NORTH EASTERN CARRYING CORPORATION LIMITED

RISK MANAGEMENT POLICY

"Never take both hands off the pump. As an entrepreneur, you need to be on constant lookout for opportunity, and that will involve risk. But you minimize those risks by keeping one hand on the pump that is producing for you."

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1. PURPOSE OF THIS POLICY

The Companies Risk Management Policy outlines the manner in which the Company identifies, assesses, monitors and manages risk. A sound framework of risk oversight, risk management and internal control is fundamental to good corporate governance. It underpins reliable financial reporting, compliance with relevant laws and regulations, and effective and efficient operations.

Managing material business risks is the responsibility of everyone in the company. However by integrating risk management with existing company processes, management can ensure the efficient use of resources and therefore reduce the potential for duplication of effort when working to reduce risk levels.

2. SCOPE OF THIS POLICY

Risk is an inherent aspect of all academic, administrative and commercial business activities. Sound risk management principles must become part of routine management activity across the organization. The key objective of this policy is to ensure the organization has a consistent basis for measuring, controlling, monitoring and reporting risk across the Organization at all levels. This policy applies to all NECC employees, visitors, consultants, contractors, employees of contractors and consultants, persons employed through labour hire agencies and volunteers.

3. PROSPECTIVE INDUSTRY RISKS & THEIR MANAGEMENT

The prospective risk factory to any Company belonging to transportation and logistics industry are as follows:-

A. MATERIAL HANDLING

Many workers are injured during the loading and unloading process. Items are sometimes too heavy or too bulky for safe lifting. Too often customer loading/unloading sites are not safe, or proper machinery is not available. Drivers, for instance, sometimes feel an obligation to complete a job and will load or unload without proper assistance. To avoid potential injuries, employers should require workers to:-

- Use and maintain lift-aid equipment such as cranes, hand carts, dollies, and stationary rollers rather than lifting by hand whenever possible.
- When materials must be moved by hand, use appropriate body positioning. Avoid lifting from the floor level. Avoid extended reaching away from the body or overhead when moving materials.
- Ask for help when lifting heavy or bulky objects.

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B. MOTOR VEHICLE ACCIDENTS

Many of the most serious injuries in the transportation division are the direct result of motor vehicle accidents. Driver injuries are among the most severe and contribute significantly to the cost of workers' compensation. Driver inattention and/or error are the most frequent causes of these accidents. You can help protect your employees against motor vehicle accidents by:

- Requiring defensive driving courses which are aimed at improving driver attitude and awareness.
- Control driving time to help avoid fatigue. Not only can requiring your drivers to be fresh keep you on the right side of the law, it will also help to prevent your drivers from sustaining injuries in a motor vehicle accident

C. SLIPS, TRIPS, AND FALLS

Of the injuries that occur in the transportation industry, many are caused by slips, trips or falls. Here are some simple ways to prevent these injuries:

- Keep floors and work areas clear of debris, electrical cords, tools and other extraneous equipment. Make sure floors are not slippery.
- Remove ice and snow as often as practical and use sand and/or salt on slippery walking surfaces.
- Fall protection is critical. An enforceable fall protection policy should be in place. Anyone who is in a position to fall six feet or more should always use fall protection equipment.
- Make sure feet are properly protected, particularly in warehouse and material transfer operations. Sturdy foot protection can reduce risk to feet from impact and strains. Slip resistant soles can reduce slips and falls.

D. COMPETITION

This risk arises from more players wanting a share in the same pie. Like in most other industries, opportunity brings with itself competition. There is competition in each segment, from domestic as well as multinational players at different levels of business. The only way to prevent from this risk is to build a brand image of the Company.

E. MEDICAL MANAGEMENT

If an employee is injured, managing that injury and returning the employee to work as soon as possible can help save money and retain valuable employees.

- Develop a medical management program which identifies a specific medical facility or doctor that will work with the employer to return employees to work or to some

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alternate duty as soon as they are able. The longer an employee is out of work, the more it costs the employer.

4. PROSPECTIVE COMPANY RISK

As the Company belongs to transportation and logistics industry it on same floor of risk as the overall industry. However the most common risk the company might face are as follows:

- Material Handling
- Motor Vehicle Accidents
- Slips, Trips, And Falls
- Competition

However the Company has formed a well versed five stage Risk management strategy to take care of the above said risk factors as well as other prospective risks to the Company

5. RISK MANAGEMENT STRATEGY

The Indian transport industry is a growing avenue and widely opens for new entrepreneurs. The Company takes a very extensive view of business risk. The Company always keeps itself changing with the changed environment of operation, technology and innovative ideas. The Company has risk management team constituting the professionals and functional specialists who critically examines and audit the adequacy, relevancy, efficiency and effectiveness of the control system, compliance with policies. The Companies Risk Management Strategy will be five stages comprising of following stages:

- **Risk identification** – It is the process of determining which risks might affect objectives and documenting their characteristics. The Company shall use simple tools such as brainstorming and checklists to identify risk. Risk identification by the Company will be continuously activity throughout the risk management process.

- **Risk analysis** – It involves defining, quantitatively or qualitatively, the consequence (i.e., impact) and likelihood (i.e., probability) of a risk. For Risk analysis Company can use simple methods to describe risks, such as probability and impact matrices, or more sophisticated probabilistic methods, such as three-point estimates or probability functions and Monte Carlo simulations. More qualitative methods typically apply when analyzing strategic goals and related items. More quantitative methods apply when analyzing cost and schedule estimates or complex design decisions.

- **Risk evaluation** – It involves the process of comparing the results of risk analyses with the organizations level of risk tolerance. If risks are too great, action (i.e., risk treatment) will need to be taken. Risk evaluation presupposes that an organization has defined its risk tolerance and is prepared to take action if a risk’s consequence and likelihood are too great.

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- **Risk treatment** – It involves a risk response and risk modification. Common options which can be adopted involve avoidance, mitigation, or transference of the risk.

- **Risk monitoring and review** – It is capture, analysis, and reporting of risk status in relation to performance. Risk monitoring and review typically employ a risk management plan to monitor risk status and identify changes from the performance level required or expected. Risk monitoring and review assist in contingency tracking and resolution.

6. RISK MANAGEMENT COMMITTEE

The Company shall at all times have a Risk Management Committee consisting of following persons as Members of Risk Management Committee -

Name of the Member	Designation
Mr. Utsav Jain	Chairman
Mrs. Vanya Jain	Member
Mr. Mohak Jain	Member
Mr. Shyam Lal Yadav	Member

7. IMPLEMENTATION

This policy is implemented within the Company by:

a. Establishing and implementing across the group a formal risk management and internal control process;
b. Identifying from this projects, functions and corporate risks which may impact upon the group;
c. Risk controls will be designed and implemented to reasonably assure the achievement of the Company's corporate objectives. The effectiveness of these controls will be systematically reviewed and, where necessary, improved.
d. Risk management performance will be monitored, reviewed and reported. Oversight of the effectiveness of our risk management processes & performance will provide assurance to executive management, the Board and shareholders;
e. Ensuring the risk management and internal control process is overseen by the Audit Committee of the Board; and

8. ROLES & RESPONSIBILITIES

The roles and responsibility of Risk Management Committee shall be inclusive of the following:-

- Defines overall risk appetite and defines the risk management culture.

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- Boards of Directors are responsible for overall implementation of risk management strategy in the whole organization.
- Validate risk assessments.
- Agree on assignment of risk responses to risk owners.
- Coordinate the reporting of corporate risks.
- Develop plans to improve risk management.
- Assumes overall responsibility for the agency's system of internal control.
- Ensures clarity of accountability for risk management.
- Reviews performance, progress, and compliance with risk management process.
- Supports the chief executive Officer with assurance on a sound system of internal control.
- Ensure that risk management policy and processes are complied with.
- Identify lessons learned; disseminate risk management guidance and training.
- Coordinate the identification of risks from within their sphere of control.

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