

Millennium & Copthorne Hotels plc
(the “Company”)

Risk Committee (the “Committee”) – Terms of Reference

Chairman	A Director
Members	At least two independent Non-Executive Directors, Group Chief Executive Officer and Chief Financial Officer
Attendees	Nominated Head of Risk SVP Group Internal Audit & Risk Management (“Head of IA”) External auditors (as required)
Secretary	Company Secretary, or his/her nominee with the agreement of the Committee
Quorum	Two members of the Committee
Meeting frequency	A minimum of two meetings per year
Terms of Reference approved	31 March 2016

1 Overall Purpose / Objectives

- 1.1 The Committee has been established by the Board of Directors of the Company (the “Board”) and will assist the Board in relation to current and future risk exposures, including determination of risk appetite and tolerance, and in fulfilling its other responsibilities as described below. The Committee is authorised to
- investigate any activity within these Terms of Reference;
 - seek any information that it requires from any employee (all employees are required to cooperate with any request made by the Committee); and
 - obtain independent legal or other professional advice, or resource as needed, at the Company’s expense. Such advisors and any other persons may attend meetings as is considered necessary.
- 1.2 Outside of the formal meeting programme, the Chairman of the Committee (the “Chairman”) will maintain a dialogue with key individuals involved in the Company’s governance, including the chairman of the Board, the Group Chief Executive Officer, the Chief Financial Officer and Nominated Head of Risk.

2. Membership

- 2.1 All members are to be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Committee shall comprise of the Group Chief Executive, Group Financial Officer and not less than two Non-Executive Directors of the Company of whom at least one is the Chairman or a member of the Audit Committee.
- 2.2 The Chairman of the Committee shall be appointed by the Board from amongst the Directors and who where possible does not already chair a Board committee. In the absence of the Chairman of the Committee, the remaining members present may elect one of themselves to chair the meeting.

3. Secretary

- 3.1 The Company Secretary, or his/her nominee with the agreement of the Committee, shall be the Secretary of the Committee. The Secretary shall ensure that the Committee receives papers in a timely manner to enable full and proper consideration to be given to the issues.

4. Quorum

- 4.1 A quorum for any meeting shall be two members including one independent Non-Executive Director and one Executive Director.
- 4.2 A director may be present in person or by proxy and attendance by an alternate will count towards the quorum.
- 4.3 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 4.4 The Committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

5. Attendance and Frequency

- 5.1 Only the members of the Committee have the right to attend Committee meetings.
- 5.2 The Head of IA, Nominated Head of Risk and a representative of the external auditors shall attend meetings at the invitation of the Committee. The Committee may also invite other persons, such as the Chairman of the Board, other Directors, and members of management to their meetings as and when appropriate and necessary.

- 5.3 Meetings shall be held not less than [two] times a year, and where appropriate should coincide with key dates in the Company's financial reporting and audit cycle.
- 5.4 Additional meetings may be convened as required. The Company's Risk management function ("Risk"), global Internal Audit function ("Internal Audit") or the external auditors may convene a meeting if they consider that one is necessary.
- 5.5 Committee meetings may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic systems.
- 5.6 The proceedings of all meetings of the Committee will be minuted. The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board unless in the opinion of the Chairman of the Committee it would be inappropriate to do so.

6. Roles and Responsibilities

6.1 Internal Control and Risk Management

The Committee will:

6.1.1 prior to the endorsement of the Board:

- carry out a robust assessment of the principal financial (in conjunction with the Audit Committee) and non-financial risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity; and
- review the risk management systems and its annual statements on internal control and risk management and its compliance with the relevant provisions of the UK Corporate Governance Code (the "Code"), including such updates and amendments to the Code as may be issued from time-to-time.

6.1.2 receive regular reports from management, the Internal Audit function and (if appropriate) the external auditors on the effectiveness of systems for risk management;

6.1.3 consider (in the absence of management at the discretion of the Committee) the major findings of any relevant internal investigations into control weaknesses, fraud or misconduct, and the relevant management response to this.

6.2 Risk Management

The Committee will:

6.2.1 consider and make recommendations to the Board regarding the appointment and removal of the Nominated Head of Risk;

6.2.2 ensure the Nominated Head of Risk has direct access to both members of the Committee and the Board;

- 6.2.3 review annually the Company's risk management system;
- 6.2.4 review and monitor management's responsiveness to the issues identified and recommendations made as a result of the work of the Nominated Head of Risk;
- 6.2.5 receive a report on the Risk function's work on periodic basis;
- 6.2.6 meet with the Nominated Head of the Risk in the absence of management at least once a year
- 6.2.7 ensure that the function is adequately resourced, has access to information to enable it to fulfil its mandate, is equipped to perform in accordance with appropriate professional standards for internal auditors and has appropriate authority and standing within the Company;
- 6.2.8 consider co-ordination between Risk, Internal Audit and the external auditors; and
- 6.2.9 monitor and assess the role and effectiveness of the Company's risk management system.

7 Reporting Responsibilities

- 7.1 The Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and will also formally report to the Board on how it has discharged its responsibilities. This report shall include:
 - 7.1.1 the significant issues that it considered in relation to the financial statements and how these issues were addressed;
 - 7.1.2. its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - 7.1.3. any other issues on which the Board has requested the Committee's opinion.
- 7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3 Narrative reporting
 - 7.3.1 The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the Committee has addressed the effectiveness of the Company's risk management system, internal controls and the identification, classification and mitigation of the Company's principal risks and all other risk related information requirements set out in the Code.
- 7.4 The Chairman shall attend the annual general meeting and respond to questions on the Committee's activities and responsibilities.

8 Other Responsibilities

The Committee will:

- 8.1 consider other topics, as determined by the Board, which may include, in conjunction with the Audit Committee, but are not limited to:
 - its Code of Conduct, related policies and procedures, and
 - the policies for ensuring that the Company complies with relevant regulatory and legal requirements; and
- 8.2 These Terms of Reference for the Committee are defined by the Board and may be amended by the Board at any time. The Committee should conduct an annual review of its responsibilities and these Terms of Reference and make such recommendation to the Board, as shall be considered appropriate.
- 8.3 Work and liaise as necessary with all other board committees

These Terms of Reference for the Committee were approved on 31 March 2016 and supersede all previous versions.