

Risk Management

Our approach to risk management is centred around an embedded Risk Management Framework which flexes and scales to meet our business objectives and client demand, while preserving our financial position, regulatory reputation and ensuring good outcomes for both clients and markets. The Board is ultimately responsible for maintaining a strong risk management culture.

Risk Management Framework (RMF): Building Resilience Through Structure
We have an established Risk Management Framework (RMF) to identify, measure, manage, monitor and report the risks faced by the business that could affect the achievement of its strategic objectives, or pose a risk to the achievement of fair outcomes for consumers, or compromise the sound, stable, resilient and transparent operation of the financial markets. The RMF provides the Board with oversight and assurance that our risks are understood by all our stakeholders, and drives resilience across the business in line with our appetite and set tolerance levels.

The RMF is supported by numerous policies and frameworks covering all areas of our business from our management of market, credit and liquidity risk to the systems and controls we put in place to manage and oversee our technology, operational and conduct risks.

Risk culture: Nurturing Risk Ownership
Embedding a sound risk culture is fundamental to the effective operation of our RMF and sets the tone for conduct in all business activities and expected

behaviours. Central to our risk culture is a commitment to integrity and to principles of responsible business. This is driven by individual accountability, with defined roles and responsibilities prescribed across the Group as detailed under the Senior Managers Certification Regime in the UK. We operate a Three Lines of Defence Model, with segregation of responsibilities as detailed to the right.

Risk governance: Enabling Strategic Oversight and Adaptability
Non-Executive oversight of the RMF has been delegated by the Board to the Board Risk Committee, with executive and operational oversight provided through the Executive Risk Committee (ERC).

There are frequent risk committees to discuss thematic, emerging, and evolving risks requiring executive- and management-level oversight, with the frequency reflecting the commitment of senior management to play an active role in day-to-day risk management. Specific sub-committees are delegated additional oversight with membership comprised of senior management with subject matter expertise.

