Risk Committee

Terms of Reference

Section 1: General

1. Role of the Committee – purpose & authority	• The Committee assists the Governance Board in overseeing the Firm's risk management, internal control and compliance arrangements. It performs the responsibilities and exercises the powers delegated to it under these Terms of Reference. • The Board delegates to the Committee, under clause 13.3 of the Partnership Agreement, the responsibilities and powers expressly identified in these Terms of Reference as being for determination or approval by the Committee. The Committee exercises those powers subject to the Partnership Agreement and any direction of the Board. • The Committee does not exercise powers reserved to the Board but may review and make recommendations to the Board on those matters as set out below.
2. Membership	The composition, Chair and Terms of Reference of the Committee will be determined by the Board.
3. Meeting Participation	Chief Risk & Ethics Officer Head of Enterprise Risk Chief Internal Auditor General Counsel The individuals holding the above roles have a standing invitation to attend Committee meetings, except where their attendance may present a conflict of interest. Any other executive may be invited to attend Committee meetings from time to time.
4. Proceedings of the Committee	• The proceedings of the Committee will be conducted in accordance with the applicable requirements of the Partnership Agreement and Board Charter. • A quorum for a meeting is two thirds of Committee members. A member present by way of proxy is included in the quorum. • The Committee has access to all staff and relevant records of the Firm it considers necessary to fulfil its obligations and has the right to seek explanations and additional information from Management. • The Committee shall meet periodically with the Chief Risk & Ethics Officer, without Management present. • At least annually the Committee shall meet separately with the Internal Auditor without Management present.
5. Decisions of the Committee	A resolution is passed if 2/3rds of members participating in the vote approve the resolution. Each Committee member is entitled to one vote.
6. Review	As part of the Board's annual performance assessment process, the Committee's performance and its terms of reference will be reviewed to assess whether it is operating effectively. The Committee will recommend any changes to its terms of reference to the Board, for approval.

Section 2: Powers, Duties, Functions and Responsibilities of the Committee

In order to assist the Board in overseeing risk, the Committee will undertake the following on which it will report and make recommendations to the Board as required:

7. Risk management and internal controls

- Annually review, challenge and recommend for approval by the Board, the Firm's Risk Management Framework and Risk Appetite Statement recommended by the Country Senior Partner ("CSP"), in accordance with the Partnership Agreement.
- Oversee and review Management's implementation of the Firm's Risk Management Framework, in accordance with the Partnership Agreement, including whether it is operating within the Risk Appetite approved by the Board, and if not, what steps are being taken to bring the Firm back into Risk Appetite.

As part of undertaking the above, the Committee will:

- Oversee and challenge the Management's assessment of the Firm's overall risk profile and how risks are being managed, including an annual review of each key risk class (with the exception of People Risk which is reviewed annually at the PP&C and Finance Risk and Finance and Operations Process Risk which are reviewed annually at the FASC).
- Oversee and challenge the Firm's risk culture and the extent to which it supports effective risk management and operation within Risk Appetite. In doing so, the Committee will consider reporting on:
  - (i) risk culture metrics, indicators and trends;
  - (ii) the effectiveness of actions undertaken to strengthen risk culture;
  - (iii) themes and trends arising from the Code of Conduct, Speak Up, Whistleblowing and Complaints process;
  - (iv) material ethical and conduct-related incidents and breaches; and
  - (v) the extent to which behaviours, incentives and decision-marking practices support prudent risk-taking and operation within Risk Appetite.
- Oversee and challenge the Firm's priority risks and other material risk exposures, including Management's assessment of those risks, the effectiveness of relevant controls and mitigation measures, and progress in addressing material issues.
- Consider new and emerging risks and the risk controls and mitigation measures that Management has or is proposing to put in place to address those risks.
- Oversee and challenge the risk profile of each Line of Service (across all relevant risk classes) through an annual deep dive, including Management's assessment of its key and emerging risks, the effectiveness of relevant controls and mitigation measures, and progress in addressing material issues.
- Oversee and challenge the Firm's business continuity and crisis management preparedness, processes and procedures, and reporting to the Board on the Firm's preparedness on an annual basis.
- Oversee Management's assessment of the adequacy of the Firm's internal controls and risk accountabilities, including Management's response to material control failures, lessons learned and remediation.
- Assess whether key risk related roles and responsibilities are appropriately defined by Management.
- Consider whether the Firm's risk management function has the mandate, capability, resources and access to information necessary to perform its role effectively.

In executing its responsibilities, the Committee will, where relevant, consider the public interest in the subject matter as outlined in the Board Charter.

Section 2: Powers, Duties, Functions and Responsibilities of the Committee

8. Internal Audit	• Review periodic summary reporting from the Chief Internal Auditor on findings and recommendations on internal control systems and procedures and monitor Management's response to reviews and its implementation of agreed actions. • Review and approve the Internal Audit Charter (including Mandate), Internal Audit Strategy and Internal Audit Plans. • Make enquiries of the Chief Internal Auditor to determine any scope or budget limitations that may impede the execution of the Internal Audit function's responsibilities. • Annually review the performance, objectivity and independence of the Internal Audit function. • Review results from the quality assurance and improvement program, including conformance with the IIA's Global Internal Audit Standards and action plans to address deficiencies/opportunities for improvement. • Approve decisions regarding the Chief Internal Auditor's job description, as well as the appointment and removal of the Chief Internal Auditor. • For the purpose of supporting the independence of the Internal Audit function, the Chief Internal Auditor reports functionally to the Committee and administratively to the Chief Risk and Ethics Officer.
9. Compliance	• Review and oversee the Firm's framework for identifying, monitoring and managing compliance with applicable laws, regulations and Network Standards. • The Committee is to include a public interest lens in its consideration of the matters set out in this section, as outlined in the Board Charter.
10. TPMs and litigation	• Oversee the conduct of TPMs and litigation, other than matters being overseen directly by the Board, and raise any material issues with the Board. • Recommend for Board determination that a litigation or regulatory investigation is Significant as defined in the Partnership Agreement. • Refer to the Board the settlement of any Significant litigation or Significant regulatory investigation.
11. **Specific delegated authorities**	• Delegate to any member of the Risk Committee the responsibilities and powers under the Partnership Agreement and under the External Appointments Partner Policy in relation to individual partners assuming external governance or advisory roles or standing for elected office. • Determine whether an entity provides services that compete or are likely to compete with those of the Firm and therefore specified in the Partner Policies as a "Relevant Firm" as defined in the Partnership Agreement. • Following such a determination, the Risk Committee shall approve amendments to the Partner Policy to add, amend or remove an entity identified as a Relevant Firm.

Section 3: Interaction with the Board and other Committees

12. Interaction with the Board	The Committee will: • assist the Board in developing its understanding of key issues falling within the Committee's remit, particularly for high priority risks. The Committee Chair will discuss those matters with the Board Chair and play a key role in curating Board sessions on those matters

	• report to the Board at its next meeting on matters considered by the Committee and to other Board Committee Chairs on matters relevant to those Committees • report any exercise of power by the Committee under delegation to the Board which will be noted by the Board in the minutes of its next meeting.
13. Interaction with other Board Committees	• The Committee will liaise with other Board Committees on issues that have implications for areas within their remit.

Approved by the Governance Board.