Risk Committee

Terms of Reference

Section 1: General

1. Role of the Committee	• The broad remit of the Risk Committee is to assist the Governance Board (**Board**) in the effective discharge of its powers, duties, functions and responsibilities under the Partnership Agreement in relation to the Firm's risk management framework and risk appetite statement. • The Committee is responsible for overseeing the Firm's risk and risk-related activities, including monitoring risk management, enabling effective governance and resource allocation. Responsibilities do not include areas delegated to other Board Committees or retained by the Board.
2. Committee members	As determined by the Board from time to time but including an Appointed Board member as Committee Chair.
3. Key executive alignment	Chief Risk & Ethics Officer Head of Enterprise and Operational 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.
4. Delegation of Board's powers, duties, functions and responsibilities	• By approving these Terms of Reference and in accordance with the Partnership Agreement, the Board delegates to the Committee, to exercise on its behalf, the powers, duties, functions and responsibilities specified in section 2 below. • As specified in the Partnership Agreement, the Committee exercises the powers delegated in accordance with any directions of the Board and a power exercised by the Committee is deemed to have been exercised by the Board. • The Board is responsible for the supervision of the exercise of powers, duties, functions and responsibilities delegated by the Board to the Committee.
5. Reporting to the Board	• The Committee reports to the Board on the decisions made in exercising the Board's powers delegated to it, and where appropriate, makes recommendations to the Board on other matters within its remit. • Minutes of the Committee's meetings are prepared and circulated to Board members. The minutes will clearly identify any exercise of power by the Committee under delegation.
6. Structure of the Committee	• The composition, Chair and Terms of Reference of the Committee will be determined by the Board.
7. Proceedings of the Committee	• The proceedings of the Committee will be conducted in accordance with the applicable requirements of the Partnership Agreement. Accordingly: – the Committee will meet whenever the Committee determines it is appropriate. The Committee Chair will set the Committee's operating rhythm.

Section 1: General

	– a quorum for a meeting is 2/3rds Committee members. A member present by way of proxy is included in the quorum. – the Committee may invite any person (including any external adviser) to attend its meeting/s and/or to provide written or verbal advice – minutes of the Committee's meetings are prepared and circulated to the Chair of the meeting and then to other Committee members for review, before being approved by Committee members at the next meeting. • The Committee has unrestricted 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.
8. 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.
9. 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:

10. 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 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 across all key risk categories. • Oversee and challenge the Firm's risk culture and the extent to which it supports the Firm's ability to operate within its risk appetite. • Oversee and challenge the Firm's processes and procedures in respect of client service delivery risk and quality. • Oversee and challenge the Firm's processes and procedures in respect of its Ethics, Whistleblowing Policy, Speak Up and Code of Conduct, including any trends and material issues reported; and raise them with the Board, as necessary. • 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 Firm's business continuity and crisis management readiness, 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. • Review any material incident resulting from a breakdown of the Firm's risk controls and the lessons learned. • Assess whether key risk related roles and responsibilities are appropriately defined by Management. In executing its responsibilities, the Committee will, where relevant, consider the public interest in the subject matter as outlined in the Board Charter. Consider the remit of all Firm risk functions and assess whether they have adequate resources and appropriate access to information to enable them to perform their respective functions in first, second, third lines of accountability effectively. The Committee shall make enquiries to determine whether these functions have adequate independence as applicable and are free from inappropriate management or restrictions.
11. Internal Audit	• Review the Internal Auditor's reports 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 on a quarterly basis and administratively to the Chief Risk and Ethics Officer. • Meet periodically with the Internal Auditor, without Management present.
12. Compliance	• Review and oversee the Firm's framework for identifying, monitoring and managing compliance with applicable laws, regulations and Network Standards. • Oversee compliance with Network Standards. • Review annually key processes, structure, monitoring and reporting activities in respect of the Firm's Compliance Management Framework. • Consider any material findings and recommendations from regulatory and Network reviews and monitor progress being made to address any remediation actions identified. • The Committee is to include a public interest lens in its consideration of the matters set out in this paragraph 12, as outlined in the Board Charter.
13. TPMs and litigation	• Oversee the conduct of TPMs and litigation 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.

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

	• Refer to the Board the settlement of any Significant litigation or Significant regulatory investigation.
14. Other areas	• 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. • Review the statements concerning risk management to be included in significant reports or statements published by the Firm, including its Annual Report. • 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.
15. Reporting to the Committee	• In order to effectively oversee risk and discharge its powers, duties, functions and responsibilities under section 2, the Committee will receive and review reports from Management including from the Chief Risk & Ethics Officer, Head of Enterprise and Operational Risk, OGC, Internal Audit and Business Units and their relevant Risk Leaders. • On an ongoing basis, the Committee will provide feedback on the standard and timeliness of reporting it receives from Management to help assess whether it is adequate, meaningful and enables it to discharge its powers, duties functions and responsibilities.

Section 3: Interaction with the Board and other Committees

16. 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 rated 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 • provide an annual evaluation to the Board of the overall system of risk management and internal control. • 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.
17. 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.