AMBER Group

RISK MANAGEMENT POLICY

F.Y. 2022 - 2023

Document Name	Amber Group Risk Management Policy
	This Policy sets out our commitment and approach to Risk Management and Compliance
Release Date	08.02.2019
Revision Date	21.10.2022
Review Frequency	Once in a Financial Year
Issued By	Risk Management Committee
Approved By	Board of Directors ('BoD')

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Amber Enterprises India Limited
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Corporate Office: Universal Trade Tower, 1st Floor, Sector -49, Sohna Road, Gurgaon -122 018
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I. INTRODUCTION

Multiplicity and interconnectivity of risks has given rise to a persistent and disruptive volatility in business operations.

'Risk' is an intrinsic element of the dynamic business environment. Business risk arise on account of occurrence of uncertainties or unexpected events.

The organization shall adopt a systematic approach known as '**Risk Management Process**' to create a defence mechanism against the potential risks.

Risk management involves:-

1. Reviewing the operations of the organization;
2. Identifying the potential risks;
3. Assessing, analysing and measuring the risks;
4. Evaluation and prioritization the risks;
5. Risk response and treatment by various risk management techniques;
6. Risk Mitigation;
7. Risk Monitoring;

A complete risk management process aims to protect the Value already created by the organization alongwith the Future opportunities.

II. BACKGROUND

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 emphasize the requirement of holistic Risk Management Policy to improve corporate governance standards for the Company. Pursuant to the provisions of the Companies Act, 2013, a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company shall be included in the Board's Report.

The Audit Committee is required to evaluate the internal financial controls and risk management systems of the Company and the Independent Directors shall satisfy themselves that the systems of risk management are robust and defensible.

According to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall lay down procedures to inform Board members about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan for the Company.

This Policy is framed in compliance with the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

III. DEFINITIONS

Term	Definition
Audit Committee	It shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013.
Board of Directors or **Board**	In relation to a Company, means the collective body of Directors of the Company.
Company or Amber	Amber Enterprises India Limited.
Independent Director	Director referred to in Section 149(6) of the Companies Act, 2013.
Policy or this Policy or Plan	Risk Management Policy.
Business Environment	The word 'business environment' indicates the aggregate total of all people, organizations and other forces that are outside the power of industry but that may affect its production
Business Risk	Possibility of a commercial business making inadequate profits due to uncertainties.
Risk Management Committee	As defined in Regulation 21 of SEBI (LODR), 2015, as amended

IV. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or any other SEBI Regulation(s) as amended from time to time.

V. RISK MANAGEMENT COMMITTEEE

The Board of directors shall constitute a Risk Management Committee.

Constitution

The Risk Management Committee shall be constituted of three members with majority of them being members of the Board of directors, including at least one independent director.

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Meeting
The risk management committee shall meet at least twice in a year. The meetings of the risk management committee 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.

Quorum
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.

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.

VI. ROLE OF RISK MANAGEMENT COMMITTEEE

1. Framing of Risk Management Plan and Policy;

2. Overseeing implementation of Risk Management Plan and Policy;

3. Monitoring of Risk Management Plan and Policy;

4. Validating the process of risk management;

5. Validating the procedure for Risk minimization;

6. Overseeing Company's recent developments and periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes;

7. Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed;

8. Reviewing the adequacy of the Company's resources periodically to perform its risk management responsibilities and achieve objectives;

9. Performing such other functions as may be necessary or appropriate or assigned by the Board for the performance of its oversight function;

10. Review the Hedging Plan/Policy of the Company and monitor the hedging activity and take appropriate action(s) to mitigate the Hedging risk;

11. Reviewing and undertake all other tasks and responsibilities prescribed in the SEBI (LODR) (Amendment) Regulations, 2015 (as amended from time to time), the Companies Act, 2013 and its amendments thereto.

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.

VII. PURPOSE OF RISK MANAGEMENT POLICY

1. Providing a framework that enables future activities to take place in a consistent and controlled manner;

2. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;

3. Contributing towards more efficient use/ allocation of the resources within the Organization;

4. Protecting and enhancing assets and Company image;

5. Reducing volatility in various areas of the business;

6. Developing and supporting people and knowledge base of the organization; and

7. Optimizing operational efficiency.

VIII. RISK MANAGEMENT PROCESS

1. Reviewing the operations of the organization

2. Identification – Recognition / anticipation of the risks that threaten the assets and earnings of the Company;

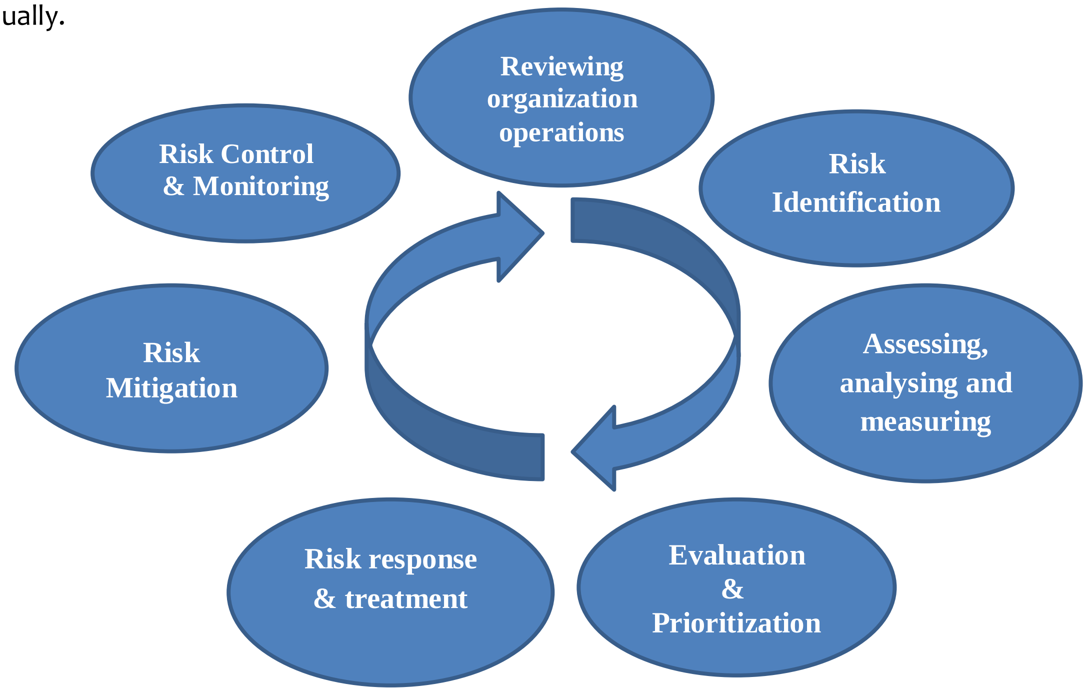
3. Evaluation / Assessment – Estimation of the likely probability of a risk occurrence and its likely severity, categorization of risk and rating of risk;

4. Prevention & Control – Measures to avoid occurrence of risk, limit its severity and reduce its consequences, selecting the risk management technique by category and individual risk;

5. Financing – Determining the cost of risk likely to be and ensuring that adequate financial resources are available, implementing the selected technique;

6. Measure and Monitor effectiveness of controls and respond according to the results and improving the program;

7. Reviewing and reporting on the Risk Management process at appropriate intervals, at least annually.



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IX. RISK IDENTIFICATION TECHNIQUE

Internal Audit reports	Internal audit observations are evaluated to identify if any of those could pose a risk and mapped to the risk management framework wherever required.
Peer Companies	On an annual basis, risks identified by the company and their mitigation measures are benchmarked with the risks and mitigation measures reported by the peer entities in their Annual Reports to identify blind spots, if any and appropriate action taken to map them into the risk management framework wherever required.
Whistle Blower mechanism	Learnings from investigations into whistle blower complaints also help identify process gaps and risks.
Brainstorming	Perceived risks for a business are identified by key members of business teams through a brainstorming discussion which acts as a platform to identify risks and opportunities.
SWOT Analysis	During the preparation of the strategic plan the team carries out a SWOT analysis and the weaknesses and threats identified during the said processes serve as inputs for risk identification.
Scenario Analysis	Unprecedented or Unexpected events that have the potential to majorly impact the company's operations are evaluated by the Risk Management Committee on an annual basis.

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X. <u>RISK MANAGEMENT TECHNIQUE</u>

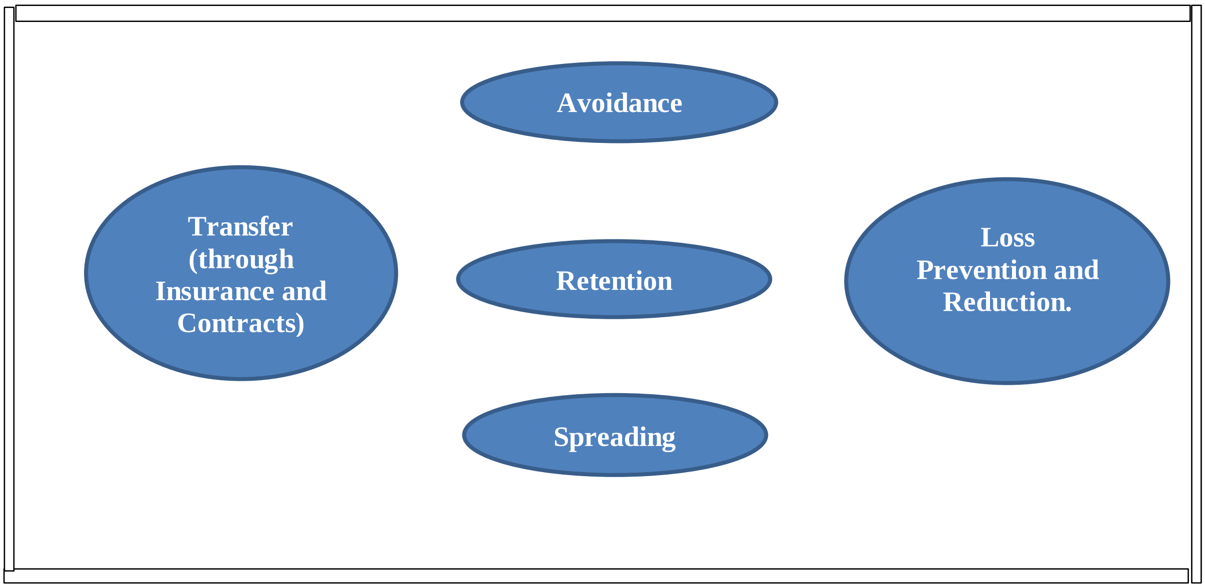
1. Risk Transfer to another party, who is willing to take risk, by buying an insurance policy or entering into a forward contract;

2. Risk Reduction, by having good internal controls;

3. Risk Avoidance, by not entering into risky businesses;

4. Risk Retention, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained and;

5. Risk Sharing, by retaining to the extent that can be retained and transferring the balance.



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XI. RISKS SPECIFIC TO THE COMPANY AND MITIGATION MEASURES

a). Financial Risks

Sl. No.	Threat/Process	Mitigation Measures
1.	Confidentiality risks	Education and clear cut policy to be circulated and acknowledged by all involved
2.	Change in interest rates	To manage debt at levels where fluctuation levels are minimum. Cost effective funding should be identified for each project.
3.	Exchange rate	Before finalizing the price of the product the exchange rate fluctuations should be observed carefully. Economic conditions in the country and outside wherever natural hedge is not available, company to take hedging.
4.	Change in taxation policies	Proper tax planning can minimize this risk to an extent. Updating with latest amendments in the policies/tax rates to avoid penalties. Do sensitive analysis.
5.	Country risks	Risks associated with the countries (with which we are doing business) will be examined before getting into any contract.
6.	Financial leverage risks	Debt equity ratio is monitored and managed for each project.
7.	Expenditure risks	All the expenditure has to be tied to revenue and revenue generation capabilities. Search for wasteful expenditure will be regularly carried and such expenditure will be reduced /eliminated.
8.	Risks in settlement of dues by dealers/customers	Systems are put in place for assessment of creditworthiness of dealers/customers.
9.	Provision for bad and doubtful debts	Provision for bad and doubtful debts is made to arrive at correct financial position of the Company. Appropriate recovery management and follow up.
10.	Blockage of funds – Delay in realization of sales	Timely realization by rigorous follow-up and meeting the clients

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b). Manufacturing / Production Risks

Sl. No.	Threat/Process	Mitigation Measures
1.	Delay in approval of Bill of Material (BOM) for each product / outdated BOM approval	Timely release of BOM for each Job order personally monitored by the concerned project leader BOM approval to be updated.
2.	Delay in Procurement	(a) Weekly monitoring by Senior Management keeping in view the production plan. (b) Alternate source for all the items wherever no vendor development cost involved. (c) Maintain the stock of Class C items. (d) Advance action for procurement of single source items and long lead items.
3.	Employee turn out	(a) Retaining the required technicians by motivating them through monetary and non monetary benefits (job rotation, giving higher responsibility etc). (b) Training more persons on multiple skills.
4.	Obsolescence of input material	(a) New input material needs to be integrated and whole product to be tested for reliability. (b)Modification in BOM and associated modifications in production process including the mechanical mounting, interface electronics and software. (c) Updating of documentation on regular basis.
5.	Spike in work / spike in orders	(a) Tight feedback look between R&D and Production departments to be maintained. (b) Outsourcing and employing workers on contract basis, and limiting our scope of work to the important sub assembles, final integration, testing etc. (c) Building up WIP on high lead time low cost items in anticipation of orders.
6.	Transportation Risk	(a) Employee accompanies the transport vehicle carrying important goods and keeps informed about vehicle movement. (b) Transit insurance for all shipments arranged.
7.	Schedule delay	Weekly review of the projects by management during the review meetings.

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c). **R & D Risks**

Sl. No.	Threat/Process	Mitigation Measures
1.	Viability of the product	We are regularly testing the products at the customer site early on to ensure both that the product meets the customer requirement and will help the customer or meets the needs of the customer.
2.	Investment risks	Before making the product informal R&D is carried out to estimate the demand internally. Our R&D capabilities are assessed and gaps identified. Only when we are fully confident, we invest and proceed further on the project.
3.	Technology risks	Regularly management and technical team visit exhibitions to check the latest technology available and on the feedback continuous improvements are made to the technology.
4.	Risk of failure	**Product Failure** – every product is tested rigorously and will ensure that the product is working. Efforts are on to conduct the earlier failure and abandon the project if necessary. **Commercial Failure** – Successful product is developed to make the customer specific. We price it very competitive and useful. Our products compete with foreign companies and price offered by us is less and while ensuring reasonable margin to the Company
5.	User specifications may be higher than or drastically different from initial expectations	Constant touch with the customer to ensure that we are continuously addressing to their requirement.
6.	Improper design and technical specification study	Appropriate and qualified technical personnel are assigned and regular review of design and technical specifications are taken care to ensure that they are proper.
7.	Cost over run	Minimal Stretch budget has to be fixed for every project. Manpower accounting to be done to ensure that development cost stays within the limit. However, if there are cost overrun, complete reexamination of the project will be carried out to check the viability of the project.
8.	Confidentiality Risk	Our Intranet is not connected to the Internet and only Senior management and important people are capable to take out the drawings. These people are with the company since many years. Executed NDA. Criminal liability for those who violate the terms.

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d). Marketing Risks

Sl. No.	Threat/Process	Mitigation Measures
1.	Marketing expenditure	To draft ROI on market expenditure is required and once the draft is done we need to implement and monitor it.
2.	Confidentiality of information	Only most important and necessary is the price may leak out in the tender which is confidential. No one else should know the price except the key people, have to be trust worthy.
3.	Lost assets such as files, laptops-	Remote back up of all files is in place. Random check of the same for every 6 months to see the robustness of the system needs to be done.
4.	Communication risks/ Version risks- Wrong information on product features given to the client (Standardization of product features and requirements)	The marketing team should be trained properly on the products. Detailed information on the revised product specifications has to be passed on to the marketers immediately after documenting Information or brochures should be updated with the changing product features. Communication can be established between technical in-charge and the client to avoid miscommunication.
5.	Delivery schedules	Marketers should keep in view the lead time required before committing a date for delivery.
6.	Lack of coordination among the departments	Weekly meetings are conducted and any issues which remain open within the departments will be addressed and reasons for the delay are monitored. Regular meetings and the database maintenance with updates on the delivery schedules, demos, requirements etc. Automated system to track the status of the project which helps in follow-up on the commitments.
7.	Reputation risks	The agents should be properly chosen in different countries. Complete back ground should be studied. Before signing off the contracts with the agents the law of the country can be examined carefully.
8.	Competitors risk	Proper study of the features and price of the competitors have to studied by the marketers.
9.	Development risk	Thorough market survey to be done before recommending the products for development.
10.	Tenders called off	Monitor the clients continuously by tapping them from time to time to know the progress and to mitigate any issues raised in the process.

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e). Deliverables risks

Sl. No.	Threat/Process	Mitigation Measures
1.	Weather, natural disasters, accidents	Proper insurance of goods
2.	Unrealistic schedules	Marketing department should know the lead time for production while making the commitment.
3.	Transit delays	Can choose reputed and reliable transporters.

f). HR Risks

Sl. No.	Threat/Process	Mitigation Measures
1.	Wrong hiring	Thorough evaluation during the interview and background verification. Introduced top grading interview process.
2.	Employee turn out	Retaining talented employees by motivating them through monetary and non-monetary benefits. Ensuring that the right person is assigned to the right job and that they grow and contribute towards organizational excellence.
3.	Key staff being ill and unable to work	Training employees on multiple skills. Have a backup plan for all key staff.
4.	Changes in product	Develop skill-set of the employee as per the new recruitments by providing necessary training well in advance.
5.	Personnel injury or death	Immediate back up plan.
6.	Loosing key staff to competitors	Non-compete letter signed as part of non-disclosure agreement at the time of joining and at the time of exit by the employee. Initiate legal actions wherever required.
7.	Handling media crisis	Will be handled by our PR Firm. An immediate intimation should be given to them for handling the media.
8.	Termination risks	Gather sufficient information and reasons with proofs i.e., disciplinary memo / warnings to justify the decision before termination, counsel/warnings before termination.

9.	Unrest Risks due to Strikes and Lockouts	Employees are encouraged to give suggestions and discuss any problems with their Superiors. Efforts are made to keep cordial relations with employees at all level. Proper appraisal systems with the participation of the employee and consistent with job content, peer comparison and individual performance for revision of compensation on a periodical basis has been evolved and followed regularly. Inculcate in employees a sense of belonging and commitment and also effectively train them in spheres other than their own specialization. Activities relating to the Welfare of employees are undertaken.

g). System Risks

Sl. No.	Threat/Process	Mitigation Measures
1.	System capability	IT department maintains repairs and upgrades the systems on a continuous basis with personnel who are trained in software and hardware.
2.	System reliability	Password protection is provided at different levels to ensure data integrity.
3.	Data integrity risks	Licensed software is being used in the systems.
4.	Coordinating and interfacing risks	The Company ensures "Data Security", by having access control/ restrictions. Installation of anti-virus softwares to create firewalls.

h). Legal Risks

Sl. No.	Threat/Process	Mitigation Measures
1.	Contract Risks	A study of contracts with focus on contractual liabilities, deductions, penalties and interest conditions is undertaken on a regular basis.
2.	Contractual Liability	Vetting of all legal and contractual

		documents.
3.	Insurance Risks	Insurance policies are audited to avoid any later disputes. Timely payment of insurance and full coverage of properties of the Company under insurance.
4.	Frauds	Internal control systems for proper control on the operations of the Company and to detect any frauds.

i). Environmental Risk Management

The Company endeavours to protect the environment in all its activities, as a social responsibility. The legal exposure in this regard is when polluting materials are discharged into the environment by causing danger to fragile environmental surrounding is an offence.

Risk Mitigation Measures

- ❖ Installation of Effluent Treatment Plants and sewage treatment plants at its various manufacturing units.
- ❖ Setting up of Rain harvesting wells at its various manufacturing units.
- ❖ Extensive plantation of trees around manufacturing plants is undertaken for green belt development.
- ❖ Setting up of electrostatic precipitators, filters etc. as required from site to site.
- ❖ Focus on efficient operations of environment protection system and equipment's.

j). Market Risks / Industry Risks: These include:

- ➢ Raw material availability and movement of rates;
- ➢ Demand and Supply Risks;
- ➢ Quantities, Qualities, Suppliers and lead time;
- ➢ Competition;
- ➢ Increase in commercial costs.

Risk Mitigation Measures:

- ❖ Tracking micro and macroeconomic level data, market trends and forecasts by expert agencies, internal review by team of experts.
- ❖ Developing a good understanding and tracking of movement of rates of raw material at macro level, keeping a track on global and domestic economy, climatic conditions, geo-political factors, global demand and supply, trade policies etc.
- ❖ Alternative sources are developed for uninterrupted supply of raw materials.

- Demand and supply are external factors on which Company has no control. However, based on experience gained from the past and by following the market dynamics as they evolve, movement by competition, economic policies and growth patterns of different segments, the Company is able to estimate the demand during a particular period and accordingly supply is planned and adjusted.
- The Company takes specific steps to reduce the gap between demand and supply by expanding its customer base, improvement in its product profile, delivery mechanisms, technical inputs and advice on various aspects of debottlenecking procedures, enhancement of capacity utilisation in customer plants etc.
- Proper inventory control systems have been put in place.
- The Company has been increasing operational efficiency and continue to take initiatives to move up the quality control scale besides cost reduction and cost control initiatives.
- Effective steps are being taken to reduce cost of production on a continuing basis through focus on cost and realization, budgets, budgetary controls, management control system, close watch on market dynamics etc.
- On competition side, keeping a close watch on competitor's strengths and weaknesses, competition dynamics etc.

k). Political Environment risks:

Any adverse change in the political environment of the country, government policies etc can have an impact in growth strategies of the Company.

Risk Mitigation Measures:

- Reviewing and monitoring the country's spinning related industrial, labour and other related policies and involvement in representative industry-bodies.

l). Technological Obsolescence: The Company strongly believes that technological obsolescence is a practical reality.

Risk Mitigation Measures:

- Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology.

m). Disaster Risks: Natural risks like Fire, Earthquakes, etc.

Risk Mitigation Measures:

- The properties of the company are insured against natural risks, like fire, earthquakes, etc. with periodical review of adequacy, rates and risks covered.
- Fire extinguishers have been placed at fire sensitive locations.
- First aid training is given to watch and ward staff and safety personnel.
- Well-designed hydrant systems and training of personnel for the same.

n). **Risk of Corporate Accounting Fraud**

Accounting fraud or corporate accounting fraud are business scandals arising out of misusing or misdirecting of funds, overstating expenses, understating revenues etc.

Risk Mitigation Measures:

- Conducting risk assessments,
- Enforcing and monitoring code of conduct for key executives,
- Deploying a strategy and process for implementing the new controls,
- Adhering to internal control practices that prevent collusion and concentration of authority,
- Employing mechanisms for multiple authorization of key transactions with cross checks
- Creating a favourable atmosphere for internal auditors in reporting and highlighting any instances of even minor non-adherence to procedures and manuals and a host of other steps throughout the organization.

XII. RESPONSIBILITIES

Responsibility for risk management is shared across the organisation. Key responsibilities include:

Risk Ownership and management – perform and monitor day-to-day risk management activity.

Employees are accountable for actively applying the principles of risk management within their areas of responsibility and fostering a risk-aware culture.

Employees are accountable for actively applying the principles of risk management within their areas of responsibility and fostering a risk-aware culture.

More specifically, Employees are responsible for:

Report to their immediate leader or supervisor, any real or perceived risks that become apparent and may significantly affect Amber;

1. Commercial viability;
2. Profitability;
3. Assets;
4. Business continuity;
5. Customers;
6. Regulatory and/or legal obligations;
7. Reputation; and/or
8. People and/ or their safety.

Report to their immediate leader or supervisor, any real or perceived risks that Amber's operations may significantly affect the broader:

1. Environment; and/or
2. Community.

Look for opportunities to improve operational efficiencies and optimise outcomes.

The Audit Committee – maintain oversight and monitor the effectiveness of internal controls and risk management activities.

The Audit Committee assists the Board in overseeing the group's risk profile and is responsible for overseeing the effectiveness of management's actions in the identification, assessment, management and reporting of material business risks.

More specifically, the Audit Committee is required to:

- Review and approve Amber's risk management policy and framework for identifying, assessing, monitoring and managing risk;
- Regularly review Amber's updated risk profile;
- Monitor the effectiveness of the risk management framework and the system of internal control. As part of monitoring and assessing the effectiveness of the system of internal control, regularly receive and review reports on internal control;
- Review at least annually, Amber's implementation of the risk management policy and framework; and
- Review the adequacy of Amber's insurance policies, including the terms of annual policy renewals and the creditworthiness and claims payment histories of Amber's principal insurers.

The Audit Committee is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented an effective Risk Management Framework. Detailed work on this task is delegated to the Audit Committee and reviewed by the Board.

The Board has ultimate responsibility for overseeing the performance of Amber's, including monitoring of risk management and internal control systems.

XIII. COMPLIANCE

Practices established and used for the management of risk should demonstrate alignment and consistency with the principles and requirements in this Policy Compliance with this Policy may be periodically assessed by Business Review. Each area of the business is accountable for managing risks and must maintain a register of risks relating to material risk exposures. Risk registers will be based on the outcomes of thorough risk identification and assessment processes.

Review of risk registers are to be conducted regularly (dependent on business requirements). Enterprise risk identification, assessment and profiling will be conducted at least once per year.

XIV. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Audit Committee can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

XV. DISCLAIMER CLAUSE

The Management cautions readers that the risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

XVI. POLICY REVIEW

This Policy should be reviewed once every year or earlier if required by a change in circumstances. Changes to the Policy require Board/Committee approval.