

BLACKSTONE LOAN FINANCING LIMITED (the "Company")

Terms of Reference for the Risk Committee

Adopted: 1 February 2023

1. CONSTITUTION

- 1.1 The risk committee (the "**Committee**") has been established by resolution of the board of directors of the Company (the "**Board**") and is to be known as the Risk Committee.

2. FUNCTION

- 2.1 The function of the Committee is to advise the Board on risk-related matters to help ensure that the Company maintains effective risk management arrangements and internal controls. The Committee shall also engage with service providers, particularly the Portfolio Adviser and Company Secretary (the "**Key Service Providers**"), to ensure that they maintain effective risk management arrangements and internal controls.

3. AUTHORITY

- 3.1 The Committee is authorised by the Board at the expense of the Company to investigate any activity within its terms of reference. It is authorised to seek any information that it requires from any director of the Company or third party. It is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.

4. ACCOUNTABILITY TO BOARD AND STAKEHOLDERS

The Committee shall:

- 4.1 Provide consolidated oversight and challenge of the Board's treatment and reporting of the Company's principal and emerging risks, including those risks within the remit of other Board committees.
- 4.2 Seek regular Board engagement and direction on the Company's principal and emerging risks and other key board risk topics. This should include escalation of contentious or strategically significant agenda items to the Board for further consideration, even if within the Committee's official remit.
- 4.3 Confirm that delegated risk-related responsibilities are clearly defined between Board committees and service providers and that appropriate arrangements are in place to support effective co-operation, co-ordination and communication between committees when dealing with matters of common interest.
- 4.4 Where relevant, consider the benefits of, and support the Committee Chair in, engaging with investors and other key stakeholders on risk-related topics. The Chair of the Committee, or, in their absence, a duly authorised representative of the Committee, shall be available at the annual general meeting of the Company to answer questions regarding the Committee's activities and its responsibilities.
- 4.5 After each Committee meeting, provide the Board with a clear and concise summary of the Committee's activities and matters considered, and any associated recommendations.

5. **COMPOSITION AND MEMBERSHIP**

- 5.1 These terms of reference may be amended from time to time as required, subject to approval by the Board.
- 5.2 The Committee shall be appointed by the Board and shall consist of all the independent non-executive directors of the Company. Other directors who are not members of the Committee shall have the right of attendance.
- 5.3 The Chair of the Committee shall be appointed by the Board, but shall not be the chair of the Board. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the board.
- 5.4 When considering candidates for the Board, the remuneration and nomination committee of the Board shall have due regard to the balance of skills and expertise required by the Risk Committee to fulfil its remit effectively.
- 5.5 The Committee shall ensure that relevant continuing professional education is undertaken by members to ensure that they are sufficiently briefed on specific risk topics.

6. **CONDUCT OF MEETINGS**

- 6.1 A quorum shall be two Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 6.2 The Committee may invite other attendees to any meeting including other non-independent Directors or representatives of the auditor or other key service providers.
- 6.3 The Committee shall meet at least two times a year and, where possible, meetings shall precede Board meetings to allow recommendations to be made and/or matters escalated to the Board without delay.
- 6.4 Meetings may be held more frequently if the Committee deem it necessary.
- 6.5 Meetings shall be convened by the Company Secretary at the request of any of the members of the Committee or the auditors.
- 6.6 The Company Secretary shall:
 - 6.6.1 be the secretary of the Committee and attend all meetings;
 - 6.6.2 shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance; and
 - 6.6.3 circulate the minutes of meetings of the Committee to all members of the Board.
- 6.7 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Committee, any other person required to attend not later than 48 hours prior to the date of the meeting.

7. DUTIES

Risk Strategy and risk appetite:

- 7.1 The Committee shall provide the Board with advice on the continued appropriateness of the Board-set risk strategy and risk appetite in light of the Company's stated purpose, values, risk culture expectations, corporate strategy and strategic objectives.
- 7.2 Consequently, the Committee shall evaluate and advise the Board as to whether the Company's Board-set risk strategy and risk appetite:
- clearly define the Company's overall approach to managing risks;
 - align and are consistent with the Company's business model – including its stated purpose, values, risk culture expectations, corporate strategy and strategic objectives;
 - describe the aggregate types and extent of risk the Company is willing to assume (or wishes to avoid) in both normal and stressed conditions in order to achieve its strategic objectives;
 - translate into a robust, Board-approved risk management framework designed to aid effective management decision-making, risk monitoring and reporting; and
 - help the Board understand, analyse and make appropriate prioritisation decisions between competing strategic aims.
- 7.3 The Committee shall periodically review and recommend for Board consideration and approval, proposed material changes to the Company's risk management framework consistent with the Board-approved risk strategy and risk appetite.
- 7.4 The Committee shall notify the Board promptly of actual or likely material breaches of risk appetite and comment on the adequacy of service providers' response, including recommending further actions where appropriate

Principle risks and continued viability

- 7.5 The Risk Committee shall assess and advise the Board on the Company's principal and emerging risks and how these may affect the likely achievement of the Company's strategic objectives and continued viability of its business model.

Risk management and internal control systems

- 7.6 The Risk Committee shall monitor and periodically advise the Board as to the overall effectiveness of the Company's risk management and internal control systems.

Risk information and reporting

- 7.7 The Risk Committee shall assess and advise the Board on the quality and appropriateness of the Company's risk information and reporting.

Risk culture

- 7.8 The Risk Committee shall consider and periodically report to the Board as to whether the Company's purpose, values and Board-approved risk culture expectations are appropriately embedded in the Company's risk strategy and risk appetite, and are reflected in observed behaviours and decisions.

Key Service Provider risk function independence and objectivity

- 7.9 The Risk Committee shall review the independence and objectivity of the risk functions of the Key Service Providers.

Compliance

- 7.10 to have regard to the terms and conditions of the prospectus of the Company dated 23 November 2018 and any new prospectus and listing documents, including the Financial Position & Prospects Procedures, published by the Company from time to time (the "Prospectus"), in particular, but without limitation the Company's compliance with its investment objectives, policies, restrictions and borrowing limits;
- 7.11 to ensure the existence of:
- 7.11.1 a formal AML/CFT policy that includes effective barriers to counter money laundering and the financing of terrorism and the effective measures to address them; and
 - 7.11.2 an appropriate AML/CFT business risk assessment in accordance with the requirements of the JFSC's Handbook
- 7.12 to ensure due regard is given to
- 7.12.1 Directive 2011/61/EU on Alternative Investment Fund Managers ("AIFMD") and in particular the relevant provisions of Section 3 of the Codes of Practice issued by the JFSC for AIFs and AIF Services Business;
 - 7.12.2 the AIC Code of Corporate Governance, in particular
 - (a) determination of the nature and extent of the principal risks the Company is willing to take in achieving its strategic objectives;
 - (b) assess the principal risks and explain how they are being managed or mitigated;
 - (c) assess the ability to be able to continue in operation and meet liabilities taking account of their current position and principal risks, and specify the period over which it can do so and why it is considered appropriate.
 - (d) to maintain sound risk management and internal control systems;
 - (e) to establish formal and transparent arrangements for considering how they should apply to risk management; and
 - (f) to monitor the Company's risk management and internal control systems (including financial, operational and compliance controls) and, at least annually, carry out a review of their effectiveness, and report on that review (or procure a report on that view) in the Annual Report;
 - 7.12.3 the applicable requirements of The Disclosure and Transparency Rules made by the UK Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 ("DTRs") and the Listing Rules of the UK Listing Authority ("UKLA Rules"), in particular to monitor the effectiveness of the risk management systems;

7.12.4 any applicable laws, listing rules and regulation, including but without limitation the Codes of Practice for Certified Funds published by the JFSC, the Listing Rules and any other applicable rules, as appropriate;

7.12.5 UK & US FATCA;

any international tax reporting obligations; and

7.12.6 any other legal, regulatory or tax laws, and changes to, that affect the Company.

Performance review

7.13 At least once a year, to review its own performance, constitution and terms of reference to ensure it is operating effectively and discharged its responsibilities and recommend any changes it considers necessary to the Board for approval.

8. PROVISION OF INFORMATION

8.1 In order for the Committee to properly carry out its functions, it will be necessary for the Committee to be provided with appropriate information including professional advice in respect of any legal, tax, listing or regulatory change in particular, but without limitation, the future applicability of any further provisions of AIFMD to the Company.

Last Reviewed: 1 February 2023