

LETTER FROM THE CHAIRMAN OF THE RISK COMMITTEE



RICHARD DAKIN
CHAIRMAN OF THE RISK COMMITTEE

Dear Shareholder,

I am pleased to present this year's report of the Risk Committee having taken over as Chairman of the Committee from June de Moller in August 2014.

Whilst market conditions generally have remained strong throughout the year, our increased activity, putting greater emphasis on appropriate internal controls, and other emerging external risks have all served to keep the overall risk profile elevated. Given the political landscape both in the UK with the general election and in Europe where renewed uncertainty over the stability of the Eurozone remains, we would expect limited change to this heightened risk profile in the coming year.

During the year the Committee continued to draw on the recommendations in last year's review of the Group's risk assessment process. One of these was to formalise the assessment process and this resulted in the Committee overseeing the preparation of documents which set out the Group's risk appetite and its risk management policy and process. These were subsequently adopted by the Board.

One of the changes introduced in the latest update of the UK Corporate Governance Code is focused on risk management and internal control. This, together with the publication of the FRC's guidance on Risk Management, Internal Control and Related Financial and Business Reporting demonstrates the increased attention being given by investors to companies' risk management processes and reporting. In the light of this, we reviewed the Committee's procedures to ensure that the Group continues to comply with the guidance where applicable and the requirements of the UK corporate Governance Code.

RICHARD D.C. DAKIN
CHAIRMAN OF THE RISK COMMITTEE
26 FEBRUARY 2015

REPORT OF THE RISK COMMITTEE

Throughout the year the Committee was served by Stephen Young, John Burns and Damian Wisniewski under the chairmanship of June de Moller until August 2014 when Richard Dakin took over the chair.

Rules and responsibilities

The Committee's terms of reference are available on the Company's website.

Meetings

Three meetings are scheduled for the year with extra meetings convened if necessary for the Committee to discharge its duties.

Work of the Committee

During the year the Committee undertook the following tasks:

- Reviewed the Group's risk register.
- Approved the Group's risk appetite statement, risk management policy and risk management process prior to their consideration and adoption by the Board.
- Received presentations from senior management concerning the controls over certain parts of the business or specific risks.
- Considered the operation of the Group's risk management process and non-financial internal controls.
- Facilitated an online training course for all employees to increase staff awareness of cybercrime.
- Considered a report from the Group's legal advisors concerning potential regulatory risks over the next 12 months.
- Reviewed the Group's register of hospitality and gifts maintained under the Group's Bribery Act procedures.
- Reviewed the Group's register of potential conflicts of interest.
- Reviewed the Committee's terms of reference.

RICHARD D.C. DAKIN
CHAIRMAN OF THE RISK COMMITTEE
26 FEBRUARY 2015