

**Title: Risk Management Framework**

**Doc No -4**

**Date of issue: 01/01/2026**

**Revision No. Ref:**

**Policy No-4**

## **Sparkon Textiles Ventures Pvt. Ltd.**

### **Risk Management Framework**

<b>Revision History</b>		
<b>Sr. No</b>	<b>Revision No</b>	<b>Date</b>
<b>1</b>	<b>Revision No. Ref:</b>	<b>01/01/2026</b>

#### **Content**

- **1. Purpose**

The purpose of this Risk Management Framework is to establish a structured and systematic approach for identifying, assessing, mitigating, monitoring, and reporting risks that may affect the achievement of the Company's strategic, operational, financial, and compliance objectives.

This Framework aims to:

- Protect the Company's assets and reputation
- Enhance decision-making through risk awareness
- Ensure business continuity and sustainability
- Promote a risk-aware culture across the organization

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- **2. Scope**

This Framework applies to all departments, functions, and employees of the Company.

It covers risks including but not limited to:

- Strategic Risks
- Operational Risks
- Financial Risks
- Compliance & Legal Risks
- Reputational Risks
- Environmental, Social & Governance (ESG) Risks
- Technology & Cybersecurity Risks

The Framework is applicable across all levels of management and business activities.

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- **3. Definitions**

**Risk:**

The possibility of an event or condition that may adversely impact the achievement of business objectives.

**Risk Management:**

The process of identifying, assessing, controlling, and monitoring risks to minimize their impact.

**Risk Appetite:**

The level of risk the Company is willing to accept in pursuit of its objectives.

**Risk Owner:**

The individual or department responsible for managing and monitoring a specific risk.

**Mitigation:**

Actions taken to reduce the likelihood or impact of a risk.

**Residual Risk:**

The remaining risk after mitigation measures have been implemented.

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- **4. Risk Governance Structure**

**4.1 Board of Directors**

- Oversee overall risk management strategy
- Approve the Risk Management Framework
- Review significant risks periodically

**4.2 Senior Management**

- Identify and assess risks within their respective functions
- Implement risk mitigation strategies
- Report significant risks to the Board

**4.3 Risk Owners**

- Monitor assigned risks
- Maintain risk registers
- Ensure timely mitigation actions

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- **5. Risk Management Process**

**Step 1: Risk Identification**

- Identify internal and external risks affecting business objectives.
- Maintain a Risk Register.

**Step 2: Risk Assessment**

- Assess risks based on likelihood and impact (Low/Medium/High).
- Prioritize risks accordingly.

**Step 3: Risk Mitigation**

- Avoid, reduce, transfer, or accept the risk.
- Implement internal controls and corrective measures.

**Step 4: Monitoring & Review**

- Periodic review of risk status.
- Update risk registers as necessary.

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**Step 5: Reporting**

- Report significant risks to Senior Management and the Board.

- **6. Business Continuity Planning**

The Company shall maintain appropriate contingency and business continuity plans to manage crisis situations and ensure minimal disruption to operations.

- **7. Internal Controls**

Effective internal control systems shall be implemented to mitigate operational, financial, and compliance risks.

Periodic internal audits shall be conducted to evaluate control effectiveness.

- **8. Risk Register**

The Company shall maintain a Risk Register documenting:

- Identified risks
- Risk owner
- Likelihood and impact rating
- Mitigation measures
- Review status

- **9. Review of Framework**

This Risk Management Framework shall be reviewed annually or earlier if required due to changes in business environment, regulatory requirements, or operational structure.

Any amendments shall be approved by the Board of Directors.

**EFFECTIVE**

The policy shall come into force with effect from - 01/01/2026


