# RISK MANAGEMENT POLICY

**1.PREFACE**

Cargosol Logistics Limited ("the Company") considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives.

The Company's Risk Management Policy ("the Policy") outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

Section 134(3) of the Companies Act, 2013 requires a statement to be included in the report of the board of directors ("Board") of Cargosol Logistics Limited (the "Company"), indicating development and implementation of a risk management policy for the Company, including identification therein of elements of risk, if any, which, in the opinion of the Board, may threaten the existence of the Company. Furthermore, Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

**2.Objective and Purpose**

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events / risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Our risk management approach is composed primarily of three components:

- Risk Governance
- Risk Identification
- Risk Assessment and Control

**3. Applicability**

This Policy applies to all areas of the Company's operations

Risk Governance:

- The functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures.
- The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

Risk Identification:

External and internal risk factors that must be managed are identified in the context of business objectives.

Risk Assessment and Control:

This comprises the following:

- Risk assessment and reporting
- Risk control
- Capability development

On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management. Examples of certain of these identified risks are as follows:

- Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operations
- Failure in implementing its current and future strategic plans
- Significant and rapid technological change

- Damage to its reputation
- Its products losing market appeal and the Company not being able to expand into new product lines or attracting new types of investors
- Its risk management methods and insurance policies not being effective or adequate
- Fluctuations in trading activities
- Changes in interest rates
- Changes in government policies
- Security risks and cyber-attacks
- Insufficient systems capacity and system failures

**Risk Management Committee**

The Company has a committee of the Board, namely, the Risk Management Committee, which was constituted with the overall responsibility of overseeing and reviewing risk management across the Company. To achieve this, the Committee is responsible for:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks;
- review of financial and reporting risks;
- review of compliance risks;
- review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value; Risk Management Policy.
- review the extent to which management has established effective enterprise risk management at the Company;
- inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- review the Company's portfolio of risk and consider it against it's risk appetite by reviewing

integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and

- review periodically key risk indicators and management response thereto.

The Risk Management Committee reviews in detail the establishment & adherence to the Company's enterprise risk management framework and also review the adequacy and efficacy of the risk management system working in the Company.

**Risk Management System**

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

– Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.

– A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.

– Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high risk profiles.

– A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved.

The Board reviews internal Audit findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.