

The Risk Committee (as adopted on 2 June 2008)

References to “the Committee” shall mean the Risk Committee.
References to “the Board” shall mean the full Board of Directors.

1. Membership

- 1.1 The initial members of the Committee shall be appointed by the Board and shall comprise of a Chairman and other members, all of whom are employees of the Sage Group. The Committee shall include but membership of the Committee shall not be limited to the Group Chief Executive, the Group Finance Director, the Group Risk Director, the Group Company Secretary, the Group Chief Technology Officer, the Group HR Director and the Group Director of Strategy and M&A. Other employees of the Sage Group may attend by invitation. The Committee may appoint new members by resolution.
- 1.2 Whilst the Committee itself will be made up entirely of employees of the Sage Group, other individuals such as consultants and internal and external auditors may be invited to attend as and when appropriate.
- 1.3 The Board shall appoint the Committee Chairman who, on the date of the adoption of these terms of reference, is the Group Chief Executive. In the absence of the Committee Chairman and/ or an appointed deputy, the remaining members present shall elect one of the members present to chair the meeting.

2. Secretary

- 2.1 The Secretary or his nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be four including the Chairman. 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. Frequency of Meetings

- 4.1 The Committee shall meet not less than four times a year. The Committee shall meet at such times as the Chairman of the Committee shall require.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Secretary of The Committee at the request of any member thereof.
- 5.2 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, any other person required to attend, no fewer than five working days prior to the date of the meeting.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and all members of the Audit Committee of the Board.

7. Duties

- 7.1 Internal Control and Risk Assessment
 - 7.1.1 Subject to the general supervision of the Audit Committee of the Board, the Committee shall review the effectiveness of the Group Companies' internal control policies and procedures for the identification, assessment and reporting of risks.
 - 7.1.2 The Committee shall monitor the reporting of risk by Group Companies through risk returns and assist and advise where necessary Group companies on the reporting of risk.
 - 7.1.3 The Committee will review the work performed by the internal auditors (including meeting with the auditors at least once in every 12 months) and provide comments on that work to the Audit Committee, as appropriate. In the light of its review of the risk maps produced from information from operating companies, the Committee will advise on areas for internal audit review.
 - 7.1.4 The Committee will review the risk management procedures of the Group and report to the Audit Committee of the Board on the results of their review. The Committee will make appropriate recommendations to the Audit Committee of the Board on all risk management issues.
 - 7.1.5 The Committee will undertake all other matters relating to issues of risk management delegated to it by the Audit Committee of the Board and in the event of any issues on the authority or scope of responsibilities of the Committee, the Audit Committee of the Board shall determine such issues.
 - 7.1.6 The Committee shall recommend to the Audit Committee of the Board the overall risk management strategy of the Group (including the criteria to assess risk) and oversee the implementation and effective operation of that strategy, its policies and procedures;
 - 7.1.7 The Committee shall satisfy itself that the key risks of the Group are managed cost effectively and to an acceptable level and determine the priorities for risk management activity and bring to the attention of the Audit Committee of the Board the critical risks with their recommendations.
- 7.2 Reporting Responsibilities
 - 7.2.1 In addition to the circulation of minutes referred to at 6.3 above, the Committee will report on the proceedings at its meeting to the Audit Committee at each meeting of that Committee.

7.2.2 In the light of its other duties, the Committee shall make whatever recommendations to the Audit Committee of the Board, it deems appropriate.

7.3 Other Matters

7.3.1 The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and make recommendations in relation thereto to the Audit Committee of the Board;

8. Authority

The Committee is authorised:

- 8.1 to seek any information it requires from any employee of any Group Company in order to perform its duties;
- 8.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference;
- 8.3 to call any member of staff to be questioned at a meeting of the Committee as and when required.