

**PANMURE GORDON & CO. PLC**  
**COMPLIANCE & RISK COMMITTEE**  
**of the Board**

**TERMS OF REFERENCE**

**1. Structure**

**1.1 Members**

The composition of the Compliance & Risk Committee is designed to reflect the collective knowledge and experience of the Board in legal, compliance, risk and market risk matters.

The current members of the Committee are:

Anthony Cann	Non-Executive Director
Asar Mashkooor	Non-Executive Director
Ed Warner	Non-Executive Director

All other Board members have a right to attend any meeting of the Committee. The Global Head of Compliance and other members of staff may be invited to attend as appropriate.

**1.2 Chairman**

Anthony Cann currently acts as chairman of the Compliance & Risk Committee. In his absence, the members present will choose a person to act as chairman for the meeting.

**1.3 Secretary**

The Company Secretary will act as Secretary to the Committee.

**1.4 Quorum**

The quorum for a meeting of the Compliance & Risk Committee shall be two.

**1.5 Meetings**

The Compliance & Risk Committee will meet at least four times a year and on an ad-hoc basis as required.

**1.6 Relationship to the Board**

The Compliance & Risk Committee is a sub-committee of the Board, its terms of reference are set by the Board and it reports to the Board.

## 2. Responsibilities of the Compliance & Risk Committee

The responsibilities of the Committee are:

- To advise the Board on the current risk exposures of the Group and on any changes to the Group's risk strategy that the Committee considers appropriate.
- To advise the Board on its overall risk appetite and tolerance, taking into account the current and prospective macro-economic environment.
- To review the Group's controls and procedures for the evaluation, monitoring and management of all risks attributable to the Group's business and to consider the effectiveness of those controls, taking into account the findings of internal audit.
- To consider and review the risk assessment input to the Group's Internal Capital Adequacy Assessment Process on a regular basis and to report its conclusions to the Audit Committee.
- To consider and review the Group's Risk Register on a regular basis, including the consideration and proposal of further potential mitigating actions.
- To receive and review all reporting documents arising from the external and internal auditors' work in relation to the management of risks within the Group.
- To receive reports from the Global Risk Committee
- In respect of regulatory/compliance risk:
  - To review the activities and work plan of the Group Compliance department.
  - To receive reports from the Group Compliance department.
  - To monitor the Group's relationship with its regulators.
  - To consider the results of any regulatory review.
  - To monitor the progress of any steps agreed to be taken by the Group Compliance department as a result of any regulatory, audit or internal audit review.
  - To consider whether compliance risk is being appropriately managed across the Group.
  - To ensure that the Group's compliance is appropriately reflected in Group management and in the Group's remuneration strategy.
  - To review conflicts of interest in general.The Group Compliance department has a reporting line to the Chairman of the Committee.
- In respect of any proposed acquisition or disposal, to oversee a due diligence appraisal of the proposition, drawing on external advice where appropriate and available, and advising the Board of its findings and recommendations.

## 3. Annual General Meeting

The Chairman of the Committee will attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

**4. Authority**

4.1 The Compliance & Risk Committee has the authority to seek any necessary information to fulfil its responsibilities and all management and employees are directed to co-operate with any request made by the Committee.

4.2 The Compliance & Risk Committee has the right to obtain external assistance and any professional advice which might be necessary for the fulfilment of its duties at the cost of the Company.

**5. Minutes**

Minutes of decisions will be recorded for each meeting of the Compliance & Risk Committee. All minutes are to be signed by the Chairman of the meeting and will be circulated to the Board.