

**PZ Cussons Plc**  
**("the Company")**

**Terms of reference for the**  
**Group Risk Committee**  
**(Adopted by the Board on 23 July 2009)**

**1 Constitution**

- 1.1 The board of directors of the Company ("the board") hereby resolves to establish a committee of the board, to be known as the Group Risk Committee ("the committee").

**2 Membership**

- 2.1 The committee shall be appointed by the board taking account of any recommendations made by the Nomination Committee. The committee shall consist of not less than three members. Two members shall comprise a quorum at any meeting of the committee.
- 2.2 The chairman of the committee shall be appointed by the board and shall be an independent non-executive director of the Company. In the absence of the chairman of the committee, the members present at any meeting of the committee shall elect one of their number to chair the committee.

**3 Attendance at meetings**

- 3.1 Only members of the committee have the right to attend committee meetings. However, other directors, employees or external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 3.2 The company secretary (or his nominee) shall act as the secretary of the committee.

**4 Frequency of meetings**

- 4.1 Meetings shall be held not less than twice each year and, in normal circumstances, four times each year.
- 4.2 Additional meetings shall be held as required and any member of the committee or the company secretary may request a meeting if he or she consider that one is necessary.
- 4.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee no later than five working days before the date of the meeting.

Supporting papers shall be sent to committee members and to other attendees as appropriate at the same time.

## **5 Minutes of Meetings**

5.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.

5.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and to all members of the board, unless a conflict of interest exists.

## **6 Authority**

6.1 The committee is authorised by the board to:

- Seek from any director or employee of the Company or any company within the PZ Cussons Plc group of companies ("the Group") any information which it requires in order to carry out its responsibilities (and all employees are directed to co-operate with any request made by the committee); and
- Obtain external professional advice and request advisers to attend meetings as necessary. The committee shall be provided with sufficient resource to undertake its responsibilities.

## **7 Responsibilities**

7.1 The responsibilities of the committee are as follows:

- To ensure that all material risks facing the Group have been identified, assessed and prioritised and that appropriate arrangements are in place to manage and mitigate those risks effectively. The risk areas which the committee will review include general business risk including risks arising out of the external financial environment, product safety risk, physical asset risk including factory, health and safety and environmental risks and IT and infrastructure risk;
- To develop and support the activities necessary to convert the approved framework of risk limits and risk appetite policies into an effective plan for implementation across the business and to agree a programme of any specific actions which are required, supported by appropriate targets and key performance indicators;
- To monitor compliance throughout the Group with the framework of risk limits and risk appetite approved by the board and review performance against agreed targets;

- To review the Company's corporate strategy to ensure that effective and proportionate risk management is and remains an integral part of the strategy and its implementation in practice;
- To present a profile of the Group's key material risks and associated controls to the board on a regular and ongoing basis and at least once each year;
- In conjunction with management and other committees of the board including the CSR Committee, to identify material environmental, customer and product safety and health and safety risk areas and to ensure that appropriate measures are taken to mitigate any such risks;
- To evaluate and oversee on an ongoing basis the quality and integrity of any reporting to external stakeholders concerning risk matters and, specifically, to review and present to the board for final approval a risk report for publication in the annual reports and accounts;
- To develop and encourage effective two-way communication concerning risk issues within the business and with other stakeholders including shareholders, customers and suppliers;
- To monitor the effectiveness of the Group's risk management organisational structure and make any recommendations in this respect to the Company's management and the board;
- Where appropriate, to consider the appointment of external advisors to advise and support the committee and the Group in respect of risk management and to be responsible for establishing the selection criteria, terms of reference and fees in respect of any such advisors; and
- To consider such other topics and issues in relation to risk management as may be stipulated by the board from time to time.

## **8 Reporting**

- 8.1 The committee reports to the board and the chairman of the committee shall report to the board on its proceedings after each meeting on all matters within the scope of its duties and responsibilities.
- 8.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is required.
- 8.3 The committee's responsibilities and activities during the year shall be disclosed in the annual report and accounts.

8.4 The chairman of the committee shall attend the AGM prepared to respond to any shareholder questions on the committee's responsibilities and activities.