

LETTER FROM THE CHAIRMAN OF THE RISK COMMITTEE

Dear Shareholder

I am pleased to present the first report of the Risk Committee which covers its activities up to 31 December 2012.

The Committee was established in November 2011 with a mandate to keep under review the effectiveness of the Company's internal (non-financial) controls and risk management systems.

Since then, the perceived level of risk in the economy has remained high with continuing concerns over the Eurozone, the UK economy threatening to revert to recession and the "shareholder spring" reflecting a level of discontent amongst investors, principally around pay and governance. This environment saw risks arising from many sources, be it European driven regulation or the increased use of social media in the business world.

The Committee has reviewed and agreed the major risks faced by the Company and the relevant controls and mitigation plans. In 2012 this included, in particular, a review of the adequacy of new procedures introduced in response to the 2010 Bribery Act. However, new risks, especially those arising from new regulations, pose a continuous business risk and therefore we have decided to commission, on an annual basis, a report from the Group's legal advisors that looks at the year ahead and highlights any potential areas of risk. This will enable the Company's risks to be managed in a proactive manner.

Stephen G. Young
Chairman of the Risk Committee
28 February 2013