website of Van Lanschot Kempen.<sup>29</sup>

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<sup>27</sup> Dutch Corporate Governance Code 2022, best practice provision 2.3.5.

<sup>28</sup> Banking Code, under 'Supervisory Board'

<sup>29</sup> Dutch Corporate Governance Code 2022, best practice provision 2.3.3.