

PARAB INFRA LIMITED

RISK MANAGEMENT POLICY

RISK MANAGEMENT POLICY

DEFINITIONS

This policy defines the following key terms:

Risk is defined as the chance of a future event or situation happening that will have an impact upon company's objective favourably or unfavourably. It is measured in terms of consequence and likelihood.

Risk Management encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.

PURPOSE

The Company recognizes the importance of managing risk in the business to sustain growth. It recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives. It improves decision-making, defines opportunities and mitigates material events that may impact shareholder value

The purpose of this policy is to ensure that:

- (i) Appropriate systems are in place to identify the material risks facing the Company.
- (ii) The potential financial impact of identified risks is ascertained.
- (iii) Appropriate controls and strategies are adopted to manage exposure to those risks.
- (iv) Appropriate responsibilities are delegated to control identified risks effectively.
- (v) Any material changes to the Company's risk profile are disclosed in accordance with the Company's continuous disclosure policy.

PRINCIPLES OF RISK MANAGEMENT POLICY:

The Company identifies the following principles of risk management:

Risk management should:

- Create value – resources expended to mitigate risk should be less than the consequence of inaction, or (as in value engineering), the gain should exceed the pain
- Be an integral part of organizational processes
- Be part of decision making process
- Explicitly address uncertainty and assumptions
- Be systematic and structured process

- Be based on the best available information
- Be tailor able.
- Take human factors into account
- Be transparent and inclusive
- Be dynamic, iterative and responsive to change
- Be capable of continual improvement and enhancement
- Be continually or periodically re-assessed

SCOPE

This policy applies to all team members, whether full time, part time or casual at any level of seniority within the business. The policy also applies to contractors and consultants working on behalf of the Company.

The Company's Risk Management Policy and risk model has been developed to include the following key categories:

- Customers
- Employees
- Reputation
- Financial
- Business policy and processes
- Strategy
- Governance

RESPONSIBILITIES

The Board is ultimately responsible for identifying and assessing internal and external risks that may impact the Company in achieving its strategic objectives. The Board is responsible for determining the company's risk appetite, overseeing the development and implementation of the risk management framework and maintaining an adequate monitoring and reporting mechanism.

The Board is also responsible for reviewing and approving the risk management framework and risk appetite on an annual basis.

Management is responsible for ensuring that risks are identified, analyzed, evaluated and mitigated. Management must develop a sustainable control environment to manage

significant risks and champion the implementation of risk management processes within their business operations.

Management monitor and report on material risks identified through the Internal and external Audit process.

The Internal Audit program must be aligned to the company's risk profile and is responsible for providing independent assurance in relation to the effectiveness of processes to manage particular areas of risk. The scope of internal audit's risk-based program is agreed to as part of an annual plan which is refined as necessary.

REPORTING

In line with provisions of The Companies Act 2013 and new listing agreement, the company shall lay down procedures to inform Board members about the risk assessment and minimization procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

POLICY REVIEW

This policy will be reviewed at least annually to ensure effectiveness and that its continued application and relevance to the Company's business.