

## RISK MANAGEMENT POLICY

### **BACKGROUND**

This document lays down the framework of Risk Management at Scanpoint Geomatics Limited (hereinafter referred to as 'the Company' or 'SGL') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and provides guideline to define, measure, report, control and mitigate the identified risks.

### **OBJECTIVE**

The objective of Risk Management at SGL is to create and protect shareholder value by minimizing threats or losses, and identifying and maximizing opportunities.

### **Strategic Objectives**

1. Providing a framework that enables future activities to take place in a consistent and controlled manner
2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities / threats
3. Contributing towards more efficient use / allocation of the resources within the organization
4. Protecting and enhancing assets and company image
5. Reducing volatility in various areas of the business
6. Developing and supporting people and knowledge base of the organization.
7. Optimizing operational efficiency

### **BOARD PRINCIPLES**

The Board has to overview the business plan at regular intervals and develop the risk management strategy which shall encompass laying down guiding principles on protective planning for identifying, analyzing and mitigating all the material risks, both internal and external viz. Environmental, Business, Operational, Financial and others. Communication of Risk Management Strategy to various levels of management for effective Implementation is essential.

Risk Identification is obligatory on all vertical and functional heads who will with the inputs from their team members are required to report the material risks to the Chairman and / or Managing Director along with their considered views and recommendations for risk mitigation.

Analysis of all the risks identified shall be carried out by Chairman and / or Managing Director through participation of the vertical / functional heads and a preliminary report thus finalized shall be placed before the Board.

**FOR IMPLEMENTING RISK MANAGEMENT PLAN, THE FOLLOWING STEPS SHALL BE TAKEN:**

1. **Risk identification:** To identify organization's exposure to uncertainty, Risk may be classified in the following:
  - i. Strategic
  - ii. Operational
  - iii. Financial
  - iv. Hazard
  
2. **Risk Description:** To display the identified risks in a structured format, the following format shall be used:

Name of Risk	Name
Scope of Risk	Qualitative description of events with size, type, number etc.
Nature of Risk	Strategic, Operational, Financial, Hazard
Quantification of Risk	Significance and Probability
Risk Tolerance/ Appetite	Loss Potential and Financial Impact of Risk
Risk Treatment and Control Mechanism	a) Primary Means b) Level of Confidence c) Monitoring and Review
Potential Action for Improvement	Recommendations to Reduce Risk
Strategy and Policy Development	Identification of Function Responsible to develop Strategy and Policy

3. **Risk Evaluation:**  
After risk analysis, comparison of estimated risks against organization risk criteria is required. It is to be used to make decisions about the significance of risks and whether each specific risk is to be accepting or treating.
  
4. **Risk Estimation:**  
It can be quantitative, semi quantitative or qualitative in terms of probability of occurrence and possible consequences.
  
5. **Reporting**
  - 5.1 Internal Reporting
    - a. Risk Management Committee
    - b. Vertical Heads
    - c. Individuals

## 5.2 External Reporting

To communicate to the stakeholders on regular basis as part of Corporate Governance

## 6. Development of Action Plan

The Board is responsible for performing roles and responsibilities risk management implementations and review. All the members of the Board of Directors shall implement their collective suggestions for periodic updation of risk management plan to ensure that the same is in sync with changing micro and macro factors having bearing on all material aspects of the businesses SGL is engaged in or shall undertake.

The Board as whole shall critically examine the report and each identified risk shall be assessed for its likely impact vis a vis the resources at the Company's disposal.

## 7. Guidelines to deal with the risks

Business Plan including Capital Expenditure and Fund Flow Statement for each segment together with SWOT analysis, data on Production Planning, Materials Management, Sales and Distribution, Delivery Schedules, Assets, Accounts Receivables and Payables as well as Regulatory Regime applicable shall be reviewed in the light of the material risks identified. Through deliberations of the Committee a comprehensive plan of action to deal with the risks shall be developed and guidelines flowing from such plan shall be communicated to the employees concerned for mitigation of the risks.

## 8. Board Approval

The Board shall approve the Risk Management (including Risk Treatment) strategy, control structure and policy guidelines and delegate authority and accountability for risk management to the Company's executive team.

## 9. Risk Treatment

Treatment of Risk through the process of selecting and implementing measures to mitigate risks. To prioritize risk control actions in terms of their potential to benefit the organization. Risk treatment includes risk control/ mitigation and extends to risk avoidance, risk transfer (insurance), risk financing, risk absorption etc. for

- a) Effective and efficient operations
- b) Effective Internal Controls
- c) Compliance with laws and regulations

Risk Treatment shall be applied at all levels through carefully selected validations at each stage to ensure smooth achievement of the objective.

## **ROLE OF BOARD FOR RISK MANAGEMENT**

The following shall serve as the Role and Responsibility of the Risk Management Committee authorized to evaluate the effectiveness of the Risk Management Framework:

- Review of the strategy for implementing risk management policy
- To examine the organization structure relating to Risk management
- Evaluate the efficacy of Risk Management Systems – Recording and Reporting
- To review all hedging strategies/risk treatment methodologies vis a vis compliance with the Risk Management Policy and relevant regulatory guidelines
- To define internal control measures to facilitate a smooth functioning of the risk management systems
- Ensure periodic review of operations and contingency plans and reporting to Board in order to counter possibilities of adverse factors having a bearing on the risk management systems.

## **INTEGRATION OF RISK MANAGEMENT STRATEGY**

SGL's risk management strategy is to be integrated with the overall business strategies of the Organization and its mission statement to ensure that its risk management capabilities aide in establishing competitive advantage and allow management to develop reasonable assurance regarding the achievement of the Company's objectives.

## **REVIEW**

This policy shall evolve by review by the Board from time to time as may be necessary.

This Policy will be communicated to all vertical / functional heads and other concerned persons of the Company.