

RISK MANAGEMENT POLICY

NIRAS-LTS International (hereafter NIRAS-LTS) is part of the NIRAS Gruppen A/S group of companies and this Policy relates to all business activities of NIRAS-LTS.

A degree of risk is inherent in NIRAS-LTS's business functions, in international development, and in the political, geographical and social environments that we operate in. The Executive Team acknowledge that prudential risk management in all of these areas is an essential part of ensuring good corporate governance.

This policy sets out the procedures by which NIRAS-LTS creates a more active risk management culture by:

- Identifying risks to NIRAS-LTS's business and project implementation;
- Managing identified risks in a way which will protect our clients, partners, staff, sub-contractors, communities that we work with, other stakeholders and the public realm as appropriate;
- Controlling risk without stifling opportunity.

This policy explains our approach to risk management and the roles and responsibilities of the Executive Team, risk owners, internal auditors and other staff. It outlines the risk management process, and identifies the reporting procedures.

The risk management systems described in this policy are evolving in order to meet the needs of NIRAS-LTS as a growing company within the NIRAS Group and by aligning to, and benefitting from NIRAS systems. This policy will be updated at least every three years to incorporate new and/or revised components from within CVPT, NIRAS corporate compliance unit and recommendations from the NIRAS International Consulting, Executive Management Team (hereafter, EMT).

1 Responsibility

1.1 Executive Team

The overall responsibility for internal control and the management of risk within NIRAS-LTS lies with the Executive Team.

The Executive Team have responsibility for ensuring this policy complies with our legal and ethical obligations, for ensuring compliance with it, for monitoring its use and effectiveness and dealing with any queries on its interpretation. The Executive Team retains ultimate responsibility for internal control and risk management, and has a responsibility to highlight issues of severe risk to the EMT. This includes the semi-annual review of the Company Risk Register.

The Executive Team sets the level of risk appetite and tolerance. They ensure risk management is embedded in business plans, budgets and strategic processes and approve major decisions affecting the company's risk profile. The procedures in place need to give the Executive Team confidence that less significant risks are being actively managed and controlled.

The Executive Team receives risk assessments on major projects, new initiatives and on major business changes. The Executive Team provides reports and recommendations to the EMT, as appropriate.

1.2 Compliance and Risk Committee

The Compliance and Risk Committee is a sub-committee of the Executive Team, and meets monthly to consider and discuss issues of risk management across NIRAS-LTS.

The Committee reviews Operational risk; Project risk; QMS; Supplier management and due diligence; and Contract Management and examines project risk

assessments, company compliance, internal and external audit reports and follow up on recommendations, and any other matters of internal control.

The Compliance and Risk Committee is responsible for reviewing and updating the NIRAS-LTS Company Risk Register and verifying that follow up is taken on any identified risks within this. The Committee provides a challenge function for Project Managers and Contract Directors to follow up on project level risk on the Executive Team's behalf and will synthesise this for the Executive Team on at least a quarterly basis.

Annex 1 provides a Terms of Reference and the people who are on the Compliance and Risk Committee.

1.3 Staff

All staff are responsible in managing their own operational risks, in particular personal travel risk.

Where they are risk owners, they are responsible for specific actions or risk registers and should provide regular information to the Executive Team and/or the Compliance and Risk Committee on risk status and mitigation, and report any failed controls.

Project level implementation of this policy lies with the Project Manager and Contract Director for each project. QF32 provides guidance and a template for assessing project level risk.

2 Principles

2.1 Risk Assessment and Due Diligence

2.1.1 Risk Registers

The main strategic and operational risks to which NIRAS-LTSs operations are exposed are documented in a series of Risk Registers. These identify, categorise and assess each risk and summarise the controls in place. An example of a Risk Register is included in NIRAS-LTSs Quality Management System at QF32.

Ongoing monitoring and reporting are vital parts of this process, with any issues arising being brought to the attention of the Executive Team and EMT as appropriate.

Risk Registers should be held for each tender and each project, in either a client mandated template or the NIRAS-LTS template at QF32.

In addition, there is a Company Risk Register which covers Strategic, Operational, Financial, Governance, Compliance and Knowledge Management Risks. A separate risk management plan may be also be maintained if this is considered appropriate (for example if significant resources are required to manage a particular risk over a defined period of time).

2.1.2 Risk Assessment Process

Project risks are categorised into Contextual (outwith the control of the Project) programmatic (within the control of the Project), Management risks (internal risks associated with the management of the Project) Fiduciary risks (internal risks associated with Project funds). Additionally the Executive Team require reporting on sub-contractor and client satisfaction within quarterly updates to the risk register.

Bidding risks associated with bidding for a project are covered with the Bid Decision Support System (Bid DSS or GONG). The Risk Register associated with a tender is the preliminary version of this Project Risk Register.

Company level risks are categorised into Strategic, Operational (including projects, resourcing and business development), Financial and Governance and owners of these risks within the risk register are responsible for any actions or control systems relating to them.

Risk assessment at all levels involves a process of identifying and then eliminating or mitigate risk factors and includes an assessment of compliance with labour laws and the client contract if project focused. Risk Registers (whether company or project are living documents and are reviewed quarterly.

This quarterly review is done by the Compliance and Risk Committee in terms of follow up of actions with risk owners for the company risk register and with Project Managers for project risk. The Compliance and Risk Committee prepare a risk report and dashboard for the Executive Team on a quarterly basis.

Principles in Risk Assessment

The Compliance and Risk Committee will identify key risks in areas of operation and assign a suitable rating by assessing the potential impact and likelihood.

A sole owner will be identified for each risk (being the PM for project risks and key staff within business units for risk covered in the Company Risk Register) and have regard for what is an acceptable level of risk for the organisation, taking into account the requirements of relevant rules, legislation and guidance, together with such matters as adequate financial and human resources.

Risk assessments will indicate the impact/consequences and likelihood of the occurrence of a situation or event, in accordance with the NIRAS risk heat map.

The Compliance and Risk Committee will review the current internal control systems, if any, for managing identified risks and if current controls are considered inadequate, appropriate controls should be actioned. The priority of establishing, altering or increasing controls will be in accordance with the impact and likelihood of the risk event occurring after factoring current controls which is also known as the residual risk. Any actions to adjust internal controls will be approved by the Executive Team.

The identification, assessment and evaluation of risk will be fully documented using the Company Risk Register format as per QF27.

2.1.3 Due Diligence

NIRAS-LTS undertakes due diligence when considering new consultants or company partners. All supply chain partners/sub-contractors are required to complete a due diligence questionnaire (QF25) which covers key compliance areas about the organisation or individual, labour practice, health and safety, duty of care and conflict of interest, in order to identify any problems prior to entering into a contractual agreement.

All partners/sub-contractors must confirm that they understand and adhere to the compliance requirements of our clients' and NIRAS-LTS's policies. This forms a part of their sub-contract with us.

3 Review of the Risk Management Policy

The Risk Management Policy itself will be reviewed by the Executive Team every 3 years; however, it will also be considered annually as part of the Annual Business Planning process to ensure that the Plan adequately supports business plan objectives.

4 Supporting documents relevant to this Policy

A number of documents and templates relating to risk and compliance are within our Quality Management System. These include:

Employee Handbook - Guidelines, rules and regulations for working at LTS; part of employees' contracts of employment. Including:

- Anti-bribery and corruption policy. Sets out staff and sub-contractor responsibilities on how to deal with bribery and corruption related issues; signed agreement is required of employees and sub-contractors.
- Code of conduct. Standards of behaviour that are expected of all employees and sub-contractors.
- Health and safety policy. Describes actions required to meet the Health and Safety at Work Act.
- International Data Protection Policy. Outlines responsibilities under the Global Data Protection Regulation.

Project Management Handbook – Includes project risk registers and quarterly project reporting on risk.

Business Development Handbook – Includes information on supplier Due Diligence checks prior to entering into a contract with a supplier.

Quality policy guides the Quality Management System. Relevant Quality Forms are:

- QF27 – Company Risk Register
- QF32 – Project Risk Assessment
- QF07 – Quarterly Project Reports
- QF17 – Business Control Change Form
- QF24 – Travel Risk Assessment.
- QF25 – Due Diligence Questionnaire.

Patrick Abbot

Managing Director, NIRAS-LTS International

8th March 2021

Annex 1. Terms of Reference for the Compliance and Risk Committee

The Compliance and Risk Committee is sub-committee of the Executive Team, is advisory and reports directly to the Executive Team. The Compliance and Risk Committee meets at least monthly. At least quarterly and in rotation the Committee will chair a meeting on each of Operational risk; Project risk; QMS; Supplier management and due diligence; or Contract Management, and will bring in relevant staff to these meetings.

It provides oversight of the Company Risk Register, project risk registers and the internal audit function of the quality management system and the monitoring of action plans relating to financial internal and external audit. It does not replace the role though of the Executive Team in appointing external auditors for either the QMS or financial audit.

The committee is responsible for identifying and approving appropriate performance measures for project compliance and risk management and the control systems in place to manage the Company Risk Register. It must also satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

Scope

The following functions and powers are delegated to the Compliance and Risk Committee. To:

- Keep under review the effectiveness of internal control systems and ensure that any weaknesses in control are being corrected and reported to the Executive Team accordingly.
- Report to the Executive Team the outcome of the Committees evaluation of risk assessments and advise the Board of the extent of the risks and whether the risks can be adequately managed.
- Review the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and propose steps to improve compliance as needed.

Responsibilities

The Compliance and Risk Committee is responsible for:

- Ensuring risk management is embedded in business plans, budgets and strategic processes.
- Being aware of significant risks and potential effects and review management of these risks.
- Considering emerging risks and review likelihood and impact of assessed risks.
- Ensuring risk management is embedded in bidding activities, project management activities and other operational processes.
- Implementing and reviewing actions in response to key risks.
- Drafting policy and process amendments for approval by EMT.
- Assisting and guide market teams and business units in forming specific risk management and internal control policies.
- Reviewing processes and controls.
- Coordinating update of the risk registers and reporting of key risks to the Executive Team.

Deliverables

The Compliance and Risk Committee will:

- Meet at least monthly and maintain a brief meeting minute
- Will present a quarterly risk dashboard and overview to the Executive Team for project risk.