

MMG LIMITED
(Company)

TERMS OF REFERENCE

OF

THE RISK MANAGEMENT COMMITTEE

(Approved by the board of directors of the Company at a meeting held on 20 October 2015)

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1. CONSTITUTION

1.1 The Risk Management Committee (Committee) is established pursuant to a resolution passed by the board of directors of the Company (Board) at its meeting held on 20 October 2015. The Committee shall report directly to the Board.

2. MEMBERSHIP

2.1 Members of the Committee (Member) shall be appointed by the Board from amongst the non-executive Directors of the Company. The Committee shall consist of not less than three Members, at least one of whom is an independent non-executive Director.

2.2 The Chair of the Committee shall be appointed by the Board.

2.3 The General Counsel, or his or her delegate, shall be the secretary of the Committee (Secretary).

2.4 The appointment of the Members may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

3. PROCEEDINGS OF THE COMMITTEE

3.1 **Notice:** Unless otherwise agreed by all the Members, a meeting shall be called by at least seven days' notice. A Member may, and on the request of a Member, the Secretary shall, at any time summon a Committee meeting. Notice shall be given to each Member in person orally (which shall be confirmed in writing), in writing, by way of telephone, email, facsimile or any other remote electronic information delivery system at the address as notified by the Member to the Secretary from time to time, or otherwise in such other manner as the Members may from time to time determine. The notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the Members for the purposes of the meeting.

3.2 **Quorum:** The quorum of the Committee meeting shall be three Members.

3.3 **Frequency:** The Committee shall meet with such frequency and at such times as it may determine. It is expected that the Committee shall meet at least twice each year.

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3.4 **Attendance:** The Committee may invite other Board members, senior management, external or internal auditor or other person to be present at meetings. The Board members shall have the right of attendance. Management representatives and others attend by invitation only and for avoidance of doubt are not members of the Committee.

4. WRITTEN RESOLUTIONS

4.1 Written resolutions may be passed by a majority of the Members in writing.

5. ALTERNATE MEMBERS

5.1 A Member may appoint an alternate but such attendance shall not be counted as attendance by the Member himself.

6. AUTHORITY OF THE COMMITTEE

6.1 The Board is ultimately responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal controls systems.

6.2 The Committee shall be accountable to the Board and shall advise the Board on high level risk related matters, risk management and internal control.

6.3 The Committee shall refer to the Board in relation to those risks reserved for the Board under the risk management framework.

6.4 The Committee may exercise the following powers:

- (a) to investigate any activities within its terms of reference (as mentioned in paragraph 7 below). It is authorised to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee;
- (b) to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and

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- (c) to, from time to time, establish sub-committees to assist it in carrying out its functions and responsibilities and adopt terms of reference setting out matters relevant to the composition, responsibilities and functions of such sub-committees and other matters as the Committee may consider appropriate.

7. DUTIES OF THE COMMITTEE

7.1 The Committee shall assist the Board with regard to the oversight of the Company's risk management and internal control systems and practices by:

Oversight of the Company's Risk Management and Internal Control Systems

- (a) reviewing the Company's risk management and internal control systems;
- (b) discussing the risk management and the internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- (c) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (d) considering:
 - (i) the changes, since the last annual review, in nature and extent of significant risks, and the Group's ability to respond to changes in its business and external environment;
 - (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems;
 - (iii) the extent and frequency of communication of monitoring results to the Board (or the Committee) which enables it to assess control of the Group and the effectiveness of risk management;

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- (iv) significant control failings or weaknesses that have been identified during the period, and the extent to which they have resulted in unforeseen outcome or contingencies that have had, could have had or may in the future have, a material impact on the Group's financial performance or condition;
- (e) developing an understanding of key risk areas and the consequences of key risk events;
- (f) gaining assurance as to the adequacy of the Company's policies, standards and processes for integrating risk management into its operations;
- (g) reviewing the insurance strategy and determining the extent to which it aligns with the risk tolerance of the Company and considering the sufficiency of insurance coverage generally (including the insurance coverage for directors and officers' liabilities and to approve any changes to the directors and officers' insurance coverage and terms and conditions thereof from time to time);
- (h) reviewing and overseeing high-level non-financial reporting risk related matters including:
 - (i) the nature and extent of significant risks, and the Group's ability to respond to changes in its business and external environment;
 - (ii) the scope and quality of management's ongoing monitoring and management of risks which may have a material impact on the Group's financial performance or condition;
- (i) reviewing and considering regular risk management reports prepared by management including reporting timelines;
- (j) overseeing the establishment and implementation of a risk management framework, reviewing the effectiveness of the risk management framework in identifying and managing risks and internal control systems;
- (k) establishing a process through which the internal audit function is required to refer matters arising in the course of their work pertaining to the objectives and responsibilities of the Risk Management Committee to the Risk Management Committee. The Risk Management Committee will ensure that the Audit Committee and other Board Committees are advised of their work in the relevant areas;

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- (l) considering material issues communicated to it by the Audit Committee or other Board Committees arising from the work of the internal audit function relating to matters which fall within the scope of the objectives and responsibilities of the Risk Management Committee;

Strategy

- (m) reviewing management proposals in relation to Group Strategy and making recommendations to the Board including development goals, targets and guidelines for consideration and approval by the Board;
- (n) reviewing the Group's medium to long term strategy execution plan and making recommendations to the Board for consideration and approval by the Board; and
- (o) considering other matters as defined and assigned by the Board from time to time.

7.2 The Committee will ensure that:

- (a) material issues arising from the work of the Committee that relate to matters which fall within the responsibilities of other board committees (i.e. the Audit Committee, the Governance and Nomination Committee and/or the Remuneration Committee) should be referred or communicated to such board committees and considered by such board committees;
- (b) where there is a perceived overlap of responsibilities between the Committee and the other board committees, the Chairs of the Committees shall have the discretion to agree the most appropriate committee to fulfil any obligation and failing agreement shall refer the matter to the Board. An obligation under the terms of reference of the Committee will be deemed by the Board to have been fulfilled provided that it is dealt with by one of the board committees.

8. REPORTING PROCEDURES

- 8.1 Minutes of Committee meetings should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Subject to paragraph 8.2 below, draft and final versions of the minutes of Committee meetings should be sent to all the Members for their comment and records, in each case within a reasonable time after the meeting.

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- 8.2 In the case of final version of the minutes of the Committee meetings, once endorsed by the Chair of the Committee they should be sent to all Board members prior to the next Board meeting where practicable.
- 8.3 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

9. CONTINUING APPLICATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

- 9.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

10. POWERS OF THE BOARD

- 10.1 The Board may, subject to compliance with the articles of association of the Company and any applicable listing rules, amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.