



DWF GROUP PLC  
(the Company)

**Risk Committee: Terms of Reference**

(approved at a meeting of the Board of directors of the Company held on 18 January 2019)

Constitution

1. A committee of the Board shall be established by resolution of the Board, to be known as the Risk Committee.

Membership

2. The Risk Committee shall be appointed by the Board, on the recommendation of the nomination committee in consultation with the chair of the Risk Committee, in accordance with the Company's articles of association.
3. The Risk Committee shall be a standalone committee, distinct from the audit committee.
4. All members of the Risk Committee shall be independent non-executive directors. The Risk Committee shall consist of a minimum of three members, of which one member shall be the chair of the Audit Committee. The Risk Committee must include members who have experience with regard to risk management issues and practices.
5. The chair of the Risk Committee shall be appointed by the Board on the recommendation of the nomination committee who shall be an independent non-executive director from among the members of the Risk Committee. In the absence of the chair of the Risk Committee (and/or an appointed alternate member), the members present at any meeting of the Risk Committee shall elect one of their number to chair the meeting.
6. The chair and members of the Risk Committee shall be listed each year in the Company's annual report.
7. If any member of the Risk Committee is unable to act for any reason, the chair of the Risk Committee may appoint another independent non-executive director of the Company (agreed by the other members of the Risk Committee) to act as that member's alternate.
8. The company secretary or his or her nominee shall be the secretary of the Risk Committee. The secretary shall ensure that the Risk Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
9. Each member of the Risk Committee shall disclose to the committee:
  - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Risk Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Risk Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the Board) shall resign from the Risk Committee.



## Meetings

10. The Risk Committee shall meet at least three times a year, to coincide with key dates within the financial reporting and audit cycle and otherwise as the chair of the Risk Committee shall require.
11. No one other than the chair and members of the Risk Committee is entitled to be present at a meeting of the Risk Committee. The chair and members of the Risk Committee shall, however, have the discretion to decide if other individuals may be invited to attend for all or part of any meeting, as and when appropriate.
12. The CFO and the Director of Risk Management and Excellence shall be in attendance at all meetings, at the invitation of the Risk Committee.
13. The quorum for meetings of the Risk Committee shall be two members present throughout the meeting. A duly convened meeting of the Risk 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 Risk Committee.
14. Meetings of the Risk Committee shall be called by the secretary of the Risk Committee at the request of any member or at the request of the Director of Risk Management and Excellence if he or she considers it necessary.
15. Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, where appropriate, shall be forwarded to each member of the Risk Committee and any person invited to attend no later than five working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Risk Committee to all members of it and to arrange such meetings so that members are able to attend them.
16. A member of the Risk Committee may participate in committee meetings by telephone.
17. In the event of an equality of votes, the chair of the Risk Committee shall have a casting vote.
18. The secretary of the Risk Committee shall prepare minutes of the proceedings of all meetings of the Risk Committee, including the names of those present and in attendance, and, after approval and signature by the chair of the Risk Committee, shall circulate the minutes to all members of the Risk Committee and to the chairman of the Board and, once agreed, to all other members of the Board, unless it would be inappropriate to do so.
19. The chair of the Risk Committee shall be available to answer questions about the committee's activities at the annual general meeting of the Company. All members of the Risk Committee shall also attend the annual general meeting.

## Duties

20. The Risk Committee should carry out the duties set out below for the Company and its subsidiary undertakings (together, the Group).
21. Risk. The duties of the Risk Committee shall be:
  - (a) to advise the Board on the Group's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment;



- (b) to oversee and to advise the Board on the current risk exposures of the Group and future risk strategy;
- (c) in relation to risk assessment:
  - (i) to keep under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;
  - (ii) to review regularly and to approve the parameters used in these measures and the methodology adopted;
  - (iii) to set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
- (d) to review the capability of the Group to identify and manage new risk types;
- (e) where requested by the Board, to provide advice on the assessment of principal risks facing the Group, including the management and mitigation of those risks;
- (f) before a decision to proceed is taken by the Board in relation to proposed strategic transactions including acquisitions or disposals, to advise the Board and to ensure that a due diligence appraisal of the proposition is undertaken, including a focus on risk aspects and implications for the risk appetite and tolerance of the Group. Independent external advice should be obtained where appropriate and available;
- (g) to review reports on any material breaches of risk limits and the adequacy of proposed action;
- (h) to review reports on material aspects of the Group's insurance cover, including professional indemnity insurance arrangements in relation to the Group's lawyers;
- (i) to provide qualitative and quantitative advice to the remuneration committee on risk weightings to be applied to performance objectives incorporated in executive remuneration;
- (j)
- (k) to review the Group's procedures for detecting fraud;
- (l) to review reports from the Compliance Officer for Legal Practice and the Compliance Officer for Finance and Administration of DWF Law LLP on the adequacy and effectiveness of DWF Law LLP's risk management systems and controls to enable its lawyers, owners, managers and employees to comply with the rules of the Solicitors Regulation Authority;
- (m) to review reports from management in each jurisdiction in which the Group operates on the adequacy and effectiveness of the Group's risk management systems and controls to enable the Group's lawyers and others in the Group to comply with the professional duties of members of the legal profession in those jurisdictions;
- (n) to review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance;
- (o) to review regular reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of the Group's anti-money laundering systems and controls;



- (p) to review regular reports from the Director of Risk Management and Excellence and the adequacy and effectiveness of the Group's compliance function;
  - (q) to consider the major findings of internal investigations and management's response;
  - (r) to consider and approve the remit of the risk management function to:
    - (i) 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; and
    - (ii) ensure it has adequate independence, being free from management or other restrictions;
  - (s) to recommend to the Board the appointment and/or removal of the Director of Risk Management and Excellence;
  - (t) to review promptly all reports on the Group from the Director of Risk Management and Excellence;
  - (u) to review and monitor management's responsiveness to the findings and recommendations of the Director of Risk Management and Excellence;
  - (v) to give to the Director of Risk Management and Excellence the right of unfettered direct access to both the chairman of the Board and the chair of the Risk Committee;
  - (w) to monitor the Group's compliance with the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable laws and guidance, as appropriate; and
  - (x) to consider any reports, findings and directives of the Group's legal professional regulators, as appropriate, and to provide guidance and advice to the Board on the policies, strategy and focus of these regulators to minimise risk to the Group.
22. The Risk Committee shall work and liaise with the other committees of the Board, as may be necessary or desirable, in order to fulfil its duties.
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24. The Risk Committee is authorised by the Board to investigate any activity within the scope of its duties.

#### Reporting responsibilities

25. The reporting responsibilities of the Risk Committee shall be:
- (a) to assist with the review of the Board's viability statement;
  - (b) to assist the Board by preparing a statement for inclusion in the annual report describing the roles and responsibilities of the Risk Committee and actions taken by the committee to discharge those responsibilities; as well as describing how the Risk Committee composition requirements have been addressed and listing the names and qualifications of all members of the committee, the number of committee meetings and attendance by each member.



26. The chair of the Risk Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report formally to the Board on how the committee has discharged its responsibilities. This report shall include any issues on which the Board has requested the Risk Committee's opinion.
27. The Risk Committee shall compile a report of its activities to be included in the Company's annual report.
28. In compiling its reports to the Board and to be included in the annual report, the Risk Committee should exercise judgement in deciding which of the issues it considers are significant, but should include at least the inputs to the Board's viability statement and the statement on corporate governance arrangements.
29. The Risk Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

#### Performance, resources and training

30. The Risk Committee shall also:
  - (a) make available these terms of reference, explaining the role and the authority delegated to it by the Board, by including the information on the Group's website;
  - (b) have access to sufficient resources to carry out its duties, including access to the Company secretariat for assistance as required;
  - (c) consider other topics, as defined by the Board;
  - (d) 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;
  - (e) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules, including the legal professional duties of members of the legal profession within the Group, and any other applicable laws and guidance, as appropriate; and
  - (f) oversee any investigation of activities which are within its terms of reference.
31. The Risk Committee shall review periodically its own performance, and review annually 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.
32. The Risk Committee is authorised by the Board to obtain outside legal, accounting or other independent professional advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise to meetings, if it reasonably considers this necessary, at the Company's expense (subject to any budgetary restraints imposed by the Board).
33. The Risk Committee is authorised to seek any information it requires from any partners or staff of the Group in order to perform its duties and to request the attendance of any partners or staff at any meetings of the Risk Committee in respect of such information.

#### Professional Duties Prevail



34. In fulfilling its purpose, the Risk Committee:
- (a) acknowledges that each lawyer of the Group has professional duties as a member of the legal profession in the jurisdiction (or jurisdictions) where he or she is entitled to practise law;
  - (b) acknowledges that all decisions and recommendations made by the Risk Committee in respect of the Group's lawyers will be made having regard, and will be subject, to the requirement that the professional duties of members of the legal profession within the Group prevail over the decisions and recommendations made by the Risk Committee; and
  - (c) agrees that, to the extent that any lawyer of the Group experiences a conflict or potential conflict between the matters referred to in paragraph (b) above, then, to the extent of the conflict or potential conflict, such lawyer's professional duties shall prevail.