Risk management

Purpose

This policy establishes Mott MacDonald's approach to Enterprise Risk Management (ERM). It requires that the Group takes on an appropriate level of risk commensurate with business growth and profitability goals. The Group ERM program includes a format to identify principal risks in four risk categories, identify measures of risk for each principal risk, set appetites for risk for each principal risk, create a framework for risk data collection and escalation when risk appetites are exceeded, and communicate the above throughout the regions, units, and divisions. The ERM program will provide the Executive Board with a clear picture to verify that the Group is taking on an appropriate level of risk.

Commitment

The Group is committed to using ERM processes to embed risk management into the organization's culture, and strategic and business planning processes to:

- Safeguard its staff and assets.
- Safeguard the interests of its clients.
- Strike the appropriate balance between risk and reward with the aim of improving business performance.

Responsibility

The Group Risk Committee, chaired by a member of the Executive Board, is responsible for this policy and for the effective delivery of the ERM program.

The Group risk principal, chief risk officer, and Executive Chair of the Risk Committee will communicate Group risk policy to the regions through the Risk Subcommittee (chaired by the Group risk principal) and shall receive regional views and reports on risk for communication to the Risk Committee.

Each regional representative from the Risk Subcommittee shall likewise remain in two-way communication with managers assigned to manage risk within their region's respective units and divisions.

The Group risk principal is responsible for providing a framework for implementing this policy and for monitoring, reviewing, and reporting on its effectiveness.

The chief risk officer is responsible for the execution and management of the ERM Program and providing a framework for implementing this policy.

The Group risk principal and chief risk officer are responsible for reviewing this policy and making recommendations to the Group Risk Committee on revisions to risk categories, principal risks, mitigation plans, and means of evaluating Group and regional risk exposures and opportunities.

General managers are responsible for implementing this policy and for requiring that adequate risk treatments are developed and implemented in their regions.

Regional risk managers are responsible for maintaining good internal controls, managing their operational risks and advising their regional general manager of any risks in their portfolio that cannot be managed operationally and should be submitted to the Group Risk Committee.

Commercial managers and account leaders are responsible for implementing this policy, and for developing commercial risk management procedures for business operations and bids.

Project principals, project managers, and other supervisory staff are responsible for implementing this policy, and for developing risk management procedures for projects.

Risk management

Approach

The Risk Committee of the Executive Board is supported by the Risk Subcommittee to maintain the Group and unit risk register and associated Risk Treatment Plans.

Each region has its own risk committee, made up of representatives from the units. Each region develops specific treatment plans for their Regional Principal Risks, taking guidance from the Group Risk Treatment Plans. The Treatment Plans are owned and managed by representatives on the Regional Risk Committees and embedded in the units and divisions. Units feedback risk reviews into the Regional Risk Committee, who in turn feed back to the Risk Sub-Committee.

The approach to risk treatment will be informed by the Group risk appetite statements to be developed for each of the Principal Risks identified by the Risk Committee.

Business risks are identified and assessed at Group, unit, and project level.

Risk and opportunity management strategies are planned and implemented, based on the level of risk.

Data collection, analysis, review, feedback, and learning enable us to continually improve the way we manage risk, in order to meet the needs of our business, our staff, and our clients.

The Group issues guidance and promotes best practice on risk management through its intranet.

Information and training are provided to all staff, enabling them to comply with this policy.

Michael C. Isola
President and CEO
Mott MacDonald North America