



**QUESS CORP LIMITED**

**RISK MANAGEMENT POLICY**

## **1. Introduction:**

Quess Corp Limited (hereafter referred to as “Quess ” or “the Company”) recognizes the contribution of effective and efficient risk assessment, views risk management as an integral part to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies and considers risk management as a continuous process. To ensure a consistent, efficient, and effective assessment of risks, Quess has laid down a Risk Management Policy (hereafter referred to as “Policy”) that provides guidelines for implementation and management of its Risk Management framework. The policy supports the Company’s endeavour to design, implement, monitor, review, and continually improve its risk management plan.

The Board of Directors of Quess Corp Limited have adopted the Risk Management Policy effective April 1, 2019, and the policy is revised in the meeting held on June 3, 2021.

The Company also has well defined polices, standard operating procedures and controls in place to minimize and mitigate the financial and operational risks. The Company’s internal audit conducts reviews and the internal control advisory activities aligned to the key risks and their mitigation plans.

This policy is framed considering the principles of globally recognized COSO and ISO 31000 framework.

Company has defined Charter of the Risk Management Committee, which separately outlines the Committee’s Composition, Meeting and Quorum requirements, and Terms of Reference.

## **2. Purpose and Scope:**

Quess recognizes that effective risk control through a structured and formal program is essential to the sustained success of the Company. In line with this, the Board of Directors has renamed the existing Risk Management Committee to Risk Management & Environmental, Social, and Governance (ESG) Committee, underscoring the Company’s integrated approach to risk oversight and sustainable governance.

Risk Management forms a core component of Quess’s Corporate Governance Framework, designed to strengthen governance and accountability across all business operations. This policy is applicable to Quess Corp Limited and all its subsidiaries, providing a unified framework for the

proactive identification, assessment, and management of risks and opportunities arising from both internal and external factors.

The Company has instituted well-defined Policies, Standard Operating Procedures (SOPs), and Controls to mitigate Financial, Strategic, Cyber & Data Privacy, Compliance, Environmental, Social, Governance, and Operational risks. The Internal Audit function supports this framework by conducting independent reviews and providing advisory services aligned with key risks and their mitigation strategies.

### 3. Objective:

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in 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.

#### **The specific objectives of the Risk Management Policy are:**

- To ensure all current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed effectively.
- To establish a risk management framework for the company and ensure its implementation.
- To enable compliance with applicable regulations through adoption of best practices.
- To assure financial stability in business.
- To ensure integration in reporting, controlling and planning procedures, centralized risk coordination, development of risk behaviour, continuous risk assessment and responsiveness to changes.

### 4. Definitions:

**“Board of Directors” or “Board”** - in relation to a Company, means the collective body of Directors of the Company as per section 2(10) of the Companies Act, 2013.

**“COSO (Committee of Sponsoring Organizations of the Treadway Commission)”** - COSO is a joint initiative of five private sector organizations established in the United States to provide frameworks and guidance on enterprise risk management, internal control, and fraud prevention.

**“Enterprise Risk Management (ERM)”** - Enterprise Risk Management (ERM) is a structured and integrated approach to identifying, assessing, managing, and monitoring the risks that may affect the achievement of the Company’s strategic and operational objectives.

**“Environmental, Social and Governance (ESG)”** - ESG refers to the Environmental, Social, and Governance factors that assess a company’s sustainability, ethical impact, and governance practices. It encompasses how the organization manages environmental responsibilities, social relationships, and corporate governance to ensure responsible and sustainable business operations.

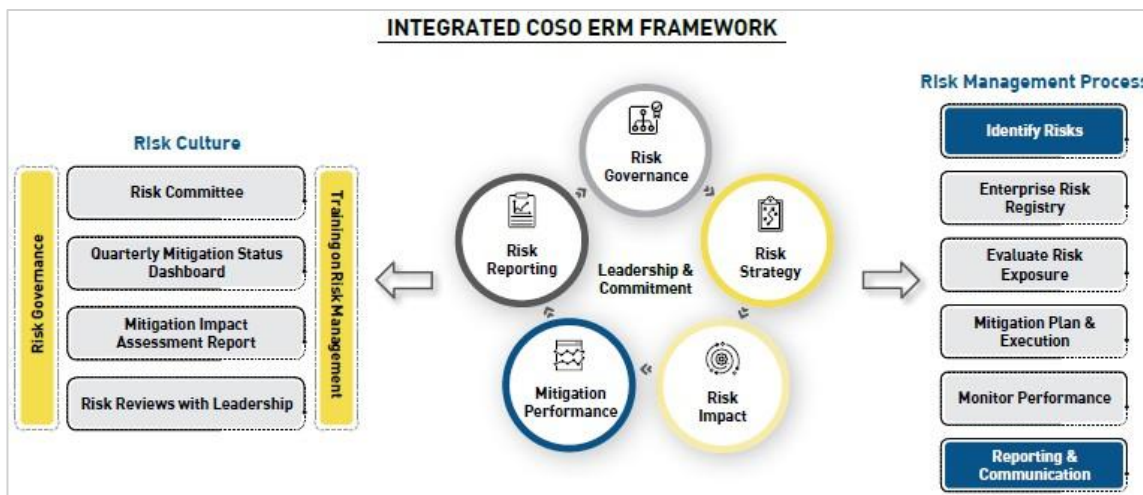
**“ERM & ESG Coordinator”** - The **Enterprise Risk Management (ERM) & Environmental, Social and Governance (ESG) Coordinator** is responsible for facilitating the implementation of the Company’s Risk Management Framework across business units and responsible for supporting the implementation and monitoring of the Company’s ESG strategy, framework, and initiatives.

**“Policy”**- means Risk Management Policy.

**“Risk Management and Environmental, Social and Governance Committee”** - The Risk Committee is a sub-committee of the Board constituted in accordance with the provisions of **Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations)**. The Committee is responsible for overseeing the Company’s overall risk management framework.

## **5. Risk Management Framework:**

The Company has established a comprehensive Enterprise Risk Management (ERM) Framework aligned with leading industry standards, encompassing all potential risks that the organization may encounter both internally and externally. To effectively manage uncertainty, address potential risks, and leverage emerging opportunities, the Company has implemented a structured Enterprise Risk Management Framework that follows a systematic approach comprising the following key steps:



**Figure 1:** The COSO ERM Framework illustrates the integration of risk culture, governance, strategy, and risk management processes within the organization.

- a) **Risk Governance:** Quess has established a clear Risk Governance structure to ensure effective oversight and accountability in managing risks across the organization. The Board of Directors, through the Risk Management & ESG Committee, oversees the implementation of the ERM Framework and reviews key risks and mitigation measures. Senior Management integrates risk management into business operations, while Internal Audit provides independent assurance on the effectiveness of controls and mitigation strategies. This structured approach fosters a proactive risk culture and supports sustainable business performance.
- b) **Risk Strategy:** Quess’s Risk Strategy aims to safeguard business objectives by proactively identifying, assessing, and mitigating risks while enabling the organization to seize opportunities for growth. The strategy emphasizes a balanced approach between risk management and value creation, ensuring decisions are aligned with the Company’s vision, mission, and risk appetite.
- c) **Risk Impact:** Quess recognizes that unmanaged risks can adversely affect business continuity, financial performance, reputation, stakeholder confidence, and regulatory compliance. The **Risk Impact** assessment helps the Company evaluate the potential consequences of identified risks on strategic, operational, financial, and ESG objectives.
- d) **Mitigation Performance:** Quess regularly monitors and evaluates the effectiveness of its risk mitigation measures to ensure that identified risks are managed within acceptable limits. Performance is tracked through defined indicators and periodic reviews by the **Risk Management & ESG Committee and Internal Audit, enabling continuous improvement** and stronger control measures.

- e) **Risk Reporting:** Quess has established a structured **Risk Reporting** process to ensure timely communication of key risks, mitigation actions, and emerging issues to relevant stakeholders. Periodic risk reports are reviewed by the **Risk Management & ESG Committee** and the **Board of Directors** to support informed decision-making and effective oversight.

## 6. Risk Management process

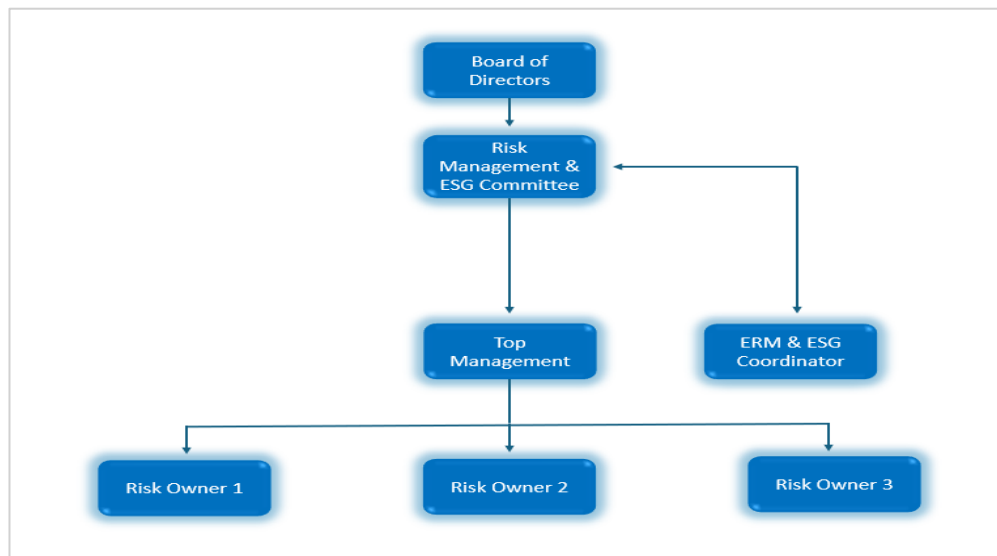
- a) **Identify Risk:** Risk identification is the first and most critical step in the ERM process. It focuses on proactively identifying existing and emerging risks that may affect the **Company's strategic, operational, financial, compliance, and ESG objectives**. This enables Quess to anticipate potential challenges and implement timely mitigation measures.
- b) **Enterprise Risk Register:** The Enterprise Risk Register captures **identified risks, their sources, affected areas, potential events (including emerging trends), and underlying causes, along with the possible consequences on business objectives**. Its purpose is to provide a comprehensive understanding of each risk's nature and characteristics, including contributing factors, **impact, likelihood, existing controls, and their effectiveness**, enabling informed risk management and decision-making.
- c) **Evaluate Risk Exposure:** **Risk evaluation** involves comparing the outcomes of risk analysis against established risk criteria to determine where further action is needed, taking into account the effectiveness of existing controls. This process enables the prioritization of risks based on their criticality and supports the selection of appropriate risk management strategies.
- d) **Mitigation Plan & Execution:** The **Mitigation Plan & Execution** process focuses on developing and implementing response strategies to reduce the likelihood or impact of identified risks, particularly **Key Risks**. Once the Company has assessed its overall risk profile, appropriate action plans are formulated by the respective functions or business units.

Execution involves conducting these plans through defined actions, tracked using **execution metrics** that measure the effectiveness of mitigation efforts. **Milestones** are established wherever feasible to monitor progress. Each **Risk Owner** is responsible for providing **quarterly updates** to the **Risk Coordinator** from Internal Audit team on the status and outcomes of the mitigation activities,

ensuring timely and effective risk management across the organization which is Business heads & Top Management.

- e) **Monitor Performance:** Risk Monitoring and Review involves defining definite review forums and frequency for monitoring the status of risks to track them periodically.
- f) **Reporting and Communication: Risk reporting and communication** ensure that relevant risk information is shared across all levels of the Company in a timely and consistent manner, enabling informed decision-making. The **Board of Directors** receives **half yearly updates** on the status of **Key Risks** and corresponding response plans, ensuring effective oversight and accountability.

## 7. Governance Structure:



*Figure 2: The governance structure illustrates the reporting and accountability framework for risk management and ESG oversight within the Company.*

## 8. Risk Culture:

A strong risk culture is essential to embedding Enterprise Risk Management (ERM) across the organization. While a **top-down mandate** drives implementation, a supportive culture ensures it becomes part of daily operations. Management and Internal Audit promote awareness of the benefits of an effective ERM program and encourage leaders to proactively identify and address risks.

Open forums at various organizational levels facilitate transparent discussions on risks and challenges, ensuring they are escalated appropriately. Business leaders are accountable for actively managing risks within their areas and achieving the Company's strategic objectives.

## **9. Risk Management System:**

The Company follows a system-based approach to business risk management, supported by strong internal controls. The framework includes:

- Formulation and implementation of risk management policies and procedures, with independent monitoring and reporting by Internal Audit.
- A blend of central policies and division-level procedures ensuring effective risk mitigation across operations.
- Defined structures to address high-risk business areas with unique risk profiles.
- An independent Internal Audit function conducting risk-focused audits, with findings reviewed by the Board to strengthen internal controls and ensure timely implementation of recommendations.

## **10. Policy Review:**

Pursuant to Schedule II of the SEBI Listing Regulations, this Policy shall be reviewed/ approved at least once every two years to ensure continued alignment with evolving business conditions and regulatory requirements related to risk management and reporting by the Risk Management & ESG Committee and the Board.

## **11. Version History:**

The Policy was adopted by the Board of Directors on April 01, 2019.

The Policy was reviewed, amended and approved by the Board of Directors at its meetings on June 03, 2021.

The Policy was reviewed, amended and approved by the Board of Directors at its meetings held on October 29, 2025.