Risk Management Policy

Document No. YASH-RM-1.0, R00
Category: Governance

Revision History:

Revision No.	DCN/CC/No.	Effective Date	Reason for revision
00	--	01/08/2025	First Issue

1. Introduction

YASH, engaged in the manufacturing of Agrochemicals & Specialty chemicals, recognizes that water is a vital resource for its operations as well as for the environment and society. As a responsible corporate entity, YASH is committed to effective risk management, prevent and mitigate action to control the risk across all business activities.

The Risk Management policy are to:

- Safeguard the Company's assets, operations, and stakeholders' interests.
- Provide a systematic framework for risk identification, measurement, evaluation, mitigation, and reporting.
- Foster a risk-aware culture across all levels of the organization.
- Balance risk management costs against anticipated benefits.
- Support informed decision-making to maximize opportunities and minimize adverse effects.
- Ensure continuous monitoring of risks and timely implementation of mitigation measures.

2. Scope

This policy sets out the philosophy and framework of **YASH** towards risk identification, evaluation, prioritization, mitigation, and reporting. It is applicable to all functions, business units, and departments of YSCL, ensuring that risk management is integrated into business planning and decision-making.

3. Objectives and Targets

3.1. Qualitative Objectives and Targets

a) Foster a proactive risk awareness culture across the organization.
b) Ensure compliance with applicable laws, regulations, and internal policies.
c) Protect company assets, reputation, and stakeholder interests.
d) Integrate risk management into strategic and operational decision-making.
e) Maintain transparent reporting and accountability on risk exposures.
f) Strengthen resilience against business, operational, and environmental risks.

3.2. Quantitative Targets (SMART Targets by FY 2030)

a) Conduct 100% annual risk assessments across all departments.
b) Ensure half yearly risk reporting to the Audit Committee and Board through MRM.
c) Maintain zero tolerance for regulatory non-compliance risks.
d) Provide risk management training to at least 90% of identified employees annually.
e) Achieve 100% coverage of high-priority risks with mitigation/action plans within defined timelines.
f) Conduct half yearly internal audit reviews of risk management effectiveness.

4. Responsibility & Authority

a) Top Management: Approves policy, allocates resources, reviews performance.
b) Risk Management Committee: Develops, implements, and monitors Risk Management Policy.

c) Plant Heads/Respective Managers: Ensure integration of risk management policy measures into day-to-day activities.
d) Management & Employees: Adherence to Risk Management policy.

5. Risk Management Policy

1. YASH will maintain structured procedures to provide a systematic view of risks across operations:
2. Establish Context – Define evaluation criteria and structure for risk analysis.
3. Identify Risks – Determine potential events, causes, and consequences.
4. Analyse Risks – Assess existing controls and analyze likelihood and impact.
5. Evaluate Risks – Compare risk levels against pre-set criteria to prioritize.
6. Treat Risks – Develop mitigation plans for high-priority risks.
7. Monitor & Review – Continuously monitor and adapt the risk framework.
8. Communication & Consultation – Engage stakeholders throughout the process.

Approach to Risk Management

YASH will adopt the following methodology:

- Strategic Risks: competition, capacity constraints, reliance on key customers.
- Business Risks: project viability, process inefficiencies, technology shifts.
- Financial Risks: liquidity, credit, interest rate, and currency fluctuations.
- Environmental Risks: regulatory compliance, pollution, and community health.
- Personnel Risks: attrition, skills gap, health & safety concerns.
- Operational Risks: process bottlenecks, quality issues, supply chain disruption.
- Reputation Risks: brand image, product liability, stakeholder trust.
- Regulatory Risks: non-compliance, legal changes, statutory amendments.
- Technology Risks: digital security, innovation, obsolescence.
- Political Risks: policy changes, trade restrictions, geopolitical shifts.

Risks will be assessed based on:

- Impact on human life and safety.
- Impact on environment and community.
- Impact on brand equity and litigation risk.
- Financial and operational impact.

Responsibilities of the Board

The Board of Directors shall:

- Oversee the Enterprise Risk Management (ERM) framework.
- Review significant risks and management's mitigation actions.
- Approve the Company's risk appetite and tolerance levels.
- Ensure balance between risk and reward in business decisions.
- Periodically review and update this Policy.

- Disclose material risks transparently in public documents.
- Seek advice from external experts when necessary.

Treating Risks

- High-priority risks: Develop and implement specific mitigation plans with clear ownership and timelines.
- Medium-priority risks: Monitor closely with corrective/preventive actions.
- Low-priority risks: Accept and monitor periodically.
- Options may include: risk avoidance, risk transfer (insurance/outsourcing), risk reduction (controls), or risk acceptance.

Monitoring and Review

- Key Managerial Personnel (KMPs) and functional heads shall be responsible for risk identification, reporting, and mitigation within their areas.
- Risks and mitigation progress will be reviewed half yearly.
- Internal audit will independently verify risk controls.

6. Policy Review & Update

a) The policy shall be reviewed at least once every three (3) years, or earlier if significant changes occur in regulations, operations, or stakeholder expectations.

b) Updates will be approved by top management and communicated to all relevant stakeholders.

7. Training & Communication

a) Training: Regular training sessions for management teams and employees on risk management policy.

b) Communication: This policy will be communicated to all employees, suppliers, contractors, and others relevant external stakeholders, and made publicly available through corporate communication channels (website, sustainability reports, notice boards).

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