Mac Charles (India) Limited

RISK MANAGEMENT POLICY

PREAMBLE:

The Mac Charles (India) Limited Risk Management Policy has been refreshed in line with the provisions of Section 134(3) of the Companies, Act 2013 and Regulation 17(9) SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 which requires the Board of Directors to develop and implement a risk management policy for Mac Charles including identification of elements of risk, which may threaten the existence of the company.

DEFINITION OF RISK:

Risk is the effect of uncertainty on the achievement of objectives, encompassing the possibility that events or conditions may occur that could positively or negatively impact outcomes. Therefore, a risk can provide both opportunities and threats.

ROLE OF BOARD:

The Board of Directors of the Company oversee the development of Risk Management Policy and the establishment, implementation and monitoring of the Company's risk management system, in accordance with the policy. Risk Management being one of the key functions of Board where responsibility is cast upon the Board to

- review and guide Risk Policy

- ensure that appropriate systems of control are in place, in particular, systems for risk management

- ensure that, while rightly encouraging positive thinking, it does not result in over optimism that either leads to significant risks not being recognized or exposes the company to excessive risk.

- have ability to 'step back' to assist executive management by challenging the assumptions underlying risk appetite.

The Board and the Management of the Company will take a pro-active approach to risk management, ensuring that a Company-wide system is in place which addresses all material internal and external risk factors facing the Company, which include:

(a) Financial;

(b) Legal and Regulatory;

(c) Operating; and

(d) Commercial risks, including Health, Safety and Environment.

The continued successful safeguarding, maintenance and expansion of the Company's businesses requires a comprehensive approach to risk management. It is the policy of the Company to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand, reputation or the existence of the Company.

Fundamental values of the Company include respect for its employees, customers and shareholders and integrity in all its operations and activities. By acknowledging that risk and control are part of everyone's job, and by

incorporating risk management into the Company's daily business practices, the Company will be better equipped to achieve strategic objectives, whilst maintaining the highest ethical standards.

All employees of the Company are expected to demonstrate the highest ethical standards of behaviour in development of strategy and pursuit of objectives. Individually and collectively the Company's employees shall consider all forms of risk in decision-making.

RISK MANAGEMENT FRAMEWORK:

The Board is responsible for establishing and implementing a system for identifying, assessing, monitoring and managing material risk throughout the Company.

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are to be continuously benchmarked with international best practices.

At present, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. Regular consideration is given to all these matters by the Board. The Company has in place an internal control framework to assist the Board in identifying, assessing, monitoring and managing risk. The framework can be described under the following headings:

• Continuous Disclosure/ Financial Reporting

• Operations Review

• Investment Appraisal

The Company's internal control system is monitored by the Board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations. Procedures have been put into place to ensure the Chief Financial Officer/ Whole-time director provide a statement in writing to the Board that the integrity of the financial statements/reports is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively.

RISK MITIGATION:

Risk needs to be prioritized in the process of analysis and evaluation for their mitigation based on probability, impact and severity. Further, risk proximity (i.e. time window when the risks can surface), complexity of the mitigation plan and funding required are factors that can be considered for prioritizing the mitigation action. Accordingly, the risk can be avoided, reduced, transferred or shared by the Company as follows:

i. Risk Avoidance: The situation which gives rise to the risk can be avoided by excluding the activities or conditions that gives rise to risk. This approach is recommended for the risks with high severity.
ii. Risk Reduction: For the risks which cannot be avoided, measures to reduce either the impact of risk or probability of occurrence can be deployed.
iii. Risk Transfer: Transfer of the total or partial risk to third party, e.g. client, third party vendor, sub-contractor, insurance company, etc.
iv. Risk Acceptance: The risks with low severity may be accepted in cases where the cost of risk mitigation would be more than the risk exposure.

ROLE OF AUDIT:

A strong and independent Internal Audit Function carries out risk focused audits across all businesses, enabling identification of areas where risk management processes may need to be improved. The Audit Committee of the Board reviews Internal Audit findings and provides strategic guidance on internal controls. It also monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

ROLE OF STAKEHOLDERS:

The Company considers the reasonable expectations of stakeholders particularly with a view to preserving the Company's reputation and success of its business. Factors which affect the Company's continued good standing are included in the Company's risk profile.

CONTINUOUS IMPROVEMENT:

The Company's risk management system is always evolving. It is an ongoing process and it is recognised that the level and extent of the risk management system will evolve commensurate with the development and growth of the Company's activities. The risk management system is a "living" system and the documentation that supports it will be regularly reviewed and updated in order to keep current with Company circumstances.

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