RISK MANAGEMENT POLICY

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By Secretarial

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1. Background

Mastek is an enterprise digital transformation specialist that engineers excellence for customers in UK, US, Middle East, Asia Pacific and India. It enables large-scale business change programmes through its service offerings, which include Application Development, Oracle Suite & Cloud Migration, Digital Commerce, Application Support & Maintenance, BI & Analytics, Assurance & Testing and Agile Consulting. Whether it's creating new applications, modernising existing ones or recovering failing projects, Mastek helps enterprises to navigate the digital landscape and stay competitive. With digital solutions constituting more than 80% to the business, Mastek is emerging as one of the leaders in Enterprise Digital Transformation journey.

Mastek's business and its presence across geographies exposes the Company to various risks inherent to such business and industry. Let's look at definition of risk before we detail how it's addressed at Mastek.

- 'Risk' is the chance of something happening that will have an impact on objectives, usually expressed in terms of a combination of the likelihood of an event and the consequences arising from it.
- 'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realisation of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Risk management at Mastek is designed to address and respond to various risks or potential threats that pose against Mastek and the business of Mastek. Given the complexities brought in by the Mastek's diversified business, risk management plays a vital role in achievement of its strategic and business objectives. It focusses on the risk identification, risk assessment and monitoring, mitigating actions, governance and reporting structure at corporate, business, functional and regional levels.

Legal framework

Regulation 21 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 requires that all top 1000 listed entities (on Indian Stock Exchanges) have a mandatory Risk Management Committee of the Board. Mastek stood at 328th position and 329th position basis market capitalization on the National Stock Exchange of India Limited and BSE Limited respectively, as of March 31, 2022.

Section 134(3) of the Companies Act, 2013 ('the Act') requires the Board of Directors of a company, as part of the Board's Report, to give a statement indicating the 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

Additionally, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, across its different sections, invariably lays greater emphasis on Risk Management being one of the key functions of the Board where responsibility is cast upon the Board to:-

- review and guide Risk Policy;
- ensure that appropriate systems of control are in place, in particular, systems for risk management; and
- ensure that, while rightly encouraging positive thinking, it does not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk have the ability to 'step back' to assist executive management by challenging the assumptions underlying risk appetite.

2. Purpose and Scope

Mastek understands that controlling risks through a formal program is critical to the success of the Company.

To this end, the Board of Directors of the Company has renamed the existing Governance Committee to Risk Management & Governance Committee and has empowered the Committee to align its terms of reference to include risk management.

The Risk Management & Governance Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

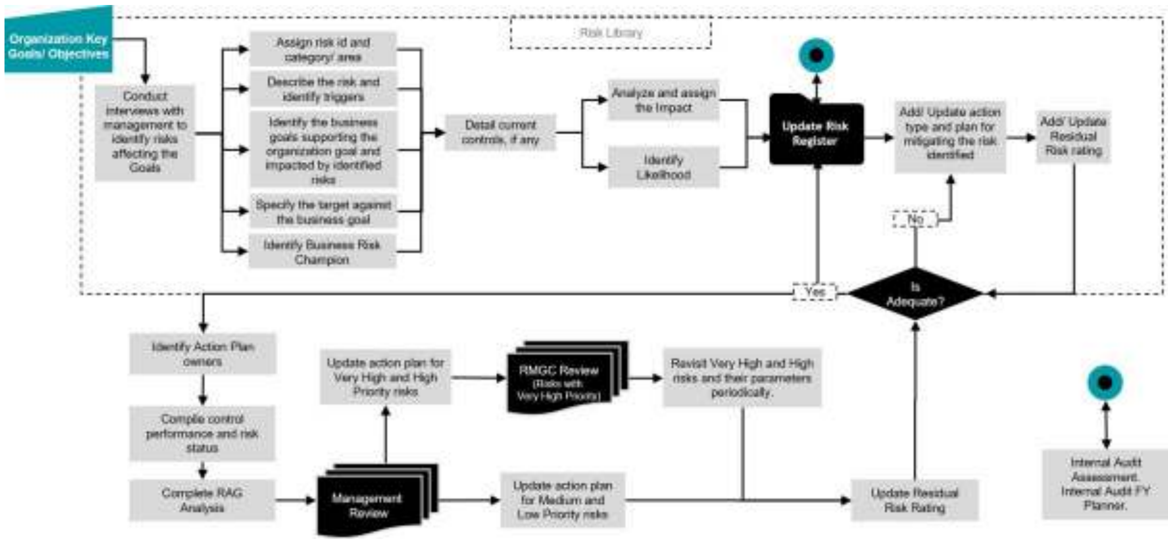
The scope of this policy covers all business and functions of Mastek across geographies.

3. Risk Management

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.

Risk Management Process



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

Risk Identification

In order to identity and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies for the respective financial year. The Company focuses on several internal and external risks, including but not limited:

- Strategic risks;
- Operational risks;
- Financial risks;
- Sectoral risks;
- ESG risks;
- Foreign Exchange risks;
- Technological risks;
- Cyber security risks;
- Information risks;
- Human Resource risks;
- Business Continuity risks; and
- Legal & Compliance risks;

The risks identified through an exercise including management discussions are added to the risk library.

Risk Scale

The company uses a 5-point scale to measure the risk:

Impact ► Likelihood ▼	Negligible	Minor	Moderate	Major	Critical
Almost Certain	Medium	Medium	High	V High	V High
Likely	Medium	Medium	High	High	V High
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Medium	Medium	Medium

Impact	Audit/ Review/ Inspection	Financial	Reputation	Shareholders	Clients	Project/ Service	Health & Safety	HR/ Org Development
Negligible		Loss less than £1000	Rumors, no negative media attention			Minimal interruption	Incident not resulting in injury	Short term staffing issues (1-2 days)
Minor	External/ Internal review low priority findings	Loss between £1000 and £5,000	local media, short term			Minor interruption remedied within 24 hours	Minor injury/ illness	Ongoing staffing issues (>2 days)
Moderate	External/ Internal audit/ review medium priority findings	Loss between £5,000 and £10,000	local media, long term	1 or 2 complaints	1 or 2 complaints	Interruption remedied within 24 and 48 hours	Injury requiring hospital admission	Ongoing staffing issues may result in positive staff survey scores
Major	External/ Internal audit/ review high priority findings	Loss between £10,000 and £100,000	national media, client concern	Multiple serious complaints	Multiple complaints from clients	Interruption over 48 hours	Major injury with long term incapacity	Loss of staff/ difficulty in appointing staff in key positions.
Critical		Loss above £100,000	national media, client concern, extremely negative articles	Key shareholders withdrawing	Extent of complaints is so extensive that clients disengaging from Company	Critical impact, huge cost, difficult to recover	Death or major permanent incapacity	Loss of staff or difficulty in appointing staff in key positions leading to project delivery issues

Likelihood	
Rare	Aware of something like this happening elsewhere;
	expected to occur over 10 years;
	very effective policies;
	mandatory training;
	activities monitored and audited.
Unlikely	Event does occur somewhere from time to time;
	expected once every 4 to 10 years; responsible persons ensure compliance with policies;
	regular training;
	internal monitoring and auditing of activities.
Possible	Event has occurred at least once during your career;
	expected once every 3 years;
	policies are followed and updated; training provided when needed;
	some informal monitoring.
Likely	Event has occurred several times or more during your career;
	expected once a year;
	policies and procedures in place; compliance not enforced or mandated;
	some on the job training and no monitoring.
Almost Certain	Event has occurred in last 6 months; expected more than once a year;
	No controls in place.

Oversight and Management

Boards of Directors

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

Risk Management & Governance Committee

The day to day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee 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.

To achieve this, the Committee is responsible for:

- managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- setting up internal processes and systems to control the implementation of action plans;
- regularly monitoring and evaluating the performance of management in managing risk;
- providing management and employees with the necessary tools and resources to identify and manage risks;
- regularly reviewing and updating the current list of material business risks;
- regularly reporting to the Board on the status of material business risks;
- review and monitor cyber security; and
- ensuring compliance with regulatory requirements and best practices with respect to risk management.

Risk Owners

These are generally the members of Executive Leadership Team (ELT) and/ or functional heads who own the risk, related control and its performance and mitigation plan. A Risk Owner may also assign a Risk Champion/ Officer for their respective function/ area. Risk Owner's key roles and responsibilities include:

- Identify business specific risks and goals impacting organization risks and goals;
- Assess risks periodically and effectively manage/ mitigate risks;
- Identify and enable business risk champions and action plan owners;
  - Assess and implement Committee recommendations;
  - Update the risk register;
  - Monitor and report actual vs goal targets and status of risk action plans;
  - Guide and work along with action plan owners; and
  - Identify, record, escalate and report issues.

Global Head – Legal Affairs supports the Risk Owners in achieving above objectives.

Employees

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

Internal Audit

Internal Audit function provides independent assurance on the appropriateness, effectiveness, adequacy of risk management program. Key assurances that Internal Audit is required to provide are:

- Assess that the program is operating as designed;
- Highlight gaps in the program vis-à-vis industry standards;
- Identify improvements required in the program; and
- Plan the annual audit calendar basis the risks identified for the respective financial year.

Review of Risk Management

The Company is required to regularly review the Risk Management policy, at least once in two years and to periodically evaluate the effectiveness of the 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 Risk Owners aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Risk Owners 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 Risk Owners and employees responsible for its implementation.

4. Amendment

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees 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 or its Committee 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.