



Henderson Group plc
Board Risk Committee
Terms of Reference

1. Committee Purpose

1.1 The Board Risk Committee (the “BRC”) is a Committee of the Board of Henderson Group plc (“Board”) whose focus shall be forward looking, trying to anticipate potential issues by assessing known or foreseeable risks and thereby enabling Henderson Group plc and its subsidiaries (“the Group”) to take action to avoid or mitigate the impact of those issues. In particular, the BRC will assist the Board in relation to:

- Advising the Board on the Group’s risk profile and risk appetite in setting its future strategy, taking account of the Board’s overall degree of risk aversion, significant exposures or risk types, the current financial situation of the Group and its capacity to manage and control risks within the Group’s strategy;
- Advising the Board on the amount of surplus regulatory capital that should be held commensurate with the Group’s risk profile and regulatory obligations.
- Overseeing the effectiveness of the risk management procedures, regulatory compliance and the principal risks and uncertainties relating to the Group and the steps being taken to mitigate them; and
- Reviewing the work and reports prepared by the Chief Risk Officer (“CRO”) and overseeing the effectiveness of the CRO’s role.

2. Authority

2.1 The BRC is authorised by the Board to:

- investigate any activity within its terms of reference;
- seek any information that it requires from any employee of the Group and all employees are directed to cooperate with any request made by the BRC; and
- obtain outside independent professional advice, at the Group’s expense, and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Duties

Evaluating and Overseeing the Principal Risks of the Group

3.1 The BRC will review and challenge, where necessary, the risk information it receives in order to identify, evaluate and oversee the principal risks and uncertainties relating to the Group, using such qualitative and quantitative metrics as may be appropriate such as stress and scenario testing, and advise the Board accordingly. This will include the monitoring, in a sufficiently accurate and timely

manner, of particular significant exposures or risk types, the actions being taken to mitigate those risks and the impact on the Group's current and future capital position. The BRC shall give guidance on the information it wishes to receive for this purpose and, to the extent feasible, shall seek positive rather than negative assurance from the assurance functions.

- 3.2 The BRC will evaluate and recommend to the Board the risk profile and risk appetite of the Group on a periodic basis and shall ensure that they are aligned with the Group's strategy. In preparing its advice to the Board on the Group's overall risk appetite, risk profile and risk strategy, the BRC shall take into account the current and prospective macroeconomic and financial environment, drawing on reviews and areas of concern that are published by the FSA and other authoritative sources relevant for the risk policies of the Group.
- 3.3 The BRC will review, at least twice a year, and recommend to the Board the Group's Internal Capital Adequacy Assessment Process ("ICAAP") or other regulatory equivalents which apply to the Group. This will provide an overall consolidated risk management framework of the Group's principal risks, their associated mitigation and controls and the surplus regulatory capital required commensurate with the Group's risk profile and regulatory obligations.

Risk Management Procedures

- 3.4 The BRC will oversee and advise the Board upon the embedding and maintenance throughout the Group of a supportive risk management culture and is to be satisfied that the business is effectively managing and monitoring its risks to ensure:
- effective delegation of risk management responsibilities across the Group;
 - current and emerging key risks are identified and effectively managed;
 - management action plans to mitigate key risks are being implemented effectively; and
 - that material incidents with Group-wide implications are managed effectively, that remedial action is taken and the lessons learned are implemented.

Chief Risk Officer ("CRO")

- 3.5 The BRC will:
- review and approve the appointment of the CRO and ensure that
 - (i) the CRO cannot be removed from office without the prior approval of the Board and;
 - (ii) the CRO's remuneration is subject to the specific approval of the Remuneration Committee;

- review significant findings and reports of the CRO and management's responses to those findings;
 - approve any risk management policies (or changes to those policies) prepared by the CRO and monitor the effectiveness of, and compliance with, such policies;
 - review the activities of the CRO and the effectiveness of the CRO's function;
 - review the CRO's annual plan, budget and resourcing.
- 3.6 The CRO will communicate regularly with the Chairman of the BRC and will have the right and responsibility to elevate issues to the Chairman of the BRC where he/she considers it necessary in the furtherance of his/her responsibilities.
- 3.7 To assist the BRC in discharging its duties, the BRC will receive regular reports from the CRO and, as appropriate, from the Heads of Legal, Compliance and Internal Audit.

Role of the BRC in Strategic Transactions

- 3.8 The BRC will take such steps as appropriate to satisfy itself that the due diligence process followed for any proposed strategic acquisitions, disposals or joint ventures is thorough and will review the key conclusions of the due diligence process, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Group, drawing on independent external advice, where appropriate, and reporting its conclusions to the Board.

Other BRC Responsibilities

- 3.9 In addition, the BRC shall:
- review the relationships the Group has with its Regulators and any significant reports which those Regulators issue in respect of the Group's activities; and
 - review and approve any information that is presented in financial statements relating to risk management policies or procedures and any published reports which describe the Group's risk management framework or the BRC's work, eg the risk report in the Annual Accounts.

4. Composition and Chair

- 4.1 The BRC will be composed of at least three Non-Executive Directors of the Board (the "Members"). No Executive Directors will serve on the BRC, but it is expected the Chairman of the BRC will normally invite the Chief Executive and the Chief Financial Officer to attend meetings.

- 4.2 The CRO will provide executive support to the BRC and will attend all meetings of the BRC, unless the Chairman of the BRC decides otherwise.
- 4.3 Appointments, rotations and resignations will be decided by the Board.
- 4.4 The Chairman of the BRC shall be a Non-Executive Director of the Board (other than the Chairman of the Board).
- 4.5 The Office of the Company Secretary will provide secretarial services to the BRC.

5. **Committee Procedures**

- 5.1. The BRC shall meet on a quarterly basis or more frequently if required, and will be convened and conducted on the same principles as those that apply to the Board.
- 5.2. Quorum - a meeting of the BRC shall be taken to be convened if at least two Members are present.
- 5.3. At least once a year, the BRC will meet, without management, with the external auditors and (separately) with the CRO to discuss matters relating to the BRC's role and responsibilities.
- 5.4. A meeting may be held by the BRC Members communicating with each other by any technological means by which they are able simultaneously to hear each other and participate in discussion provided that no BRC member is located in the UK when joining the call. The minutes of the meeting shall record the method by which the meeting was conducted.
- 5.5. The BRC may invite members of management or others to attend meetings from time to time.
- 5.6. The BRC will review its terms of reference and its effectiveness annually.
- 5.7. The BRC will report to the Board on its activities.