

1pm plc Terms of Reference

Risk and Compliance Committee

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Review and Sign Off

Date	Name / Committee and Designation
1 October 2018	Ian Smith / CEO

Summary Information

Document Owner	1pm plc Head of Governance and Compliance
Related Policies and Procedures	<ul style="list-style-type: none"> - Nominations Committee TOR - Audit Committee TOR - Remuneration Committee TOR
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Table of Contents

1	Purpose	2
2	Composition and procedure	2
3	Duties and responsibilities	3
4	Reporting responsibilities	3

1pm plc Terms of Reference

Risk and Compliance Committee

1. Purpose

The purpose of the Risk Management Committee (the “Committee”) is to identify, assess, monitor and manage risk. The Committee is to oversee, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

2. Composition and procedure

- a. Following each annual meeting of shareholders of the Company, the Board shall elect from its members no fewer than three directors, the majority of whom are unrelated directors, to serve on the Committee.
- b. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director of the Corporation. Each member shall hold office until the close of the next annual meeting of shareholders of the Company or until the member resigns or is replaced, whichever occurs first.
- c. A vacancy may be filled, or an additional member may be appointed by the Board to hold office until the next annual meeting of shareholders of the Company.
- d. The Chairman of the Committee shall be designated by the Board from among the unrelated members of the Committee. In the absence of the Chairman of the Committee at any meeting of the Committee, the members present at the meeting shall appoint one of their members to act as Chairman of the meeting.
- e. The Committee shall hold such number of meetings as may be required to meet its responsibilities and shall meet at the call of the Chairman of the Committee.
- f. The quorum for meetings shall be two 2 directors, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- g. A notice of meeting shall be sent no later than forty-eight 48 hours prior to such meeting. However, meetings of the Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner either before or after the meeting.
- h. The Committee shall invite such officers, directors, and employees of the Company, as it may deem appropriate, to attend a Committee meeting and assist thereat in the discussion and consideration of matters relating to the Committee.
- i. The Secretary of the Company will act as the Secretary of the Committee.
 - j. Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the Chairman of the Committee shall be entitled to a second or deciding vote.
 - k. The Committee is authorised to seek any information it requires from any employee of the Corporation in order to perform its duties.
 - l. The Committee may, with the authorisation of the Board, obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference.

3. Duties and responsibilities

3.1 Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board.

3.2 The Committee shall:

- (i) review the risk identification and management process developed by management to confirm it is consistent with the Company’s strategy and business plan;
- (ii) review management’s assessment of risk at least annually and provide an update to the Board in this regard;
- (iii) inquire of management and the independent auditor about significant business, political, financial, regulatory and control risks or exposure to such risk;
- (iv) oversee and monitor management’s documentation of the material risks that the Company faces and update as events change and risks shift;
- (v) assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance;

1pm plc Terms of Reference

Risk and Compliance Committee

- (vi) oversee and monitor management's review, at least annually, and more frequently if necessary, of the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks); and
- (vii) review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
 - (a) management's tolerance for financial risks;
 - (b) management's assessment of significant financial risks facing the Company;
 - (c) the Company's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
 - (d) to review with the Company's counsel, legal matters which could have a material impact on the Company's public disclosure, including financial statements.

4. Reporting responsibilities

- 4.1 The Committee shall report to the Board at its next regular meeting on its proceedings on all matters within its duties and responsibilities.
- 4.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 4.3 The Committee shall, at least once a year, review its own performance, 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.