



SONATA SOFTWARE LIMITED

CIN- L72200MH1994PLC082110

RISK MANAGEMENT POLICY

1. Introduction:

The Board of Directors of Sonata Software Limited ('the Company') on the recommendation of the Risk Management Committee have adopted the following policy and procedures with regard to risk management by the Company. The Company has constituted a Risk Management Committee. The Board may review and amend this policy from time to time.

This Policy is applicable to the Company effective **August 4, 2021**.

2. Objective:

The main objective of Enterprise Risk Management (ERM) Policy is to lay down a formal risk management framework in the Company in pursuance of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing regulations) as amended from time to time including second Amendment - 2021.

This policy is framed in accordance with the guidelines provided under the Charter of the Risk Management Committee of the Board of Directors.

3. Scope:

This Risk Management Policy is applicable to the Sonata Group, including its subsidiaries, associate companies, and controlled entities.

4. Definitions:

- a. "**Listing Regulations**" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- b. "**Audit Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing Regulations.
- c. "**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013]
- d. "**Policy**" means Risk Management Policy.

5. Regulatory framework/requirement

Risk Management Policy is framed pursuant to following regulatory requirements:

- i. Regulations 17 and 21 of the Listing Regulations

- ii. Provisions of the Section 134(3), 177(4), Schedule 4 (S 149(8)) and other applicable provisions of the Companies Act, 2013, and the rules made thereunder.

6. Risk Management Framework

The Company shall define an Enterprise Risk Management Framework that is based on industry standards and encompassing all risks that the organization is facing internally or externally under different categories such as strategic, operational, sectoral, legal and compliance risks including ESG and Cyber security risks. The framework shall prescribe detailed procedures and guidelines for contextualization of risks by linking it to strategic objectives, identification, assessment, mitigation, any internal controls, communication, monitoring, and governance. Appropriate risk indicators shall be used to identify risks proactively. The framework shall take cognizance of risks faced by key stakeholders and the multiplied impact of the same on the organization which may impact business continuity while framing risk responses. Risk management is a decision-enabler which not only seeks to minimize the impact of risks but also enables effective resource allocation based on the risk impact ranking and risk appetite. Strategic decisions are taken after careful consideration of risks and opportunities. The framework shall prescribe approaches to identify and measure primary, secondary, consequential, and residual risks which will enable efficient decision making.

7. Charter of the Risk Management Committee

Charter of the Risk Management Committee shall be as follows:

a. Purpose

The purpose of the risk management committee of the Board of Directors of Sonata Software Limited (the "Company") shall be to assist the Board with regard to the identification, evaluation and mitigation of internal and external risks specifically faced by the Company, in particular including financial, operational, strategic, sectoral, sustainability particularly, Environmental, Social, Governance related risks), information, cyber security risks. The Committee has overall responsibility for monitoring and approving the risk policies and associated practices of the Company.

b. Composition

The Committee shall consist of minimum three members with majority of them being members of the Board of Directors, including at least one Independent Director.

c. Meetings and Quorum

- 1) The Risk Management Committee of the Company (RMC) shall meet at least twice in a year and the maximum gap between two consecutive meetings shall not exceed 180 days.

- 2) The quorum for a meeting of the Committee shall be either two members or one third of the total number of members of the committee, whichever is higher, including at least one member of the Board of Directors in attendance.
- 3) In absence of Committee Chairman, the remaining members shall elect one of the members as the Chairperson

d. Authority

- 1) RMC shall have free access to management and management information.
- 2) The Committee at its sole authority, may seek the advice of outside experts or consultants where judged necessary.
- 3) RMC shall have powers to seek information from any employee, obtain outside legal or other professional advice, and secure attendance of outsiders with relevant expertise, as considered necessary.

e. Role of Risk Management Committee

- 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 Company, in particular including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cyber security risks or any other risk as maybe 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) To review appointment, removal, and terms of remuneration of the Chief Risk Officer, if any.
- 7) To 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.

8) To monitor and review the matters relating to cyber security.

8. Communication

This policy shall be communicated to all concerned persons of the Company.

9. Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Securities and Exchange Board of India (Listing Regulations and Disclosure Requirements), Regulations, 2015 and/or any other applicable laws in this regard shall automatically apply to this Policy.
