

DERWENT LONDON

TERMS OF REFERENCE

Risk Committee

Members of the Risk Committee:

Richard Dakin (Chair)
Cilla Snowball
Lucinda Bell
Sanjeev Sharma
Helen Gordon

Risk Committee: Terms of Reference

1. Membership

- 1.1 The Committee shall be made up of at least three members, all of whom shall, in the opinion of the Board, be independent Non-Executive Directors. Membership shall include the Chair of the Audit Committee. Members shall have appropriate knowledge, skills and expertise to fully understand risk appetite and strategy. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Risk Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, Chief Financial Officer, other Directors, representatives of the risk function, compliance, and external audit may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided the Director still meets the criteria for membership of the Committee. Any further term will be based on annual re-appointment.
- 1.4 The Board shall appoint the Committee Chair who shall be a Non-Executive Director. In the absence of the Committee Chair 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.

2. Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee 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.

3. Quorum

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

4. Frequency of meetings

- 4.1 The Committee shall meet at least three times a year at appropriate times and otherwise as required.
- 4.2 The Committee may hold meetings by telephone or using any other method of electronic communication and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Chair of the Committee.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair and any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five 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.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be provided promptly to the Chair of the Committee. Once approved, minutes should be distributed to all members of the Committee and made available to all other members of the Board unless a conflict of interest exists.

7. Annual General Meeting

- 7.1 The Committee Chair should attend the annual general meeting to answer shareholder questions on the Committee's activities. In addition, the Committee Chair should respond to engagement requests from shareholders on significant matters related to the Committee's areas of responsibility.

8. Duties

- 9.1 The Committee should carry out the duties below for the parent company, and the group as a whole, as appropriate.
- 9.2 Within the duties set out below, there are certain duties that could be undertaken by either the Audit Committee or the Risk Committee and there is some overlap in duties. The precise allocation of responsibilities should be detailed in the terms of reference for the Audit Committee and the terms of reference for the Risk Committee and should be agreed by the Board.

The Committee shall:

Risk appetite, tolerance and strategy

- 9.3 Advise the Board on 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.
- 9.4 Advise the board on 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.

- 9.5 Advise the Board on 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.

Narrative reporting

- 8.6 Review the company's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the Board's assessment of principal and emerging risks.
- 8.7 Monitor and review the company's internal controls and risk management systems. The review of the company's internal financial controls remains the responsibility of the Audit Committee.
- 8.8 Review and assess the company's risk appetite.
- 8.9 Evaluate the company's principal risks, to be taken into account by the Board when assessing the company's prospects.
- 8.10 Review and approve the statements to be included in the annual report concerning internal controls, risk management. Including the assessment of principal risks and emerging risks.
- 8.11 Review reports on any material breaches of internal control and the adequacy of proposed action.

Risk management systems

The Committee shall oversee and seek suitable assurance regarding:

- 8.12 The risk exposures of the company, including risk to the company's business model.
- 8.13 The adequacy and effectiveness of the company's processes and procedures to manage risk, including the design, implementation and effectiveness of those systems.
- 8.14 The ability of the company's risk management systems to identify the risks facing the company and enable a robust assessment of principal risks.
- 8.15 The company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
- 8.16 Review the company's capability to identify and manage new risk types.
- 8.17 If requested, provide qualitative and quantitative advice to the remuneration Committee on risk implications of the performance objectives incorporated in executive remuneration.
- 8.18 Review the company's procedures for the preventing and/or detecting of bribery and monitor the reports generated by the procedures.

- 8.19 Consider all new conflicts or potential conflicts of which the company secretary is advised and recommend to the Board whether the situation should be authorised and on what terms.

9. Reporting responsibilities

- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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 produce a report of its activities and the company's risk management and strategy to be included in the company's annual report.

10. Other matters

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2 Arrange for an annual update by the company's legal advisers addressing recent developments within the Committee's duties and responsibilities.
- 10.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.4 Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- 10.5 Oversee any investigation of activities which are within its terms of reference.
- 10.6 Work and liaise as necessary with all other Board committees 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.
- 10.7 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised to:

- 11.1 Undertake any activity within its terms of reference.

- 11.2 Have unrestricted access to the Company's documents and information, including on request any information from any employee/ Director/ contractor/ consultant (or other external advisers or provider of services, including consultants, legal advisers or tax advisers) of the Company, at the Company's expense, in order to perform its duties.
- 11.3 Request the attendance of any employee, contactor, consultant, or other external provider of services or advice to the Company, at a meeting of the Committee, as and when required.
- 11.4 Delegate any matter or matters to another committee or person(s) as it deems appropriate.