

Risk Management and Internal Control Policy

Introduction

L Lynch Plant Hire & Haulage Ltd is a leading plant hire and haulage company that operates in the highways and roads, rail, utilities, and civil engineering sectors. We are committed to ensuring that our plant hire, and haulage operations are carried out to the highest standard in order to meet or exceed our customers' needs and expectations in line with our core values. L Lynch Plant Hire & Haulage Limited are committed in ensuring effective risk management as it is essential in protecting our reputation within the industry and in generating harmonious working relationships.

Policy Aims

Effective risk management underpins the delivery of our objectives. We aim to identify key risks at an early stage and develop actions to eliminate them or mitigate their impact and likelihood to an acceptable level.

Risk management processes are embedded throughout the Company at all levels and form an integral part of day-to-day business activity. They help management to identify and understand the risks they face in delivering business objectives and the status of the key controls in place for managing those risks.

Roles and responsibilities

The Board is responsible for our system of risk management and internal control. It sets the Company's appetite for risk in pursuit of its strategic objectives, and the level of risk that can be taken by Business Managers without specific Board approval. Group policies and delegated authority levels set by the Board provide the means by which risks are reviewed and escalated to the appropriate level within the Company, up to and including the Board, for consideration and approval.

Risk management process

Our risk management policy requires that all business units identify and assess the risks to which they are exposed, and which could impact their ability to deliver their, and the Company's, objectives.

Identified risk events, their causes and possible consequences are recorded in a risk register. Their likelihood and potential business impact and the control systems that are in place to manage them are analysed and, if required, additional actions are developed and put in place to mitigate or eliminate unwanted exposures. Individuals are allocated responsibility for evaluating and managing these risks to an agreed timescale.

The Risk Register and relevant action plans are regularly reviewed, at various levels throughout the business, to identify emerging risks, remove expired risks and update mitigation plans.

Where possible we take a programmatic or management system approach to risks, which typically involves the following elements (or equivalent):

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- strong leadership and accountabilities
- risk assessment
- clear policies
- education, training, and communication
- appropriate procedures and controls
- monitoring, auditing, and continual improvement

Such an approach is underpinned by our Company values.

Reporting structures ensure that risks are monitored continually, mitigation plans are reviewed, and significant exposures are escalated – from project level to business unit management to senior management.

All depots and business units must have assurance mechanisms to ensure that their internal controls and actions designed to mitigate and eliminate risks are operating effectively. A range of procedures is used to monitor the effectiveness of internal controls, including management assurance, risk management processes and independent assurance provided by internal audit and other specialist third party reviews.

Internal control

The Company's systems and controls are designed to ensure that the Company's exposure to significant risk is managed properly, but the Board recognises that any system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Company will assess the effectiveness of the risk management processes and internal controls through.

- the results of internal audits
- confirming that effective internal controls had been maintained or, where any significant non-compliance or breakdown had occurred that appropriate remedial action has been or is being taken.
- a paper prepared by management on the nature, extent, and mitigation of significant risks and on the systems of internal controls.

Central to the Company's systems of internal control are its processes and framework for risk management. These include:

- A clear system of delegated authorities from the Board to management with certain matters reserved by the Board.
- The annual review of the strategy and plans for the Company to identify the risks to the Company's achievement of its overall objectives and, where appropriate, any relevant mitigating actions.
- Monthly financial reporting against budgets and the review of results and forecasts by Directors and management, including particular areas of business or project risk. This is used to update management's understanding of the environment in which the Company operates, and the methods used to mitigate and control the risks identified.
- Individual tender and project review procedures.

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- Regular reporting, monitoring, and review of the effectiveness of health, safety, and environmental processes. These processes are subject to independent audit and certification to internationally recognised standards.
- Legal compliance risks which are addressed through specific policies and training on such matters as health and safety and data protection laws.
- A Company wide, risk management framework which identifies key risks that are assessed, and action plans developed to mitigate or eliminate unwanted exposures. The results of these reviews are placed on risk registers and are subject to regular review, with material risks being escalated as appropriate.
- Reviews and tests by the internal audit function of critical business processes and controls and specific reviews in areas of perceived high business risk.

This policy will be communicated to all employees and organisations working on our behalf, displayed at our offices and on our intranet and is available to defined interested parties.

This policy will be reviewed annually or sooner by senior management to ensure its suitability. Where necessary it will be amended, reissued, and communicated to all employees and people working on its behalf.



Rob Lynch
Joint Managing Director

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