

Membership

1. Members of the Committee shall be appointed by the Board, in consultation with the Chairman of the Risk and Compliance Committee. The Committee shall consist of not less than two members the majority of whom shall be independent non-executive directors (which may include the Chairman);
2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the member remains independent.
3. The Chairman of the Committee shall be appointed by the Board. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number present to chair the meeting although the chair must be an independent non-executive;
4. The quorum necessary for the transaction of business shall be 2 members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any authorities, powers and discretions vested in or exercisable by, the Committee.

Attendance at Meetings

5. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Executive Directors, the Head of Risk, the Head of Internal Audit and the Head of Compliance may be invited to attend all or part of any meeting as and when appropriate.
6. The Committee may also request the attendance of any employee whose participation will enhance the discussion of any particular agenda item. At least quarterly, the Committee shall meet with the Head of Risk Management and the Head of Compliance without members of the executive Board present.
7. The Company Secretary shall be Secretary of the Committee.

Frequency and Notice of Meetings

8. The Committee will meet with sufficient frequency to fulfil its responsibilities but will meet at least four times per year. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chairman or by any of its members;
9. Unless otherwise agreed notice of each meeting confirming venue, time and date together with an agenda of items to be discussed shall be forwarded to each Committee member, any other person required to attend and all other non-executive directors no later than 5 working days prior to the meeting date. Supporting papers shall be sent to the Committee members and other attendees as appropriate, at the same time.

Authority

10. The Committee is authorised by the Board, at the Company's expense (to the agreed limit), to investigate, or arrange an investigation of any activity within its terms of reference. In performing its duties, the Committee is authorised to seek any information it requires from employees of the Company and all employees are directed to co-operate with any request made to the Committee.

11. The Committee is authorised by the Board, at the Company's expense (to the agreed limit) to obtain outside legal or other independent professional advice and to secure the attendance of third parties with relevant experience and expertise if it considers this necessary

Minutes

12. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Minutes of Committee meetings and agreed actions shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board unless it would be inappropriate to do so or unless the Chairman otherwise determines.

Reporting Responsibilities

- 13.1 The Committee Chairman, or in his absence another Committee member, shall report formally to the Board on its proceedings after each meeting on all significant matters within its duties and responsibilities.
- 13.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 13.3 The Committee shall compile a report to shareholders on its activities to be included in the Group's annual report.
- 13.4 The Committee Chairman shall attend the Annual General Meeting to respond to questions from shareholders on the Committee's activities

Other Matters

- 14 The Committee shall:
 - 14.1 Have sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
 - 14.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
 - 14.3 Give due consideration to laws and regulation, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
 - 14.4 Oversee any investigation of activities which are within its terms of reference;
 - 14.5 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

Objective

15. The objective of the Group Risk & Compliance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risk appetite of CPPGroup Plc and its non-regulated subsidiaries, the risk management and compliance framework and the governance structure that supports it. Risk appetite is defined as the level and type of risk which a Company is able and willing to

assume in its exposures and business activities, given its business objectives and obligations to stakeholders.

Duties of the Committee

16. The Committee shall carry out the duties below for the parent Company and the Group's non-regulated subsidiaries as appropriate in respect of the Risk and Compliance functions (each a "Governance Function" and together the "Governance Functions"). The regulated subsidiaries of CPPGroup Plc shall make their own arrangements for the oversight of risk.
17. To consider and make recommendations to the Board in relation to the Group's overall appetite for risk and in particular:
 - 17.1 Review reports and recommendations regarding the Group's overall strategy, appetite, policies, capacity and tolerances;
 - 17.2 Consider reports on the current and prospective macroeconomic and financial environment drawing on external assessments. Take these into account when assessing the Group's risk appetite;
 - 17.3 Review and monitor the Group's current risk profile, risk concentrations and exposures as well as emerging and future risks and any material breaches of risk limits. Review reports on any material breaches of risk limits and tolerances, as well as the adequacy of proposed actions;
18. To oversee and make recommendations to the Board in relation to the Company's compliance obligations which includes obligations relating to corporate governance and those which arise as a result of CPPGroup plc's status as the parent company of an "Authorised Firm" under financial services legislation.
19. To review the appropriateness and effectiveness of the Group's Risk and Compliance systems and in particular:
 - 19.1 The Group's overall Governance framework, including the principles by which the Governance Functions are managed;
 - 19.2 The appropriateness of the Governance Functions' policies and procedures;
 - 19.3 Consider and keep under review each Governance Function's capability to support the identification of new risk types or risk correlations and compliance obligations;
 - 19.4 Review promptly reports from each Governance Function, including on adherence to the Company's policies and standards and the maintenance of a risk and compliance culture;
 - 19.5 In relation to proposed strategic transactions including acquisitions, disposals and joint ventures requiring Board approval ensure that risk aspects and implications for the Company's risk appetite are fully considered and taken into account;
 - 19.6 To consider the advice of the Head of Risk Management and the Head of Compliance concerning the risks to be taken into account in relation to the Company's incentive structures and remuneration policy;

- 19.7 To consider and approve the remit of the Governance Functions and ensure they have adequate resources and appropriate access to information to enable them to perform their functions effectively and in accordance with relevant professional standards;
- 19.8 To review and monitor management's responsiveness to the findings and recommendations of the individual Governance Function heads. The Governance Function heads shall be given the right of direct access to the Chairman of the Board and to the Committee;
- 19.9 To consider and approve disclosures for the Group's Annual Report & Accounts including:
- the disclosure of the role of the Committee, its activities and how it has discharged its responsibilities
 - Principal risks and uncertainties
 - any other disclosures that may be required
- 19.10 To recommend to the Board the appointment or removal of the Head of Risk Management or the Head of Compliance.

Approved by the CPPGroup Plc Board on 19 July 2016