

XCHANGING SOLUTIONS LIMITED RISK MANAGEMENT POLICY

Xchanging Solutions Limited (“the XSL / Company”) considers ongoing risk management to be a core component of the Management of the Company and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as “RMC”) who shall periodically review this Policy of the Company so that the Management controls the risk through properly defined network.

1. COMMITTEE MEMBERSHIP

The RMC shall be constituted by and will serve at the discretion of the Board. RMC shall have minimum three members with majority of them being members of the board of directors, including at least one independent director. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time. The Chairman of the Risk Management Committee shall be a member of the Board of Directors.

2. MEETINGS AND QUORUM

The RMC shall meet at least twice in a year.

The meetings of the RMC shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

The quorum for a meeting of the RMC shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the Board of Directors in attendance.

3. RISK MANAGEMENT PROGRAM

The Company’s risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company’s Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company’s senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company’s risk management program are set out below.

4. RISK IDENTIFICATION

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company majorly focuses on the following types of material risks:

- Strategic risks;
- Commercial risks;
- Operational risks; and
- Financial risks;

5. FRAMEWORK OF RISK

STRATEGIC RISKS	
Risk	Mitigating Actions
Failure to utilise and exploit technology enablement for growth	<p>The rapidly changing nature and impact of technology means that we need to respond to technology trends. Injecting technology enablement into our services and products is core to our growth strategy as we continue to:</p> <ul style="list-style-type: none"> • Invest in the development of new offerings. • Develop innovative value adding customer solutions. • Utilise our skilled knowledgeable resources. • Review our existing services and products to ensure that they meet our customers' requirements.
Failure to secure new business from both new and existing customers	<p>There are number of significant changes in the sectors we operate in and the current economic environment results in pressure on our customers. Failure to secure new business could slow down the growth of the business. Successfully winning new business is managed by:</p> <ul style="list-style-type: none"> • Investing in innovative services and products for both new and existing customers. • Ensuring utilisation of our technology capabilities and competitive low cost offshore services. • Clearly defined offerings and sales strategies that help us to attract customers. • Continual development of the unified sales strategy which enables selling across business sectors. • Effective performance of sales team.
COMMERCIAL RISKS	
Risk	Mitigating Actions
We have a concentration of material contracts with customers in key markets, which may have a significant impact on the Group's performance.	<p>Our commercial risks continue to be well managed through legal review, delegated authorities and contract monitoring processes.</p> <p>We have a structured service management programme, with dedicated account managers who work closely with</p>

	our customers utilising performance metrics in order to identify issues early and trigger corrective actions.
OPERATIONAL RISKS	
Risk	Mitigating Actions
Our reputation and ultimately our profitability are reliant on successful implementation and delivery of new contracts.	<p>We ensure successful implementation in the following ways:</p> <ul style="list-style-type: none"> • Detailed implementation and delivery plans with strong management control and oversight. • Use of experienced employees with strong project, change and people management skills in order to ensure successful implementation. • Standardised procedures in use for the implementation and delivery of new contracts.
Our customers demand efficient processing and high levels of service to help them achieve their objectives and protect their reputation.	<p>Failure to meet our customers' expectations and contractual commitments would have a significant impact upon our reputation and profitability and could result in unexpected and costly litigation.</p> <p>We consistently work towards ensuring that our service levels are on target ensuring that we meet our customer requirements.</p> <p>Mitigating actions include:</p> <ul style="list-style-type: none"> • Consistently ensuring that our service levels are on target. • Optimising our cost of delivery through standardisation and simplification. • Investing internally in Group change programmes to improve our shared service centre and support services. • Ongoing contract management. • Building on existing customer relations.
Continuing to retain our key personnel and recruit new talented individuals is fundamental to our success. Our intellectual property is one of our key assets.	<p>Succession plans are in place for senior managers across the business.</p> <ul style="list-style-type: none"> • We have an established structure for employee performance and development monitoring. • A clear recruitment strategy and graduate recruitment and development programme attracts high-potential employees. • Significant investment in leadership training programmes underpins our succession plans, and develops our employees.
FINANCIAL RISKS	
Risk	Mitigating Actions
The Group's financial results may be subject to volatility arising from movements in interest rates, foreign exchange rates, liquidity and changes in taxation legislation, policy or tax rates	We continue to manage our financial risks through our established budgeting, forecasting and working capital and treasury controls. This reduces the volatility of our financial results, giving the Board greater medium-term visibility and ensuring we have the required credit facilities in place

6. OVERSIGHT AND MANAGEMENT

A. Board of Directors

The Board of Directors (“the Board”) is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by RMC and Senior Management. The RMC or Management may also refer particular issues to the Board for final consideration and direction.

B. Risk Management Committee

The day to day oversight and management of the Company’s risk management program has been conferred upon the RMC. The RMC is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks.

The role of the RMC shall, inter-alia, include the following:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- (7) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
- (8) Any other responsibility as may be assigned by the board from time to time.

The RMC shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

Further, the Company is exposed to commodity risks on a routine basis due to multiple commodities (imported or domestically procured) utilized in its manufacturing operations. Such risks are managed by a detailed and regular review at a senior level of various factors that influence the commodity prices as well as tracking the commodity prices on a daily basis and entering into fixed price contracts with overseas suppliers in order to hedge price volatility.

C. Senior Management

“Senior Management” shall mean the Chief Executive Officer, Managing Director, Whole Time Director, Company Secretary, Chief Financial Officer; Functional head and employees of the Company who are in the grade of Director (Company’s designation) and above.

The Company’s Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

D. Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

7. REVIEW OF RISK MANAGEMENT PROGRAM

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation.

8. RISK MANAGEMENT PROCESS



9. RISK MANAGEMENT SYSTEM

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements:

- Risk Management system is aimed at ensuring formulation of appropriate risk management

policies and procedures, their effective implementation and independent monitoring and reporting by Internal Audit.

- A combination of centrally issued policies and divisionally-evolved procedures brings robustness to the process of ensuring business risks are effectively addressed.
- Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high risk profiles.
- A strong and independent Internal Audit Function at the corporate level carries out risk focused audits across all businesses, enabling identification of areas where risk managements processes may need to be improved. The Board reviews internal Audit findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

The combination of policies and processes as outlined above adequately addresses the various risks associated with our Company's businesses. The Senior Management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

10. AMENDMENT:

Any change in the Policy shall be approved by the Board of Directors on the recommendation of the RMC. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

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