

Risk Committee report

Risk Committee

The Risk Committee assists the Board in its duty to carry out a robust assessment of the principal risks facing the Company. Its main function is to review the risk register prepared and maintained by management and to re-confirm that the principal risks have been identified and (where appropriate) mitigated. 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

Andrew Belshaw (CEO) ¹	4/4
Andrew Taylor (CEO) ²	2/2
Bill Castell (CFO) ³	2/2
Charlotta Ginman	4/4
John Murphy (Chief Operating Officer)	4/4
Martin Lea (Chair)	4/4
Rachel Addison ⁴	1/1
Richard Last	4/4
Xavier Robert	3/4

- 1 Andrew Belshaw attended two meetings as CFO, one as Interim CEO and one as CEO.
- 2 Andrew Taylor was a member of the Committee until 4 July 2022 when he retired from the Board.
- 3 Bill Castell joined the Committee from 3 May 2022.
- 4 Rachel Addison joined the Committee when she joined the Board on 3 October 2022.

In addition to the Committee members, quarterly meetings are also normally attended by the Company Secretary, the Group Financial Controller, the Group Risk and Governance Director, and an Internal Audit representative from PwC as well, from time to time, by other Executive Committee members.

Dear shareholder,

I am pleased to introduce the Risk Committee report for the year ended 31 December 2022.

There have been three changes to the composition of the Committee during the year, with Andrew Taylor ceasing to be a member when he retired from the Board, and Bill Castell and Rachel Addison joining the Committee at the time of their appointment to the Board. The Committee now comprises five of the Company's Non-Executive Directors, the CEO, CFO and the Chief Operating Officer.

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 26 to 31 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, 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 2022

The last year happily brought with it the relaxation of most COVID related restrictions and the Group has now successfully implemented a regularised hybrid working model to serve the best interests of our employees and customers.

We highlighted the Russia/Ukraine conflict as an emerging risk in our last annual report and this has sadly remained a backdrop to 2022. This has led to an increase in the potential for cyber-attacks and increased energy costs for Gamma, but fortunately has not resulted in material customer or non-energy supply chain issues. The Committee has continued to monitor the position.

The increase to the rate of inflation and the resultant increase in operating costs was a key new feature in 2022 presenting potential new risks for the business. This development has increased pressure on pay and challenges in terms of talent attraction and retention. The Committee and the Board have spent considerable time with management considering the potential impact and mitigation efforts in response to these developments.

The year also saw strike action from BT which led to a reduced number of engineers available for customer appointments and a subsequent impact to Gamma's customer SLAs. The Committee was regularly briefed on the implications of this and how management planned to proactively navigate the situations, minimising the impact to our employees and customers.

In 2021 we introduced a refreshed and revised Group risk management policy and framework. This improved the consistency of how risks are categorised, assessed, qualified and managed, as well as strengthening senior executive ownership of specific risks. During 2022 this was fully embedded into the organisation and we have completed a full year's cycle of Risk Committee and Executive Committee (ExCo) reviews of the most significant risks to Gamma.

The Committee, together with management, now undertakes a biannual review and challenge of the areas of principal risk and associated risk appetite statements and a quarterly review of the most material related business. In most cases the Executive Committee member responsible for the specific area of risk presents to the Committee. As can be seen on pages 26 to 31 following the Group Principal risk review, "Failure to adapt and develop new routes to market" and "Product development becomes misaligned with market needs" have been included as Group Principal Risks.

During the year the resourcing around our risk and control management activities was strengthened with the appointment of a Group Risk and Governance Director, and also the recruitment of a Head of Group Technical Security and a Head of Business Continuity. During the year management also implemented "Riskconnect", an integrated risk management platform to further improve the consistency and effectiveness of the implementation of the Company's risk management framework. The Committee also continued to support management in further developing general risk and security awareness throughout the business.

The Committee met four times in 2022, 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 focusing on the higher risk items and the status of associated mitigation plans.
- Receiving KPI based cyber security assurance and awareness status and planning updates from the Group Risk and Governance Director. Including the progress with the extension of cyber security assurance and controls into the Group's non-UK subsidiaries.
- Receiving reports on the activities of the Group data protection committee, ensuring a Group data protection risk assessment was completed and briefed to the Board.
- Receiving Business Continuity progress status and planning updates, including Cyber incident management processes.
- Conducting an annual review of the Group's Risk Management, Information Security and Data Protection policies, and their respective controls, prior to re-approval by the Board.
- 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 making recommendations to the Board.

Throughout the year, the Risk Committee continued to work closely with and liaise with the Audit Committee and the ESG Committee.

Looking forward

Our Group continues to grow 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, 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
Risk Committee Chair

20 March 2023