

# Corporate Governance Report

## Directors and their Other Interests

Details of the Directors' service contracts, and emoluments, as well as the interests of the Directors and their immediate families in the share capital of the Company and options to subscribe for Company shares, are shown in the Directors' Remuneration Report on pages 94 to 108.

In line with the requirement of the Companies Act 2006, each Director has notified the Company of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict), and a register of these is maintained by the Company Secretary.

All Directors are aware of the need to consult with the Company Secretary should any possible situational conflict arise, so that prior consideration can be given by the Board as to whether or not such conflict will be approved.

## Risk Management and Internal Control

The Board is responsible for the Group's risk management processes and the system of internal control. This involves ensuring that there is a process to identify, evaluate and manage any significant risks that may affect the achievement of the Group's strategic objectives. The Board considers its appetite in relation to the Group's risks, determining whether the risks and mitigating actions are appropriate to the level of risk. During the year the Board conducted a review of significant risks. The Group's principal risks and uncertainties, and mitigating actions are detailed in the Strategic Report on pages 50 to 58.

The risk management and internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives and provides reasonable, not absolute assurance against material misstatement or loss. The Board has established a continuous process for identifying, evaluating and managing risks faced by the Group and assessing the effectiveness of related controls to ensure an acceptable risk/reward profile. The accuracy and completeness of the Corporate Risk Register is regularly reviewed by Senior Management supported by Internal Audit.

The Audit Committee approves and monitors delivery of the Internal Audit Plan for the year which is risk-based and includes assurance of core control processes. The Head of Internal Audit provides an update at each Audit Committee meeting, reporting on any key control weaknesses identified and progress made against mitigating actions. The Audit Committee held three scheduled meetings in the year and provided the Board with updates on the effectiveness of internal controls.

Our process for identifying, evaluating and managing the significant risks faced by the Group and assessing the effectiveness of related controls routinely identifies areas for improvement. The Board has neither identified nor been advised of any failings or weaknesses that it has determined to be material or significant.

The management of risk and review of the internal control environment is a continual process supported by all colleagues. The Board supports the development of risk maturity and a strong control culture and will continue to improve the quality of risk reporting.

