

# DERWENT LONDON

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## TERMS OF REFERENCE

### Risk Committee

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#### Members of the Risk Committee:

Mr R. Dakin (Chair)  
Mr S.G. Young  
Mrs P.D. Snowball  
Mrs L. Bell (from 1 January 2019)

**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 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, Finance Director, 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.

**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 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**

The Committee Chair should attend the annual general meeting to answer shareholder questions on the Committee's activities.

## **8. Duties**

- 8.1 The Committee should carry out the duties below for the parent company, and the group as a whole, as appropriate.
- 8.2 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:

- 8.3 in connection with the company's control systems-
- 8.3.1 Keep under review the effectiveness of the company's internal controls and risk management systems and review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 8.3.2 Review reports on any material breaches of internal control and the adequacy of proposed action.
- 8.3.3 The review of the company's internal financial controls remains the responsibility of the audit Committee.
- 8.4 Oversee and advise the Board on the current risk exposures of the company and future risk strategy.
- 8.5 in relation to risk assessment –
- 8.5.1 Keep under review the company's overall risk assessment processes

that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used.

- 8.5.2 Review regularly and approve the parameters used in these measures and the methodology adopted.
- 8.5.3 Set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 8.6 Review the company's capability to identify and manage new risk types.
- 8.7 If requested, provide qualitative and quantitative advice to the remuneration Committee on risk implications of the performance objectives incorporated in executive remuneration.
- 8.8 Review the company's procedures for preventing and/or detecting fraud.
- 8.9 Review the company's procedures for the preventing and/or detecting of bribery and monitor the reports generated by the procedures.
- 8.10 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.
- 8.11 Consider and approve the remit of the risk management committee and ensure it has access to adequate resources and appropriate information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that it has adequate independence and is free from management or other restrictions.

## **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 the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
- 10.5 Oversee any investigation of activities which are within its terms of reference.
- 10.6 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, contractor, consultant, or other external provider of services or advice to the Company, at a meeting of the Committee, as and when required.