RISK MANAGEMENT POLICY

OBJECTIVE

This is in compliance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the Company to develop and implement a Risk Management Policy / Plan and to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

BACKGROUND

Risk Management is an integral part of an effective management practice. There is a strong correlation between risk and opportunity in all business activities and it is very important that a company identifies, measures and manages the risks so as to minimize threats and capitalize on the opportunities to achieve the organization's strategic objectives. Rapid and continuous changes in the business environment have made it necessary for management to increasingly become more risk-focused.

This policy document serves as a guideline for respective components of risk which have a common resonance across the Company. The Risk Management Policy provides entry level risk guidelines encompassing key risk areas across the organization such as Financial Risk, Operational Risk, Sectoral Risk, Sustainability Risk, Information Risk and Cyber Security Risk.

RISK CATEGORIES AND PROFILE

The Company considers that any risk that could have a material impact on its business should be included in its risk profile. All the identified risks shall be categorized under the following categories:

1. Financial Risk: Financial Risk is the risk that involves financial loss to firms. Financial risk generally arises due to instability and losses in the financial market caused by movements in stock prices, currencies, interest rates and more.

2. Operational Risk: Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events, but is better viewed as the risk arising from the execution of an Organization's business functions.

3. Sectoral Risk: Sectoral risk is defined as uncertainty concerning changes in the economic-financial situation of sectors.

4. Sustainability Risk: An environmental, social, or governance event, or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment arising from an adverse sustainability impact.

5. Information Risk: Information risk is a calculation based on the likelihood that an unauthorized user will negatively impact the confidentiality, integrity, and availability of data that an Organization collect, transmit, or store.

6. Cyber Security Risk: Cyber Security risk is the probability of exposure, loss of critical assets and sensitive information, or reputational harm as a result of a cyber-attack or breach within an organization's network.

RISK MANAGEMENT PROCESS

Risk Management as a process will enable Share India Securities Limited to identify, assess and treat risks. It is the responsibility of everyone in the organization and it applies to all functions and operations in the organization.

The key **risk management process** would broadly include:

1. Risk Identification:

• Assessment of organization's exposure to uncertainty which requires in-depth knowledge of the organization, market, economic, legal, cultural, regulatory, technological environment in which it exists;

• Risk identification shall be approached in a methodical way to ensure that all significant activities within the organization have been identified;

• Primary responsibility of identification of risks lies with respective HoDs. However, the same can also be suggested by Risk Management Committee.

2. Risk Categorization:

• All identified risks shall be categorized under defined category buckets i.e., Financial Risk, Operational Risk, Sectoral Risk, Sustainability Risk, Information Risk and Cyber Security Risk;

• Risk Management Committee is responsible for categorization of risks.

3. Assessment of identified risk:

• Risk assessment allows the company to consider the extent to which the potential event might affect the company;

• Risk assessment should be performed from two perspectives – likelihood and impact;

• Risk Management Committee is responsible for assessment of risks in consultation with respective HoDs.

4. Risk mitigation:

• Developing strategies / alternatives to reduce or treat the potential risks;

• The purpose of treating a risk is to continue with the activity which gives rise to the risk but to bring the risk to an acceptable level by taking action to control it in some way;

• Risk Management Committee is responsible for assessment of risks in consultation with respective HoDs.

5. Risk reporting and disclosures:

• Risk Management Committee shall report the risks along with assessment and mitigation plans to the Board within stipulated timelines.

6. Monitoring of the risk mitigation efforts:

• Risk Management Committee shall monitor all aspects of an identified risk on a regular basis as the risk exposure may undergo changes from time-to-time due to continuously changing environment;

• Risk Management Committee is responsible for monitoring of risk mitigation efforts in consultation with the Board;

7. Integration with strategy and business plan:

• Risk Management Committee shall be responsible for regular policy reviews and review standard performance to identify opportunities for improvements;

• Risk Management Committee to ensure that the measures adopted resulted in what was intended.

RISK MANAGEMENT COMMITTEE

The Board, vide its meeting dated 21.08.2021, has constituted a Risk Management Committee consisting of the following members and defined the Committee's role and responsibility:-

Sr. No.	Name of Members	Designation
1.	Parveen Gupta	Chairperson
2.	Sachin Gupta	Member
3.	Ankit Taak	Member

ROLES AND RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE

Risk Management Committee shall meet at least twice in a year, with a gap of not more than one hundred and eighty days between two consecutive meetings, to fulfil following roles & responsibilities:

Roles:

1. To assess the Company's risk profile and key areas of risk in particular.
2. To recommend the Board and adoption of risk assessment and rating procedures.
3. To articulate the Company's policy for the oversight and management of business risks.
4. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas.
5. To assess and recommend the Board acceptable levels of risk.
6. To develop and implement a risk management framework and internal control system.
7. To review the nature and level of insurance coverage.
8. To have special investigations into areas of corporate risk and breakdowns in internal control.
9. To review management's response to the Company's Auditors' recommendations those are adopted.
10. To report the trends on the Company's risk profile, reports on specific risks and the status of the risk management process to Board of Directors twice in a year.
11. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

Responsibility:

1. To exercise oversight of management's responsibilities and review the risk profile of the organization to ensure that risk is not higher than the risk appetite determined by the board.
2. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
3. To assist the Board in setting risk strategies, policies, frameworks, models and procedures in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and reporting and that infrastructure, resources and systems are in place for risk management is adequate to maintain a satisfactory level of risk management discipline.
4. To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed. Also, to review and assess the nature, role, responsibility

and authority of the risk management function within the Company and outline the scope of risk management work.

5. To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually for the purpose of making its public statement on risk management including internal control.
6. To oversee formal reviews, processes and procedures of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated, Company's objectives are attained, and financial results are always maintained at an optimal level
7. To provide an independent view of the information presented by the management on corporate accountability and specifically associated risk, also taking account of reports by the Audit Committee to the Board on all categories of identified risks facing by the Company.
8. To review issues raised by Internal Audit that impact the risk management framework.
9. Perform other activities related to risk management as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.
10. The Risk Management Committee (RMC) shall ensure implementation of this policy and periodically assess risks and review key leading indicators in this regard. All categories of Risks and their mitigation plans along with risk assessment would be reviewed by RMC on a half yearly basis.
11. The RMC shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner (including one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning & testing).
12. The RMC shall evaluate risks related to cyber security and ensure that management initiated appropriate procedures to mitigate these risks in a timely manner.
13. The RMC will coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice).
14. The RMC shall make regular annual reports to the Board, including with respect to risk management and minimization procedures.
15. The RMC shall have access to any internal information necessary to fulfill its oversight role. The RMC shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
16. The role and responsibilities of the Risk Management Committee shall include such other items as may be prescribed by applicable law or the Board in compliance with applicable law, from time to time.

BUSINESS CONTINUITY PLANNING

Share India Securities Limited maintains a Business Continuity Plan (BCP) designed to ensure safety of staff as well as members of the general public, safeguard the documents and records pertaining to all material / non-material events and information which would enable to return to normal operations with minimal disruption. Detailed procedures for responding to an incident are part of the BCP. In the event of major incident, the first priority is the safety of the people, followed by immediate action to rescue or prevent further damage to the records. Depending on the immediate threat, emergency response and recovery actions will take priority over all other Company activities. The Company has made appropriate provision for the backup of its digital collections. The backup copies are actively maintained to ensure their continued viability. The Company's BCP ensures that the digital collections and technical infrastructure required to manage and access them can be restored in the event of an emergency.

AMENDMENTS / MODIFICATIONS:

The Risk Management Committee shall, at least once in two years, review the policy and may make amendments to this Policy to the extent required due to change/s in applicable laws and/or regulatory directives or by considering the changing industry dynamics and evolving complexity or as may be deemed fit upon periodical review.