



Board Risk Management **Policy.**

Adopted by the Board on 22 Feb 2021

Purpose

Millennium Services Group Ltd (Millennium) recognises the importance of risk management to its business success. Millennium is committed to understanding the organisation's risk environment and taking measures to ensure that risks are contained to an acceptable level consistent with the organisation's risk appetite. Millennium is committed to ensuring that effective risk management remains central to all its activities and embedded in the organisation's processes and culture, thus contributing to the achievement of core objectives.

This policy aims to achieve the proper identification and oversight of all risks faced by Millennium.

Scope

This Policy applies to the activities of all areas of the organisation. The Board and Executive are responsible for its implementation.

Roles and Responsibilities

Risk management is the responsibility of all employees.

Millennium's Board has ultimate responsibility for risk management of the organisation, and it provides governance oversight via the Audit & Risk Committee and the People & Risk Committees. The Board discharges its governance responsibility for the implementation of risk management and control to the CEO and Executive Leadership Team.

Senior Management remain responsible for the management of risks within their area of responsibility including associated control and ongoing monitoring practices. All employees are responsible for adhering to processes and procedures, which are designed to manage risk associated with the work they perform. They are also required to alert management to any risks they become aware of in the course of their work.

A risk-based audit program will be undertaken to provide assurance that risks identified and key controls to mitigate these risks are working effectively. This function will report to the Executive Leadership Team with oversight from the Audit and Risk Committee.

Framework for Managing Risk

Millennium's risk management framework is designed to enable the organisation to understand and communicate its risk profile, ensure risks remain at acceptable levels whilst remaining adaptable and responding to change.

This approach aligns to the 'three lines of defence' model, which is based on a set of layered defences that align responsibility for risk taking with accountability for risk control.

Operations (the first line) own and manage risks and are responsible for implementing controls to keep risks to within the appetite of the organisation. Management (the second line) provides oversight and point of escalation with their area of responsibility. The third line is provided by the audit function that provides assurance to senior management on the effectiveness of governance, risk management and internal controls.

This framework endeavours to cover the full spectrum of risks faced by the organisation through evaluating risk from both the enterprise and business perspective and is aligned to ISO 31000 Risk Management and comprises of several important steps:

- Identifying and analysing the main risks faced by Millennium.
- Evaluating those risks and making judgements about whether they are acceptable or not.
- Implementing appropriately designed control systems to manage these risks in a way that is consistent with Millennium's risk appetite.
- Treating unacceptable risks by formulating responses following the identification of unacceptable risks, including actions to reduce the probability and consequence of an event.
- Documenting these processes with risk registers supplemented by related documents as appropriate.
- Ongoing monitoring, communication and review.

This framework is applied consistently across the organisation. Individual areas must identify and analyse risk in their areas of responsibility, assess the controls in place to deal with these risks and make decisions on how to mitigate these risks. If a residual risk is judged unacceptable, this will be escalated to senior management within the area of responsibility for the development and implementation of a remedial plan. This process will be overseen by the Executive Leadership Team, where the residual risk is not accessed as 'low' or 'insignificant'.

Where the risks are considered cross-sectional and relevant to other areas within the organisation, the risks will be communicated so actions can be agreed upon by the areas concerned.

Risk Statement

The Board shall determine the level of risk exposure that is considered acceptable in the pursuit of Millennium's objectives. Millennium's risk appetite is defined through risk statements that are reviewed annually.

Governance and Reporting

The Board and the Audit and Risk Committee will provide oversight of the framework, including this policy and will receive periodic reports on material risks identified through established reporting processes.

Continual Improvement

Millennium shall conduct an annual review of its risk management framework to ensure it is effective and continues to support the organisation's performance. The results of these reviews will be used to inform decisions relating to how the framework, policy and operational procedures can be improved to support the management of risk and an improved risk management culture across the organisation.



Royce Galea

Chief Executive Officer

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