GOVERNANCE POLICY DOCUMENT

RISK MANAGEMENT POLICY

BundlePe Private Limited
Registered Office: Durga Abason, RA-423, Nabapally, Pole-02/521, Sector IV, Kolkata, West Bengal, 700098

Approved by the Board at its meeting held on 21st November, 2024
Version 1.0

01 PURPOSE OF RISK MANAGEMENT

BundlePe (the “Company”) is committed to high standards of business conduct and responsible risk management to achieve sustainable business growth, protect the Company’s assets, avoid major surprises related to the overall control environment, safeguard shareholder investment, and ensure compliance with applicable legal requirements.

This Risk Management Policy (the “Policy”) complements and does not replace other existing compliance programs, including but not limited to those relating to environmental, quality, and regulatory compliance matters.

Through this Policy, it is intended to ensure that an effective risk management framework is established and implemented within the Company, and to provide regular reports on the performance of that framework, including any exceptions, to the Audit Committee or the Board.

02 APPLICABILITY

This Policy applies to the Company and all its employees.

03 OBJECTIVES OF THE RISK MANAGEMENT POLICY

The Policy’s objectives include:

i. Identification and mitigation of existing and potential risks in a structured manner.

ii. Development of a “Risk Mitigation Approach” that enables all internal stakeholders to identify various existing or potential risks and respond to them appropriately in the most effective manner.

To achieve the risk management objective, the Company aims to ensure that:

i. The acceptance and management of risk are integrated into the day-to-day management of the business.

ii. Key risks are identified, assessed in the context of the Company’s threshold for risk and the potential impact on the achievement of objectives, continuously monitored, and managed to an acceptable level.

iii. The escalation of risk information is timely, accurate, and gives complete coverage of the key risks to support management decision-making at all levels.

iv. Risk is primarily undertaken and managed by the business entity transacting the business that gives rise to the risk; and

v. All employees actively engage in risk management within their own areas of responsibility.

04 APPROACH

A. Process

i. Each manager must periodically assess the inherent and potential risks that are likely to have an impact on the business or function, in a structured manner and on a periodic basis.

ii. Each manager must then create a risk mitigation plan by employing an effective system of internal controls and checks and balances, to mitigate the risks in the most effective manner possible, including designating responsibilities and providing for upward and onward communication of any significant issues that may merit attention or escalation.

iii. Identification, assessment, and management of risk are continuous processes, supported by formal, structured reviews that need to be conducted on a periodic basis as may be warranted.

B. Risk Evaluation Report

The risk profile and related parameters pertaining to the Company will be listed and evaluated.

C. Assessment of Risks

i. Risk assessment enables risks to be appropriately rated and graded in accordance with their potential impact and likelihood. The two key components of a risk are the probability (likelihood) of occurrence and the impact (consequence) of occurrence if the risk materialises. Risk is analysed by combining estimates of probability and impact in the context of existing control measures.

ii. Existing control measures are evaluated against the Critical Success Factors (CSFs) and Key Performance Indicators (KPIs) identified for those specific controls. Guiding principles to determine the risk consequence (impact), probability of occurrence (likelihood factor) and mitigation plan effectiveness are set out in Appendix 1.

D. Risk Reviews

A risk review involves an objective re-assessment of all risks recorded, to ensure that the mitigation plans and actions are commensurate with the risk profile. The risk register is to be reviewed and assessed every year at appropriate levels.

E. Escalation Mechanism

It is critical for an internal control and communication system to be agile and effective, in order to comprehensively evaluate risks and the appropriateness of a risk mitigation plan, and to encourage upward and onward communication of any significant issues that may merit attention or escalation to functional heads, who will brief risk coordinators, who shall then report them to the Audit Committee.

05 STRUCTURE – ROLES AND RESPONSIBILITIES

The risk management roles and responsibilities shall be as follows:

Role	Responsibilities
Board	• Approve risk policy and strategy • Review risk observations (if any) raised by the Audit Committee
Audit Committee	• Review risk policy and strategy • Review risk assessment reports • Review risk mitigation plans
Internal Audit	• Confirms compliance • Provides assurance on the risk mitigation approach • Scopes audit work based upon the severity of risk to the business
Internal Stakeholders	• Compliance with the Risk Management Policy

APP. 1 GUIDING PRINCIPLES FOR DETERMINING RISK EXPOSURE

Risk Exposure = Impact Factor (Risk Consequence) × Likelihood Factor (Probability of Occurrence)

Definition of Ratings

Impact (Risk Consequence)

Rating	Description
3 – High	• >10% impact on Profit Before Tax • >20% impact on Turnover • Critical impact on brand value / quality of service / market share / alliances
2 – Medium	• 5% to 10% impact on Profit Before Tax • 10% to 20% impact on Turnover • Short-term impact on brand value / quality of service / market share / alliances
1 – Low	• <5% impact on Profit Before Tax • <10% impact on Turnover • Potential impact on brand value / quality of service / market share / alliances

Likelihood (Probability of Occurrence)

Rating	Description
3 – High	• Event is expected to occur in most circumstances (within 12 months) • Existing scenario, unlikely to change in the near future • Probability of >80%
2 – Medium	• Event will occur in most circumstances (within the next 12 to 18 months) • Probability of 50% to 80%
1 – Low	• Event will occur in most circumstances (within the next 18 to 36 months) • Probability of 20% to 50%

Mitigation Plan Effectiveness

Rating	Multiplication Factor	Description
Weak	1.00	• Very few controls in place • Effective mitigation plan to reduce risk impact to an acceptable level not identified / identifiable
Satisfactory	0.75	• Controls are largely in place • Mitigation plans implemented to a large extent
Strong	0.50	• Controls are fully operational • Risks are effectively mitigated

This Risk Management Policy has been adopted by the Board of Directors of BundlePe Private Limited and is effective from the date of such adoption.