

# Risk & Sustainability Committee Charter

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Approved and adopted by the Board on 16 November 2023

Effective as per 1 January 2024



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## **Introduction, definitions and interpretation**

### **Introduction**

- 1.1.1 This Charter has been drawn up by the Board pursuant to clause 4.3 of the Board Rules and Bye-Law 27.2 of the Bye-Laws.
- 1.1.2 The Risk & Sustainability Committee is a permanent committee of the Board.

### **Definitions**

In this Charter, capitalised terms have the meaning as set out in Schedule 1.

### **Interpretation**

- 1.1.3 Words importing the singular number include the plural number and vice versa.
- 1.1.4 Any reference to a gender includes all genders and non-binary individuals.
- 1.1.5 Any reference to writing includes all modes of representing or reproducing words in a visible form, including in the form of an Electronic Record.
- 1.1.6 In the event of lack of clarity or difference of opinion on the interpretation of any provision of this Charter, the opinion of the Chairman shall be decisive.

### **Schedules**

Schedule 1 forms an integral part of this Charter.

## **Composition of the Risk & Sustainability Committee**

- 2.1 The Risk & Sustainability Committee shall consist of at least two members. All members of the Risk & Sustainability Committee must be Non-Executive Directors. More than half of the members of the Risk & Sustainability Committee should be Independent Directors.
- 2.2 At least one member of the Risk & Sustainability Committee shall be familiar with the specific business activities of the Company and the fast paced environment in which it operates in the sense that he/she has relevant knowledge and experience of the Company's specific trading activities, financial markets, trading strategies, key sustainability topics, the related risk management and control systems, technology infrastructure and development activities.
- 2.3 The members of the Risk & Sustainability Committee shall be appointed and may be replaced at any time by the Board. The Board shall appoint one of the members of the Risk & Sustainability Committee as chair of the Risk & Sustainability Committee.

- 2.4 The Secretary shall act as secretary to the Risk & Sustainability Committee. The Secretary may delegate his duties under this Charter, or parts thereof, to a deputy appointed by him in consultation with the chair of the Risk & Sustainability Committee.

## **Duties of the Risk & Sustainability Committee**

3.1 The Company should have adequate internal risk management, control systems and sustainability processes in place. The Board is responsible for identifying and managing the risks associated with the Company's strategy and activities. The Risk & Sustainability Committee has the following duties:

(a) to supervise the Executive Directors with respect to:

(i) identifying and analysing the risks associated with the strategy and activities of the company and its affiliated enterprise, establishing the risk appetite, and putting in place the measures in order to counter the risks being taken;

(ii) designing, implementing and maintaining adequate internal risk management and control systems. To the extent relevant, these systems should be integrated into the work processes within the Company and its affiliated Business, and should be familiar to those whose work they are relevant to;

(iii) monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness at least once a year. This monitoring should cover all material control measures relating to strategic, operational, compliance and reporting risks. Attention should be given to observed weaknesses, instances of misconduct and irregularities, indications from whistle-blowers, lessons learned and findings from the internal audit function and the Auditor. Where necessary, improvements should be made to internal risk management and control systems;

(iv) accounting for the effectiveness of the design and the operation of the internal risk management and control systems referred to in sub (i) up to and including (iii) above together with the Audit Committee;

(v) developing and integrating various sustainability topics into the Company's strategy and long-term value creation, including priority-setting and sustainability-related KPIs and connected target setting, and the progress achieved on these. Preparing relevant disclosures, reporting and assurance in compliance with applicable laws and regulations in the field of sustainability.

(b) to advise, and where applicable supervise, the Board with respect to:

- (i) the Company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macro-economic and financial environment;
- (ii) the current risk exposures and future risk strategy;
- (iii) the intended appointment and/or removal of the Global Head of Risk;
- (iv) the Company's overall sustainability strategy.

(c) to review, in relation to the Company's internal risk management and control systems:

- (i) the Company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
- (ii) on an annual basis, the parameters used for these processes and the methodology adopted;
- (iii) the accurate and timely monitoring of certain risk types of critical importance;
- (iv) the Company's capability to identify and manage new risk types;
- (v) reports on any material breaches of risk limits and the adequacy of proposed action;
- (vi) information and communication technology used by the Company, including risks relating to cybersecurity; and
- (vii) sustainability related risks and opportunities.

(d) to monitor the manner in which the Company's risk management and sustainability functions are provided with adequate resources and appropriate access to information to enable it to perform their functions effectively and in accordance with the relevant professional standards. The Risk & Sustainability Committee shall also keep under review that the risk function has the adequate independence and is free from management and other restrictions;

(e) to prepare reports, recommendations and deliberations on its findings regarding the Company's sustainability, internal risk management and controls as set out under (a) up to and including (d) above for purposes of the meetings of the Board or the Audit Committee; and

(f) to review, and where applicable monitor the Board's responsiveness to the reports, findings and recommendations of the Global Head of Risk.

- 3.2 Each member of the Risk & Sustainability Committee has access to all necessary information of the Company and offices of the Company and the authority to interview Officers and (other) employees of the Company to the extent necessary or useful for the proper performance of his duties. Members of the Risk & Sustainability Committee shall exercise this right in consultation with the chair of the Risk & Sustainability Committee.
- 3.3 When performing its duties the Risk & Sustainability Committee may seek assistance or information from one or more experts appointed by it at a reasonable price agreed upon with the Risk & Sustainability Committee and in consultation with either one of the Executive Directors, which will be paid by the Company. The Board may request to review the fees spent on experts by the Risk & Sustainability Committee on reasonableness on a semi-annual basis.
- 3.4 The Chief Financial Officer is primarily responsible for sustainability matters within the organization, by providing leadership, guidance, and strategic oversight to ensure that sustainability is integrated into the company's operations and financial decision-making processes.
- 3.5 The Risk & Sustainability Committee may only exercise such powers as are explicitly attributed or delegated to it by the Board and may never exercise powers beyond those exercisable by the Board as a whole.

## **Committee meetings and decision-making**

### **4.1 Meetings**

- 4.1.1 The Risk & Sustainability Committee shall meet as often as required for a proper functioning of the Risk & Sustainability Committee. The meetings are as much as possible scheduled annually in advance. The Risk & Sustainability Committee shall meet earlier if this is deemed necessary by the chair of the Risk & Sustainability Committee or by two other members of the Risk & Sustainability Committee.
- 4.1.2 Meetings of the Risk & Sustainability Committee are in principle called by the secretary of the Risk & Sustainability Committee on behalf of the Chairman, in consultation with the chair of the Risk & Sustainability Committee. Save in urgent cases, to be determined by the chair of the Risk & Sustainability Committee, the agenda for the meeting shall be sent at least seven calendar days before the meeting to all members of the Risk & Sustainability Committee. To the extent possible, written explanations and/or other related documents will be enclosed for each item on the agenda.
- 4.1.3 The Risk & Sustainability Committee shall decide if and when the Executive Directors or the Global Head of Risk should attend its meetings. In addition, and subject to clause 3.3, independent experts may be invited to attend meetings of the Risk & Sustainability

Committee. Each Non-Executive Director may attend meetings of the Risk & Sustainability Committee.

- 4.1.4 The Risk & Sustainability Committee may require any Officer or (other) employee of the Company or its external legal advisers to attend a meeting of the Risk & Sustainability Committee or to consult with members or advisers of the Risk & Sustainability Committee.
- 4.1.5 The secretary of the Risk & Sustainability Committee or any other person designated for such purpose by the chair of the meeting shall draw up minutes of the meeting of the Risk & Sustainability Committee.

#### **4.2 Decision-making**

- 4.2.1 Only to the extent explicitly provided by the Board in writing, the Risk & Sustainability Committee has the authority to adopt resolutions regarding the matters that fall within the tasks and responsibilities allocated to it on behalf of the Board with due observance of the Board Rules and this Charter.
- 4.2.2 Provisions 5.2, 5.5, 5.6, 5.8, 5.10 and 5.11 of the Board Rules shall apply mutatis mutandis to decision-making by the Risk & Sustainability Committee.

### **Reporting to the Board**

- 5.1 The Risk & Sustainability Committee must inform the Board in a clear and timely manner about the way it has used delegated powers and of major developments in the area of its responsibilities.
- 5.2 The Risk & Sustainability Committee shall provide the Board, and where applicable, the Audit Committee, with a report of its deliberations, findings and recommendations. The reports of meetings of the Risk & Sustainability Committee are distributed among all members of the Board prior to the subsequent meeting of the Board.
- 5.3 If requested, the chair of the Risk & Sustainability Committee shall at meetings of the Board provide the Board with further information on the outcome of the discussions of the Risk & Sustainability Committee.
- 5.4 Every Non-Executive Director has unrestricted access to all records of the Risk & Sustainability Committee. A Non-Executive Director shall exercise this right in consultation with the chair of the Risk & Sustainability Committee and the Secretary.

### **Miscellaneous**

- 6.1 The chair of the Risk & Sustainability Committee (or one of the other Risk & Sustainability Committee members) shall be available to answer questions regarding the Risk & Sustainability Committee's activities at the annual general meeting.

- 6.2 The Board may occasionally decide at its sole discretion not to comply with this Charter, subject to applicable law and regulations.
- 6.3 The Risk & Sustainability Committee aims to review and re-assess the adequacy of this Charter annually, report its assessment to the Board and recommend, where appropriate, any proposed changes to the Board.
- 6.4 The Board can at all times amend this Charter and/or revoke any powers granted by it to the Risk & Sustainability Committee.
- 6.5 Clauses 15.2.1 to 15.2.4 inclusive of the Board Rules apply by analogy to the Risk & Sustainability Committee, while for the application of this Charter the power of the Board referred to in these clauses is considered a power of the Board.
- 6.6 This Charter and the composition of the Risk & Sustainability Committee are posted on the Company's website.



**Schedule 1 Definitions**

"**Audit Committee**" means the audit committee of the Board;

"**Auditor**" has the meaning given to such term in the Bye-Laws;

"**Board**" has the meaning given to such term in the Bye-Laws;

"**Board Rules**" means the Company's board rules;

"**Business**" means the business of the Group;

"**Bye-Laws**" means the Company's bye-laws;

"**Chairman**" has the meaning given to such term in the Board Rules;

"**Charter**" means this Risk & Sustainability Committee charter;

"**Chief Financial Officer**" means the chief financial officer of the Company;

"**Companies Acts**" has the meaning given to such term in the Bye-Laws;

"**Company**" means Flow Traders Ltd., an exempted company limited by shares registered in Bermuda;

"**Director**" has the meaning given to such term in the Bye-Laws;

"**Electronic Record**" has the meaning given to such term in the Bye-Laws;

"**Executive Director**" has the meaning given to such term in the Bye-Laws;

"**General Meeting**" means the corporate body that consists of shareholders or members of the Company, or the meeting in which such persons ensemble;

"**Global Head of Risk**" means the global head of risk of the Company;

"**Group**" has the meaning given to such term in the Bye-Laws;

"**Independent Director**" has the meaning given to such term in the Bye-Laws;

"**Non-Executive Director**" has the meaning given to such term in the Bye-Laws;

"**Officer**" has the meaning given to such term in the Bye-Laws;

"**Relationship Agreement**" means the relationship agreement entered into by the Company with Javak Investments B.V. and Avalon Holding B.V. dated 13 January 2023 as amended from time to time;

"**Risk & Sustainability Committee**" means the risk and sustainability committee of the Board; and

"**Secretary**" has the meaning given to such term in the Bye-Laws.

