

Risk Management Committee

5 August 2020

TERMS OF REFERENCE
RISK MANAGEMENT COMMITTEE

Prepared by: Group Legal

Adopted: 5th August 2020

TABLE OF CONTENTS

1. STATUS AND PURPOSE	3
2. MEMBERSHIP	3
3. SECRETARY	3
4. QUORUM.....	3
5. FREQUENCY OF MEETINGS.....	3
6. NOTICE OF MEETINGS	4
7. MINUTES OF MEETINGS.....	4
8. DUTIES	4
9. REPORTING	5
10. AUTHORITY.....	6

1. STATUS AND PURPOSE

- 1.1. The current Terms of Reference of the Risk Management Committee (Committee) were reviewed and adopted by a resolution of the Committee on 5th August 2020.
- 1.2. These Terms of Reference set out the authorities and responsibilities delegated to the Committee by the Board.
- 1.3. The principal role of the Committee is to assist the Board in providing oversight and control of all significant risks across the Group and developing its risk management strategy accordingly. This includes overseeing the current and future risk exposures and risk strategy, developing and monitoring the effectiveness of the risk management framework, including risk appetite, risk policies, key process and controls, and the promotion of a risk-aware culture throughout the Group. Notwithstanding the foregoing, the Board, acting by itself or in association with the Audit Committee, will be ultimately responsible for the Group's risk management function.

2. MEMBERSHIP

- 2.1. There must be at least three Committee members.
- 2.2. Committee members shall be appointed by the Board in consultation with the chair of the Committee (Chair).
- 2.3. The membership of the Committee shall comprise the Group Executive Committee and such other senior management as the Chair may deem fit from time to time.
- 2.4. The Chair shall be the Group Chief Executive. In the absence of the Group Chief Executive or an appointed deputy at a Committee meeting, the members present at any meeting of the Committee shall elect one of their number to chair the meeting.
- 2.5. Members shall have appropriate knowledge, skills and expertise to fully understand risk appetite and strategy.
- 2.6. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.

3. SECRETARY

The Company Secretary, or Assistant Company Secretary, shall act as the secretary of the Committee (Secretary) and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

4. QUORUM

The quorum necessary for the transaction of business of the Committee shall be two members.

5. FREQUENCY OF MEETINGS

The Committee shall meet at least three times, normally four times, a year at appropriate times and otherwise as required.

6. NOTICE OF MEETINGS

- 6.1. Meetings of the Committee shall be called by the Secretary at the request of the Chair.
- 6.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of items to be discussed, shall be forwarded by the Secretary to each member of the Committee and any other person required to attend no later than two working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

7. MINUTES OF MEETINGS

- 7.1. The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 7.2. Draft minutes of Committee meetings shall be circulated to the Chair. Once approved, minutes shall be circulated to all members of the Committee.

8. DUTIES

- 8.1. The Committee shall advise the Board on:
 - (a) the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives;
 - (b) the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact; and
 - (c) the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on implications for the risk appetite, tolerance and strategy of the Company, and taking independent external advice where appropriate and available.
- 8.2. More specifically, the Committee shall:
 - (a) consider the returns by the Group operating companies on the significant risk reports including any "top-down" and "bottom-up" risk reports;

- (b) determine what action shall be taken and allocate responsibilities for matters arising out of reports by the Group operating companies;
- (c) at least annually conduct a review of the risk register and determine whether there are new risks to be communicated to the Group operating companies for their report. This review shall include (1) the risk trend and risk appetite for each of the principal risks and (2) the ranking of the risks to determine the principal risks to be reported externally in the Annual Report;
- (d) as appropriate, appoint individual members to have responsibility for specific areas of risk management;
- (e) consider reports from individual members on risk management matters where controls are required but where the potential effects do not make them significant risks;
- (f) review the system of communication and risk management and reporting procedures followed by the Group operating companies on an annual basis to ensure that the systems are adequate and effective;
- (g) review the risk register and the adequacy of countermeasures against the identified significant risk level;
- (h) work and liaise as necessary with all other Board committees, particularly the Audit Committee, ensuring interaction between committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls on the work of other committees;
- (i) identify emerging risks;
- (j) consider risk-related matters such as the performance of the anti-bribery and corruption programme, the Modern Slavery statement, the Crisis Management Plan; and
- (k) in exercising its functions and duties, have regard to the general duties of directors specified in sections 171 to 177 of the Companies Act 2006 (Act) and in particular to the duty to promote the success of the Company for the benefit of its members as a whole contained in section 172 of the Act and, so far as relevant, to the matters listed in that section.

9. REPORTING

- 9.1. The Chair shall report formally to the Board/Audit Committee on its proceedings after each meeting and provides such other information as the Board/Audit Committee may request for consideration from time to time.

- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The Committee shall compile a report of its activities to be included in the Company's Annual Report, describing the work of the Committee.

10. AUTHORITY

The Committee is authorised to:

- (a) request the attendance of any employee at a meeting of the Committee and/or seek any information it requires from any employee within the Group in order to perform its duties;
- (b) delegate any matter or matters to another committee or person(s) as it deems appropriate; and
- (c) obtain, at the Company's expense, independent legal or other professional advice on any matter within its terms of reference if it believes it necessary to do so.