

Risk Committee report

Risk Committee

The Risk Committee focuses on “non-financial” risks that are not normally within the remit of the Audit Committee.

It is primarily responsible for ensuring that:

- Management has implemented an appropriate and effective risk assessment, management and internal control system.
- There is an effective system in place for the identification and assessment of new and emerging risks.
- The nature and extent of the principal risks faced is understood and that they are effectively managed and mitigated.
- An appropriate risk management culture exists within the organisation.

Meetings attended

Martin Lea (Chair)	4/4
Andrew Belshaw (CFO)	4/4
Alan Gibbins ¹	2/2
Charlotta Ginman ²	1/1
Richard Last	4/4
John Murphy (Group Operations Director)	4/4
Xavier Robert	4/4
Andrew Stone ¹	2/2
Andrew Taylor (CEO)	4/4

¹ Alan Gibbins and Andrew Stone left the Committee at the time they stood down from the Board at the AGM on 20 May 2021.

² Charlotta Ginman joined the Committee on 3 September 2021.

In addition to the committee members, quarterly meetings are also normally attended by the Company Secretary, the Chief People Officer, the Chief Strategy and Operating Officer, the Group Financial Controller, the Information Security Director, the General Council and Data Protection Officer, and Internal Audit representatives from PwC.

Dear shareholder,

I am pleased to introduce the Risk Committee report for the year ended 31 December 2021.

We were very pleased to welcome Charlotta Ginman to the committee towards the end of 2021, as well as being sorry to lose the services of Alan Gibbins and Andrew Stone as they retired from the board at the time of the AGM. The Committee now comprises four of the Company’s Non-Executive Directors, the CEO, CFO and the Group Operations Director.

Details of our overall risk management governance framework and processes together with the Group’s principal risks and how we mitigate them can be found on pages 20 to 25 of the Strategic Report.

Role of the Risk Committee

The Committee is responsible, on behalf of the Board, for ensuring that management has designed and implemented appropriate risk management and internal control systems, and for the ongoing monitoring and review of the effectiveness of those systems. This includes ensuring that the principal risks facing the Company are identified and there is a system in place for scanning the environment for new and emerging risks and responding to unexpected ones. It also monitors the risk exposure of the Group and is responsible for agreeing with management how the principal risks will be managed and mitigated or tolerated. The Committee is further responsible for reviewing and approving the remit of the risk management activity and ensuring that it is adequately resourced and independent and for ensuring that an appropriate and evolving risk awareness and risk management culture exists throughout the organisation.

Activities of the Risk Committee in 2021

The last year bought with it the continuing challenge of the COVID-19 pandemic, and its associated risks. Whilst Gamma's business and its supply chains generally maintained their resilience to the short-term economic impacts, the crisis continued to present challenges with only a partial return of our people to the office being possible when the government guidelines permitted. Throughout, looking after the safety and wellbeing of all our employees, as well as ensuring continuity of service to our customers, remained our priorities. In addition, following the end of the "Brexit transition period" 2021 bought with it a number of supply chain challenges, in particular as a result of the general chip shortages. The Committee monitored this situation carefully and were pleased that management's proactive approach minimised the impact on our customers.

During the year, based on an independent assessment by our internal auditors, the Committee oversaw management's introduction of a refreshed and revised Group risk management policy and framework. This has improved the consistency of how risks are categorised, assessed and qualified as well as strengthening individual executive ownership of individual or groups of risks. Later in the year management also undertook an externally facilitated review of the business's principle risks as well as an initial assessment of the Company's approach to risk appetite both overall and related to specific principle risks. The resourcing around our risk and control management activities was strengthened during the year with the appointment of a dedicated Risk Manager in February, a Head of Governance in July and a new Head of Business Continuity in December. The Committee also continued to support management in further developing general risk and security awareness throughout the business.

The Committee met four times in 2021, and in addition to the items above conducted the following regular items of business:

- Reviewing any unexpected and material service incidents or other corporate risk incidents.
- Reviewing the Company enterprise risk register covering unplanned service disruption, data loss and cyber attacks, over-reliance on suppliers, uncompetitive landscape, price erosion, legal and regulatory non-compliance and unsuccessful M&A strategies related risks focusing on the higher risk items and the status of associated mitigation plans.
- Determining how Group acquisitions will be incorporated into the overall Group risk management and control environment.
- Receiving cyber security assurance and awareness status and planning updates from the Information Security Director.
- Receiving reports on the activities of the Group data protection committee.
- Reviewing the appropriateness and adequacy of the Group's insurance policies and related cover.
- Reviewing the Risk management and Our principal risks sections of the Strategic report within the Group's Annual Report.
- Reviewing the Committee's terms of reference.

Looking forward

Our Group continues to grow and also in the breadth and sophistication of services provided as well as the diversity of geographic markets within which we operate. These factors, together with ongoing developments in environmental governance expectations and standards, mean that risk awareness, identification, assessment and management will continue to be an important aspect of our overall activity and corporate governance. The Committee's focus in the coming year will be on continuing to improve our effectiveness in the overall approach to risk management, extending our refreshed risk management framework and associated processes to incorporate all of our non-UK subsidiaries, maintaining strong oversight of our cyber security and data protection activities, overseeing management's review of our business continuity strategy policy and practices, as well as continuing to increase risk and security awareness throughout the organisation.

Martin Lea

Chair Risk Committee

21 March 2022