

## **The Marine & Property Group Ltd: Risk Management Policy**

The purpose of this risk management policy is to communicate The Marine & Property Group Ltd's commitment to managing company-wide risks and to establish clear responsibilities in order to maximise strategic and operational achievement. This policy applies to directors, management and all employees. The Marine & Property Group Ltd is committed to the formal, systematic and structured proactive management of risks across the organisation. Risk is inherent in all aspects of the Company's activities and whilst many of these risks cannot be eliminated they can, however, be identified, quantified and controlled. Risks that impact on the objectives of the Company can offer both opportunity and threat. This policy is designed to provide employees with a systematic framework in order to minimise threats and maximise opportunities.

### **KEY OBJECTIVES**

- This policy confirms that The Marine & Property Group Ltd is committed to implementing a strategic, consistent and structured Company-wide approach to risk management in order to effectively manage opportunities for gain and minimise the impact of threats causing losses.
- Risk will manifest itself in many forms and has the potential to impact the health and safety, environment, community, reputation, regulatory, operational, and financial performance of the Company and, thereby, the achievement of the organisation's objectives.
- By understanding and managing risk, the Company will provide greater certainty and confidence for our stakeholders, directors and employees, participants, and for the communities in which we operate.
- The Company will use our risk management capabilities to maximise the value from our assets, projects, programs and other business opportunities and to assist us in fostering participation and/or performance in our organisation.
- Risk management will be embedded into our business activities, functions and processes. Risk understanding and our tolerance for risk will be key considerations in our decision making.
- Risk issues will be identified, analysed and ranked in a consistent manner. Common systems and methodologies will be used.
- Risk controls will be designed and implemented to reasonably assure the achievement of organisational objectives. The effectiveness of these controls will be systematically reviewed and, where necessary, improved.
- Risk management performance will be monitored, reviewed and reported. Oversight of the effectiveness of our risk management processes will provide assurance to the Directors and relevant stakeholders.
- The effective management of risk is vital to the continued growth and success of the Company

### **RISK MANAGEMENT REQUIREMENTS**

- Risk management will be incorporated into the strategic and operational planning processes of the Company
- Risk and the management of risk will be identified and monitored according to the Company's organisation-wide risk management policy
- Risk assessments will be conducted on all new ventures and projects prior to commencement to ensure alignment with the Company's risk appetite and organisational objectives
- Risks will be identified, reviewed and monitored on an ongoing basis
- Risks will be assessed and evaluated against the Company's Risk Management Framework

- Relevant risks that are identified will be recorded within the Company's risk management register

### **RISK MANAGEMENT PRINCIPLES**

When assessing risk, the Company considers the following principles to ensure risk management is effective within the organisation.

- Risk management creates and protects value
- Risk management is part of decision making
- Risk management explicitly addresses uncertainty
- Risk management is systematic, structured and timely
- Risk management is based on the best available information
- Risk management is tailored
- Risk management takes human and cultural factors into account
- Risk management is transparent and inclusive
- Risk management is dynamic, iterative and responsive to change
- Risk management facilitates continual improvement of the organisation

### **RISK MANAGEMENT PROCESS**

Risks identified will be managed according to this process:

1. Establish the context
2. Conduct a risk assessment by:
  - Identifying the risks
  - Assessing the risks
  - Evaluating the risks
  - Treating the risks
3. Communicating and consulting
4. Monitoring and reviewing

### **RISK MANAGEMENT COMPLIANCE AND CONTROL**

In developing a culture of risk management, senior management is responsible for appropriate responses to manage risk, aided by the risk action plans and the creation of a risk register. To enable this, the Company has implemented a systematic process to assist in the identification, assessment, treatment and monitoring of risks; provides the necessary tools and resources to senior management and employees to support the effective management of risks; and reviews and communicates risk management best practice on a regular basis.

### **ASSESSMENT OF EFFECTIVENESS**

The Company assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure risks and controls are continually monitored and reviewed. This includes ongoing feedback loop via regular senior management meetings and appraisal of risk owners' actions taken to manage risks via employee performance management.

### **REPORTING REQUIREMENTS**

The following reporting process is in place:

- Management will regularly review the risk register with their teams and update the mitigation strategies and perceived level of risk as appropriate.
- New risks will be added to the register through a formal notification process from staff, management and directors

- The major risks (as agreed by the Board) to be discussed at monthly management meetings (fixed agenda item), together with any new or emerging risks.

## **RISK MANAGEMENT RESPONSIBILITIES**

The Directors are responsible for overseeing the establishment (and implementation via management) of risk management systems and reviewing the effectiveness of these systems.

The Director's role in relation to risk includes:

- Overseeing the creation, implementation and maintenance of the risk management system and its internal control framework, including information systems
- Establishing a risk profile setting out both financial and non-financial material and/or strategic risks facing the Company
- Reviewing the effectiveness of the Company's implementation of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any audits
- Seeking to reach a common understanding with management and auditors about the risk management process, key financial and regulatory risks and related controls including focusing on the "key" risks which are considered to be currently, or may in the future be, more significant or more likely to occur
- Analysing the effectiveness of the risk management and internal compliance systems and the effectiveness of their implementation
- Developing an understanding of the overall business environment, relevant laws and the programs/projects that the Company has in place to provide reasonable assurance of compliance
- Reviewing the Company's health and safety at work policy and ensuring regular reporting on issues related to workplace health and safety
- Reviewing insurance coverage and claims trends

Senior management will be responsible for:

- Championing the roll out of the Risk Management Framework into operations
- Ensuring staff understand their responsibilities with respect to operational risk management
- Developing a risk aware culture within their area of responsibility
- Advising the Directors of needs for any training, development and facilitation
- Maintenance of risk registers within their areas

## RISK FRAMEWORK

### Risk Matrix

The Company uses the following matrix to assess risks

Risk Matrix		IMPACT					
		Insignificant	Minor	Medium	High	Extreme	
		1	2	3	4	5	
PROBABILITY	Rare	1	Low	Low	Low	Moderate	Moderate
	Unlikely	2	Low	Low	Moderate	High	High
	Possible	3	Low	Moderate	High	High	Extreme
	Likely	4	Low	Moderate	High	Extreme	Extreme
	Almost Certain	5	Moderate	High	High	Extreme	Extreme

### Risk Grading Criteria – Impact Ratings

Risk is to be assessed over the following categories in relation to impact (consequence):

- a) *Financial* – impact on the Company's finances
- b) *Operational* – impact on provision of the Company's products, projects and services
- c) *Brand/Reputational* – impact on the Company's brand and general credibility
- d) *Physical/Safety* – impact on the safety and well-being of people
- e) *Regulatory/Legal* – impact on the Company's regulatory exposure
- f) *People* – impact on corporate knowledge / continuity

Impact levels and criteria are shown in the following table:

			Financial	Operational	Brand/ Reputational	Physical/ Safety	Regulatory/ Legal	People/ Participation	
<b>IMPACT</b>	<b>5</b>	<b>Extreme</b>	<b>A risk that can prove catastrophic or terminal for the whole organisation</b>	More than £100,000	Unable to deliver product/ services in a region.	Collapse of organisation. Wholesale resignation of Board Members or Senior Management.	Death or total permanent disability of employee due to compromised safety standards. Preventable death of a member of the public.	Criminal prosecution of organisation and/or Board due to failure to comply with the law.	Business opportunities declines by more than 25%.
	<b>4</b>	<b>High</b>	<b>Risks which can significantly jeopardise some aspects of the organisation, but which will not result in organisational failure.</b>	More than £25,000 but less than £100,000	Widespread failure or loss of product/ service standards.	Loss of significant skills from Board or Senior Management.	Serious injury of employee due to compromised safety standards. Preventable serious injury of member or public.	Civil action against organisation and/or Board due to negligence. New regulations that impede operations.	Business opportunities declines by more than 15%, but less than 25%.
	<b>3</b>	<b>Medium</b>	<b>Risks which will cause some problems, but nothing too significant.</b>	More than £10,000 but less than £25,000	Moderate impact on product/ service standards.	Sustained public criticism of the organisation.	Systemic injuries of employee and/or public. Increased frequency of near misses.	Regulatory/ police investigation with adverse findings against organisation and/or Board.	Business opportunities declines by more than 5%, but less than 15%.
	<b>2</b>	<b>Minor</b>	<b>Any risks which will have just a mild impact, but should be addressed.</b>	More than £1,000 but less than £10,000	Minor impact on product/ service delivery.	Localised negative media coverage.	Minor injuries of employee and/or public.	Regulatory/ police investigation of organisation and/or Board without adverse findings.	Business opportunities declines by more than 0%, but less than 5%.
	<b>1</b>	<b>Insignificant</b>	<b>Risks which do not pose any significant threat and which can be left unmitigated without special action.</b>	Less than £1,000	Very minor, temporary product/ service disruption.	Media interest in local issue.	Insignificant injuries of employee and/or public.	Persistent complaints against organisation and/or Board.	Stable net active business

## Risk Grading Criteria – Likelihood Ratings

The following probability thresholds and ratings in relation to assessing risks are used.

LIKELIHOOD	5	<b>Almost Certain</b>	Will probably occur more than once within 12 months
	4	<b>Likely</b>	High probability that will occur at least once within next 24 months
	3	<b>Possible</b>	Reasonable likelihood that could occur more than once in 24 months
	2	<b>Unlikely</b>	Not likely to occur within next 24 months
	1	<b>Rare</b>	Not impossible but highly unlikely

## Risk Tolerance Levels

The following risk tolerance thresholds are used in relation to the actions personnel shall take in relation to managing risks.

RISK LEVEL	REQUIRED ACTIONS
<b>EXTREME</b>	<p><b>Intolerable</b></p> <ul style="list-style-type: none"> <li>Operations / activity should be <u>discontinued</u> until level of risk is able to be reduced or written authorisation to continue is provided by the Directors. Consider options for reducing the impact or probability of the risk.</li> <li>Directors to be informed ASAP and provide urgent attention, guidance and approval of mitigation strategy.</li> <li>Consider external advice (legal, insurance or risk advisor).</li> </ul>
<b>HIGH</b>	<p><b>Tolerable level of risk – significant management &amp; monitoring required</b></p> <ul style="list-style-type: none"> <li>Action should be taken to ensure risk level is As Low As Reasonable Practicable. Consider options for reducing the impact or probability of the risk.</li> <li>Increase monitoring of controls to ensure effectiveness in managing the risk.</li> </ul>
<b>MODERATE</b>	<p><b>Tolerable level of risk – follow operating procedures</b></p> <ul style="list-style-type: none"> <li>Ensure risk level is As Low As Reasonable Practicable</li> <li>Continue to manage using standard operating procedures with normal monitoring protocols.</li> </ul>
<b>LOW</b>	<p><b>Tolerable level of risk.</b></p> <ul style="list-style-type: none"> <li>Maintain existing controls. No additional controls required.</li> </ul>

Signed on behalf of The Marine & Property Group Ltd



Director  
18<sup>th</sup> August 2021