RISK MANAGEMENT POLICY			
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Document change history

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V.1	31-Mar-2015	31-Mar-2015	Formulation of the Policy
V.2	21-Feb-2023	21-Feb-2023	Revision of the Policy
V.3			Amendments to the Policy

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Aragen Life Sciences Limited

Risk Management Policy

1. Introduction

A key factor for a Company's capacity to create sustainable value is the risks that the Company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Ability to identify and manage risks promptly is also a critical aspect of corporate governance at any Company.

Many risks exist in a Company's operating environment and continuously emerge on a day-to-day basis. Risk management does not aim at eliminating them, as that would simultaneously eliminate all chances of rewards/ opportunities. Risk Management is instead focused at ensuring that these risks are known and addressed through a pragmatic and effective risk management process.

This Risk Management charter aims to detail the objectives and principles of risk management at *Aragen Life Sciences Limited* along with an overview of the risk management process and related roles and responsibilities.

Further, the Regulations 17(9) and 21 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable provisions (including any statutory enactments / amendments thereof), require that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing, and monitoring the risk management plan of the Company.

This Policy restates the existing Risk Management Policy of the Company.

2. Objectives

The objectives of risk management at *Aragen Life Sciences Limited* are to:

- Better understand the Company's risk profile;
- Ensure that the Senior Management is in a position to make informed business decisions based on risk assessment;
- Sound business opportunities are identified and pursued without exposing the business to an unacceptable level of risk;
- Contribute to safeguard Company value and interest of shareholders; and
- Improve compliance with good corporate governance guidelines and practices as well as laws & regulations;

Risk Management has always been an integral part of business practices at *Aragen Life Sciences Limited*. This Risk Management policy aims at formalising a process to deal with the most relevant risks at *Aragen Life Sciences Limited*, building on existing management practices, knowledge, and structures.

3. Definitions

Risk is any event/non-event, the occurrence/non-occurrence of which can adversely affect the objectives of the Company. These threats may be internal/ external to the Company, may/may not be directly influenced by the Company and may arise out of routine/non-routine actions of the Company.

Risk Management is a structured, consistent, and continuous process across the whole organization for identifying, assessing, deciding on responses to and reporting on the opportunities and threats that may affect the achievement of its objectives.

4. Overview of the risk management process

While defining and developing a formalised risk management process, leading risk management standards[1] and practices shall be considered. The focus shall be to make this process relevant to business reality and to keep it pragmatic and simple from an implementation and use perspective.

Whether risks are external or internal to the Company, or can be directly influenced/ managed or not, these all shall be managed through a common set of processes. This process shall be scheduled to be performed annually along with the business planning exercise or at any point of time on account of significant changes in internal business conduct or external business environment. Where the business seeks to undertake a non-routine transaction (such as an acquisition, entering into a new line of business etc.), the risk management process shall be activated as a part of the proposal for undertaking such a transaction.

The overall risk management process shall cover:

1. Setting the context:

   This step shall be focused on laying down the objectives that the Company seeks to achieve and safeguard. Risks shall be identified and prioritized in the context of these objectives.

2. Identifying and prioritizing risks, which comprises:

   a. *Risk identification and definition* – Focused on identifying relevant risks that can adversely affect the achievement of the objectives. Various risks such as strategic risks, operational risks, financial risks, compliance, and other risks faced by the industry etc. which further divided into internal and external risks shall be identified.

   b. *Risk prioritization* – Focused at determining risk priority. This involves consideration of the various impacts of risks taking cognizance of the risk appetite of the Company. KPIs and thresholds shall be defined for each risk. Each risk shall be graded into High, Medium, or Low risk. Risk grading shall be based on the assessment of financial / operational impact; probability of occurrence based on historical frequency of occurrence and changing market dynamics.

[1] Committee of Sponsoring Organisations of the Treadway Commission ('COSO') ERM Framework, AS-NZS 4360, The Risk Management Standard authored by Institute of Risk Management , Association of Insurance and Risk Managers, National forum for Risk Management in Public Sector

3. Managing risks, which comprises:

   a. *Risk response/mitigation* – Focused at developing appropriate risk response plans for critical and unavoidable risks such that their impact(s) is reduced to an acceptable level. This involves performing a risk competence scan to identify ongoing mitigation actions and any improvements required thereto. Based on the results of the scan, the Company defines the ownership, responsibilities, and milestones for the risk response plan.

   b. *Risk reporting and monitoring* – Focused at providing to the Board of Directors, the Risk Management Committee, Management Committee and Line Management periodic information on the risk profile and effectiveness of implementation of the mitigation plans.

The Company shall define a *Risk Management Activity Calendar* that summarizes the different activities and schedule for the risk management process. The Company shall also define a risk procedures manual to operationalize the principles specified in this risk policy. The corporate governance section of the annual report shall contain reference to the Risk management committee such as : (a) brief description of terms of reference; (b) composition, name of members and chairperson; and (c)meetings and attendance during the year;

As an overall approach to the risk management, Aragen proposes to use COSO Framework for risk management as below:

5. Roles and responsibilities

1. Governance:

Board of Directors:

The Board of Directors is responsible for defining, framing, implementing, monitoring and approving the Risk Management framework. The Board of directors constituted a Risk Management Committee with the following terms of reference:

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.

Risk Management Committee:

1) As a process, the Risk Management Committee, constituted Regulation 21 read with Part D of Schedule II of the Listing Regulations, formed by the Board of Directors, will review (i) the risk report produced by the Management Committee on a quarterly basis; and (ii) the reports from the various Assurance functions on a periodic basis.

2) The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director and in case of a listed entity having outstanding SR equity shares, at least two thirds of the Risk Management Committee shall comprise independent directors.

3) It also oversees a formal annual presentation by the Management Committee to the Board on the Risk Management activities at the Company. This includes an annual report of the key risks faced by the Company together with an assessment of the system of risk management. The Chairperson of the Risk management committee shall be a member of the board of directors and senior executives of the listed entity may be members of the

committee.

4) The risk management committee shall meet at least twice in a financial year. The quorum for a meeting of the Risk Management Committee 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.

5) The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

6) The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit such function shall specifically cover cyber security.

7) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of the Risk Management Committee

The role of the committee 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.

2. <u>Execution:</u>

The Management Committee shall be responsible for operationalising the risk management framework. This includes identifying & prioritizing risks, operationalising mitigation strategies and reporting on risk mitigation.

Aragen Life Sciences Limited management at various levels shall take accountability for risk identification, appropriateness of risk analysis, and timeliness as well as adequacy of risk mitigation decisions at both individual and aggregate levels. The Company shall have an overall ***Risk Officer*** for overseeing the deployment of the Risk Management Procedures. In addition, each business unit/function shall have a **risk coordinator** who oversees & coordinates the deployment of risk management activities within the BU/function.

- *For routine business activities:*

  The **Business Unit ('BU') head/Function heads** are required to implement the risk management framework within their respective area. While they are responsible for performance on risks, they may designate specific risk owners to assist them in managing risks.

- *For non-routine business activities:*

  Certain activities/decisions are non-routine and represent one-off transactions. These include activities such as mergers & acquisitions, divestments, entering into new lines of business, ERP implementation etc. The Executive-in-charge of such a transaction has the responsibility for operationalising risk management for such activities.

3. Assurance:

Internal Auditors may be entrusted with the responsibility to review and provide independent assurance on overall effectiveness and efficiency of the risk management process and thereby evaluation of internal financial controls and risk management systems. While all risks cannot be audited, the Statutory Auditors, External Audit, or any other function(s) entrusted by the Audit Committee and/or Risk Management Committee may provide independent assurance on the effectiveness of defined risk mitigation strategies for certain areas. As part of their annual audit planning exercise, these functions shall take specific inputs from the Risk Management Committee on the level and extent of assurance required on specific risks. In addition, these functions through their regular audit/ fieldwork at various levels might identify additional risks, which will serve as an input for the subsequent risk identification and definition process.

6. General

This Policy may be amended by the Board on the recommendation of the Committee. This Policy shall be displayed on the website of the Company.

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