

RISK MANAGEMENT POLICY

Policy Statement: This risk management policy forms part of McSence's Group internal controls and corporate planning arrangements for Health, Safety, Environmental & Quality (HSEQ). The policy explains the Company's underlying approach to risk management; it documents the roles and responsibilities of the Senior Management Team (SMT) as the key party members which form the Risk Management Team (RMT). It also outlines key aspects of the risk management process and identifies the main reporting procedures. In addition, it describes the process which will be used to evaluate the effectiveness of the Company's internal control procedures.

All Employees: This policy applies to all persons working for or on our behalf of the McSence Group of Companies which includes the subsidiary companies - *McSence Communication Ltd, McSence Ltd, McSence Services Ltd & McSence Workspace Ltd* in any capacity including but not limited to:

- All employees at all levels, prospective employees, agency workers, seconded workers, temporary workers, contractors/sub-contractors, clients, agents, external consultants, volunteers, members of the public, group's supply chain, third-party representatives and/or business partners who will be referred to in our Group policies as "all employees".

The Workplace: This policy applies to all persons working for or on our behalf of the McSence Group of Companies in any capacity at the workplace(s) as defined below which includes but not limited to:

- McSence Premises, Offices, Units, Business Park, Client's Premises, External Meeting Places, Customers' Homes, Gardens, Sheltered Housing, Whilst On-Call, On-Duty, Emergency Cover, Working from Home including On-Line Meetings, Whilst Driving in Company Time, Working Public Areas (café's, trains, coffee shops, buses etc) and will be referred to throughout this policy as "the workplace".

Underlying Approach to Risk Management: The following key principles outline the Company's approach to risk management and internal control:

- the SMT as part of the RMT have responsibility for overseeing risk management within the Company as a whole
- an open and receptive approach to solving risk problems is adopted by the RMT
- the RMT supports, advises, and implements approved policies and procedures; and makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks
- responsibility for identifying and managing risk is a routine part of the role of management at all levels, including the identification and regular monitoring of key risk indicators
- the Senior Management Team (SMT) is responsible for encouraging good risk management practice within their Divisions

Role of Risk Management Team (RMT): The RMT has a fundamental role to play in the management of risk. Its role is to:

- Set the tone and influence the culture of risk management within the Group.
- This includes determining what types of risk are acceptable and which are not; and setting the standards and expectations of staff with respect to conduct and probity.
- Determine the appropriate risk appetite or level of exposure for the Companies. e.g., whether the Companies are 'risk taking' or 'risk averse', or on any relevant individual issue.
- Approve major decisions affecting the Company's risk profile or exposure.
- Advising on the effectiveness of policies and procedures for risk assessment and risk management.
- Annually reviewing the Company's approach to risk management and recommending changes or improvements to key elements of its processes and procedures.
- Implementing policies on risk management and internal control.
- Identifying and evaluating the significant risks faced by the Group.
- Monitoring the management of significant risks to reduce the likelihood of unwelcome surprises.
- Satisfying itself that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.
- Providing adequate information in a timely manner, on the status of risks and control measures.

🔧 Commissioning an annual review of effectiveness of the system of internal control.

Risk Management as part of The System of Internal Control: The system of internal control incorporates risk management. This system encompasses several elements that together facilitate an effective and efficient operation, enabling McSence Group to respond to a variety of operational, financial, and commercial risks. These elements include:

Policies and Procedures: Attached to significant risks are a series of policies that underpin the internal control process. The policies are set by the Senior Managers and the RMT and implemented and communicated by senior management to all staff. Written procedures support the policies where appropriate.

Health and Wellbeing: The McSence Group fully endorses that being in employment has a positive impact on employees with regard to their physical health, mental health, and wellbeing. In turn healthy and well-motivated employees have a positive impact on customer experience, productivity, quality, effectiveness etc. As a group are committed to providing a supportive working environment where it is not just having a job that is important but having a good job with security for the greater wellbeing.

Health Surveillance: Health surveillance is a system of ongoing health checks. These health checks may be required by law for employees who are exposed to noise or vibration, ionising radiation, solvents, fumes, dusts, biological agents, work in environments with compressed air and/or other substances hazardous to health.

Monitoring and Reporting: On a term basis the RMT will monitor and critically review the key risks identified by management, and their arrangements for dealing with them. The results of this, including any corrective action needed to be taken will be reported to the RMT.

Business Planning and Budgeting: The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

High Level Risk Framework of Significant Risks: A Risk Register will be maintained by the RMT to facilitate the identification, assessment, and ongoing monitoring of risks significant to the Company. This document is formally appraised annually by the RMT, but emerging risks are added as required, and improvement actions and risk indicators are monitored regularly.

Divisional Risk Frameworks: As part of the annual Divisional Planning process, Senior Management must apply the Company's risk framework to ensure that significant risks within their units are all identified, assessed, and monitored. The results of this exercise are formally appraised annually as part of the Corporate Planning process. Improvement actions, and risk indicators, are monitored regularly by management as a matter of course. To ensure that emerging risks are promptly captured, all papers prepared for consideration by the RMT must identify any significant changes to existing risks or controls.

Audit: The Senior Management Team is required to report to the RMT on internal controls, and to alert it of any emerging issues. In addition, the Senior Management Team oversees internal audit, external audit, and management as required in its review of internal controls. The Senior Management Team will provide advice to the RMT on the effectiveness of the internal control system, including the Group's system for the management of risk.

Internal Audit Programme: Internal Audit is an important element of the internal control process. Apart from its normal programme of work, Internal Audit is responsible for aspects of the annual review of the effectiveness of the internal control system within The McSence Group.

External Audit: The external auditors provide feedback to the Senior Management Team on the operation of the internal financial controls reviewed as part of their annual audit.

Third party reports: From time to time, the use of external consultants may be necessary in areas such as Legal, health and safety, and human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

Annual Review of Effectiveness: The RMT will prepare an annual report of its review of the effectiveness of the internal control system for consideration by the Senior Management Team. The RMT is responsible for reporting annually to the Senior Management Team on the effectiveness of policies and procedures for risk assessment and risk management. In making its assessment of this, the Senior Management Team will consider the following:

Control Environment: The Groups objectives and its financial and non-financial targets

- ✚ Organizational structure
- ✚ Culture, approach, and resources with respect to the management of risk
- ✚ Delegation of authority

On-Going Identification and Evaluation of Significant Risks:

- ✚ Timely identification and assessment of significant risks
- ✚ Prioritisation of risks and the allocation of resources to address areas of high exposure

Information and Communication:

- ✚ Quality and timeliness of information on significant risks
- ✚ Time it takes for control breakdowns to be recognised or new risks to be identified

Monitoring and Corrective Action:

- ✚ Ability of the institution to learn from its problems
- ✚ Commitment and speed with which corrective actions are implemented

Certifications & Accreditations: The group currently hold Acclaim SIPP DTS, CHAS, Constructionline Gold, Constructionline Silver, Constructionline Bronze, Constructionline Social Value, Data Protection Registered/Certified, Living Wage Employer, Safe Contractor Accreditation, Safe Contractor Health & Safety Product Accredited, SEPA WCR.

The Chief Executive is ultimately responsible for reviewing the effectiveness of the Company's internal control system. Its assessment will be based on information provided by the RMT. Focus will be given to the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective.

Company Intranet – Staff Zone: All the McSence Groups policies, procedures, handbooks are available on-line to all employees on the McSence Group's Staff Zone Intranet via our website [Login | McSence](#)

Compliance: Failure to comply with the provisions of this Policy may result in Disciplinary proceedings.



McSence Group Signatory:

David Maxwell | Chief Executive

McSence Group - McSence Communication Ltd, McSence Ltd, McSence Services Ltd & McSence Workspace Ltd

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Policy Amendments & Revisions: This policy will be reviewed annually and, if necessary, revised in the light of legislative or organisational changes. Improvements will be made by learning from experience and the use of an established annual review. Should any amendments, revisions, or updates be made to this policy it is the responsibility of the Company Senior Management Team (SMT) to see that all relevant employees receive notice and training if necessary.