

# **SANNE GROUP PLC**

## **RISK COMMITTEE**

Terms of Reference  
1 January 2018

## Terms of Reference – Risk Committee

The board of directors (the “**Board**”) of Sanne Group plc (the “**company**”) has resolved to establish a committee of the Board to be known as the Risk Committee (the “**Committee**”).

### 1. Membership

- 1.1 The Committee shall comprise at least three members. The Committee should include the chairman of the Audit Committee as a member. All members of the Committee shall be independent non-executive directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the chairman of the Committee.
- 1.2 The Chief Financial Officer (“CFO”) shall be in attendance at all meetings. The Chief Risk Officer (“CRO”) shall be expected to attend all meetings. The Committee chairman shall decide with the Chief Executive Officer (“CEO”), whether the CEO should be present at all meetings.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals including the chairman of the board, CEO, other directors, the Head of Internal Audit and the Chief Compliance Officer and other representatives of the risk function, compliance, and internal and external audit may be invited to attend all or part of any meeting meetings of the Committee as and when deemed appropriate and necessary by the Board or the risk Committee.
- 1.4 Appointments to the Committee shall be for a period of up to three years which may be extended for further periods of up to three years, provided members continue to be independent and meet the criteria for membership.
- 1.5 The Board shall appoint the Committee chairman who shall be a non-executive director. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6 At least once a year, the Committee shall meet with the CRO, the Head of Internal Audit (if applicable) and the external auditors respectively without the presence of executive management to discuss any matters that either the Committee or these three believe should be discussed privately.

### 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.

### 4. Frequency of meetings

- 4.1 The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle, and otherwise as required for the Committee to effectively discharge its roles and responsibilities.

- 4.2 Outside of the formal meeting programme, the Committee chairman will maintain a dialogue with key individuals involved in the company's governance, including the Board chairman, the CEO, the CFO and the external audit lead partner.

## 5. Notice of meetings

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members or at the request of the CRO, the external audit lead partner, or the Head of Internal Audit if they consider it necessary.
- 5.2 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 to each member of the Committee, any other person required to attend and all other non-executive directors, 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. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in this way.

## 6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and decisions 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 sent to the Chairman of the Committee for approval. Minutes once approved should be circulated to all other members of the Committee and the Board unless it would be inappropriate to do so in the opinion of the Committee chairman.
- 6.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the company's records, in hard and soft copy where possible.

## 7. Annual general meeting

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

## 8. Duties - Risk

The Committee shall:

- 8.1 Advise the Board on the company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Bank of England, the Prudential Regulation Authority, the Financial Conduct Authority and other authoritative sources that may be relevant for the company's risk policies;
- 8.2 oversee and advise the Board on the current risk exposures of the company and future risk strategy;
- 8.3 in relation to risk assessment:
- 8.3.1 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;
- 8.3.2 review regularly and approve the parameters used in these measures and the methodology adopted; and

- 8.3.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- 8.4 review the company's capability to identify and manage new risk types, in conjunction with the Audit committee;
- 8.5 before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the company, and taking independent external advice where appropriate and available;
- 8.6 review reports on any material breaches of risk limits and the adequacy of proposed action;
- 8.7 keep under review the effectiveness of the company's internal financial controls and 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;
- 8.8 provide qualitative and quantitative advice to the Remuneration Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- 8.9 review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- 8.10 review the company's procedures for detecting fraud;
- 8.11 review the company's procedures for the prevention of bribery;
- 8.12 keep under review the performance of the compliance function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant regulatory and professional standards across the Company. The Committee shall also ensure the function has adequate independence and is free from management and other restrictions;
- 8.13 consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards across the . The Committee shall also ensure the function has adequate independence and is free from management and other restrictions;
- 8.14 keep under review the performance of the CRO and recommend to the Board the appointment and/or removal of the CRO;
- 8.15 review promptly all reports on the company from the CRO;
- 8.16 review and monitor management's responsiveness to the findings and recommendations of the CRO;
- 8.17 ensure the CRO shall be given the right of unfettered direct access to the chairman of the Board and to the Committee; and
- 8.18 work and liaise as necessary with all other Board committees.

## 9. Reporting responsibilities

- 9.1 The Committee chairman 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 on its activities and the company's risk management and strategy to be included in the company's annual report.
- 9.4 The directors' report in the annual report and accounts should set out risk management objectives and policies including in relation to financial instruments.

## 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 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;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 10.4 oversee any investigation of activities which are within its terms of reference; and
- 10.5 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.

## 11. Authority

The Committee is authorised to:

- 11.1 Seek any information it requires from any employee/director of the company in order to perform its duties;
- 11.2 obtain, at the company's expense, external legal or other professional advice on any matter within its terms of reference where required;
- 11.3 request the attendance of any employee at a meeting of the Committee as and when required; and
- 11.4 form a sub-committee to address specific aspects of its duties.