UNITED VAN DER HORST LIMITED

RISK MANAGEMENT POLICY

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Introduction:

United Van Der Horst Limited **("the Company")** is prone to inherent business risks and recognizes that risk management is an integral part of good management practice. This document is intended to formalize a risk management policy, the objective of which shall be the identification, evaluation, monitoring, and minimization of identifiable risks.

Risk Management is a key aspect of the Corporate Governance Principles and Code of Conduct which aims to improve the governance practices across the Company's activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

This Risk Management Policy ("Policy") is in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("SEBI Listing Regulations")** and the Companies Act, 2013 **("Act")** which requires the Company to lay down procedures for risk assessment and procedure for risk minimization.

The Policy explains the Company's approach to risk management and outlines the key aspects of the risk management process.

Objective and Purpose:

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach to reporting, evaluating, and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk-related issues.

This Policy aims:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized, and managed i.e. to ensure adequate systems for risk management.

2. To establish a framework for the Company's risk management process and to ensure its implementation.

3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

4. To assure business growth with financial stability.

5. To achieve the strategic objective while ensuring appropriate management of risks

6. To ensure the protection of stakeholder values

7. To provide a clear & strong basis, for risk-informed decision-making at all levels of the organization.

8. To strive towards strengthening the Risk Management System through continuous learning & improvement

Scope:

This policy applies to all aspects of the Company, that is, its business lines, and support functions, and shall cover all stakeholders including but not limited to the Company's employees, temporary workers, vendors/or service providers. The Company's Policy covers all the events within the company and events outside the company that have a bearing on the company's business.

Terms and Definitions:

1) **"Act"** means the Companies Act, 2013 and Rules framed thereunder and any amendments thereto.

2) **"Board"** means the Board of Directors of the Company.

3) **"Policy"** means the Risk Management Policy.

4) **"Risk"** means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

5) **"Risk Management"** means the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect the achievement of a corporation's strategic and financial goals.

6) **"SEBI Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.

Role of the Board:

The Board will undertake the following actions to ensure risk is managed appropriately:

1. The Board shall be responsible for framing, implementing, and monitoring the risk management plan for the Company;

2. Ensure that the appropriate systems for risk management are in place;

3. The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible;

4. Participate in major decisions affecting the organization's risk profile;

5. Have an awareness of and continually monitor the management of strategic risks;

6. Be satisfied that processes and controls are in place for managing less significant risks;

7. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;

8. Ensure risk management is integrated into board reporting and annual reporting mechanisms;

9. Constitute any committees of the Board that are deemed necessary to ensure risk is adequately managed and resolved where possible or as may be required under the SEBI Listing Regulations, whenever applicable.

<u>Risk Management Procedure:</u>

The stages of the Risk Management process are as follows:

1. **Risk Identification:**

   This stage entails identifying risk factors, impact areas, events, their causes, and any potential repercussions. The possible event could have a beneficial or negative impact on the company's goals. A variety of strategies are available to the organization for detecting uncertainties that could have an impact on one or more objectives.

   The following are some points that should be considered:
   a. causes and events.
   b. threats and opportunities.
   c. vulnerabilities and capabilities.
   d. changes in the external and internal context.
   e. indicators of emerging risks.
   f. consequences and their impact on objectives etc.
   g. limitations of knowledge and reliability of information.
   h. time-related factors.

2. **Risk Analysis**

   The possibility of each risk happening, and its potential effects are determined through risk analysis. Each detected risk must be evaluated based on two criteria: the impact of an event's occurrence and the likelihood that it will occur.

   The level of risk exposure is produced by the combination of these two variables.

   The potential impact may include -
   - Operational impact (People / Technology / Operation)
   - Reputational loss
   - Regulatory repercussions
   - Financial loss.
   - Data Security and Privacy
   - Legal Liability

The number of prior occurrences in the industry, the audit findings from the prior year, anticipated future trends or existing research shall be used to rate the risk's likelihood of occurrence (frequency).

Risks must be evaluated to determine the current degree of risk after taking into consideration the controls already in place.

3. Risk Evaluation

Risk evaluation involves the comparison of the severity of risk generated during the risk analysis stage to determine if any additional action is required.

There could be different decisions that are taken at this level-

- Do nothing further.
- Consider risk treatment options.
- Undertake further analysis to better understand the risk.
- Manage and monitor existing controls.
- Reconsider objectives.

4. Risk Treatment

The risk treatment is a response to the risk evaluation. While doing risk treatment, it is understood that additional mitigation is needed to reduce the residual risk to a manageable level.

The risk treatment strategies listed below can be used to manage the risk's residual exposure. The best course of action must be chosen by weighing the benefits of additional risk mitigation against the costs, effort, or disadvantages of implementation.

It may happen that the additional risk treatment strategy is not feasible in some circumstances; in such a case, the risk may need to be accepted and communicated.

Risk Avoidance	By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
Risk Transfer	Mitigation by having another party accept the risk, either partial or total, typically by contract or by hedging/insurance.
Risk Reduction	Employing methods/solutions that reduce the severity of the loss.
Risk Retention	Accepting the loss when it occurs. Risk-retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred shall be retained by default.

5. Risk Monitoring and Reporting

To ensure that risks are kept within a reasonable range and that treatment measures have been taken and are working, monitoring of risks and treatment activities should be done on a frequent basis. A planned component of the risk management process with clearly defined roles should include ongoing monitoring and periodic reviews of the risk management process and its outcomes.

Successful risk management depends on monitoring and review, thus it's important to specify who is responsible for carrying out these tasks. The monitoring and review of findings and observations are most helpful when they are well-documented and disseminated.

In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, such risk shall be continuously monitored and periodically presented to the Board or any committee to which the risk management authority has been delegated.

Review and Revisions:

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective.

The Board may make any changes or modifications to the Policy as and when required subject to the relevant legislation and the overall interest of the Company.

In any circumstance, where the terms of this Policy differ from any law, rule, regulation, etc. for the time being in force, the law, rule, regulation, etc. shall take precedence over this Policy.

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