

## **Orient Paper & Industries Limited**

---

### **Risk Management Policy**

**Table of Contents**

1. Purpose.....	5
2. Scope.....	5
3. Objectives.....	5
4. ERM Policy Statement .....	5
5. ERM Governance Structure.....	6
6. ERM Roles and Responsibilities.....	7
6.1 Risk Governance and Oversight .....	7
<b>6.1.1 Board of Directors</b> .....	7
<b>6.1.2 Risk Management Committee</b> .....	7
<b>6.1.3 Audit Committee</b> .....	8
<b>6.1.4 Group Risk Oversight Council</b> .....	8
6.2 Risk Infrastructure and Management .....	8
<b>6.2.1 Executive Risk Council</b> .....	8
<b>6.2.2 Chief Risk Officer</b> .....	10
6.3 Risk Ownership .....	11
<b>6.3.1 Functional Heads/SBU Heads/Plant Heads</b> .....	11
<b>6.3.2 Risk Owners</b> .....	12
<b>6.3.3 Response Owners</b> .....	12
7. ERM Process and Framework Overview .....	12
8. Communication .....	16
9. Review .....	16
10. Internal Audit (Entity GRC Head/Team) .....	16
11. Regulatory and Disclosure Requirements.....	17
12. Limitation .....	19
13. Disclaimer.....	19
<b>Appendix A – Definition of Common Terms</b> .....	19
<b>Appendix B – Abbreviations</b> .....	20

## INTRODUCTION

Risk management is an integral component of good corporate governance and is fundamental for achievement of company's strategic and operational objectives. It facilitates improved decision-making, identifies opportunities, and helps business tackle/ mitigate risk events that may impact stakeholder value (shareholders, employees, and other stakeholders).

Orient Paper & Industries Limited (*hereafter referred to as "OPIL" or "Company"*) recognizes the contribution of effective and efficient risk assessment, views risk management as an integral part to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies and considers risk management as a continuous process.

To ensure a consistent, efficient, and effective assessment of risks, OPIL has laid down a Risk Management policy (*hereafter referred to as "Policy"*) that provides guidelines for implementation and management of its Enterprise Risk Management Framework - *Saksham*. The policy supports the Company's endeavor to design, implement, monitor, review, and continually improve its risk management program.

This policy provides an overview of the Company's Risk Governance structure and illustrates the roles and responsibilities of various responsible stakeholders within it. It majorly covers the following elements:

- Policy Objectives
- Risk Governance Structure
- Enterprise Risk Management Roles and Responsibilities

**The Risk Management policy shall be read in conjunction with the Enterprise Risk Management Manual**, which lists down the detailed risk management process to be followed to identify potential risks and ensure timely addressal/ response. The detailed guidance on the risk management process can be referred to in the ERM Manual.

### **1. Purpose**

The purpose of this policy is to define the requirements for a sound Enterprise Risk Management Framework. This policy sets out the objectives and accountabilities for risk management within the Company and the Group office such that it is consistent and effective, to drive thereupon and improve the Company's risk management capabilities in a dynamic business environment.

### **2. Scope**

This policy shall apply to Orient Paper & Industries Limited's businesses operations.

This policy shall apply consistently across all levels of the Company, covering all operations, management, employees, contractors, business partners and/or individuals directly/ indirectly associated with OPIL.

### **3. Objectives**

The Risk Management Policy provides a structured and disciplined approach to the ERM process and facilitates informed decision-making on risks, with specific objectives mentioned below:

- Mandate an ERM Framework and the process for early identification, assessment, risk response, monitoring, and reporting on risks arising out of internal as well as external factors.
- Establish a structured program that engages stakeholders across the Company to identify, prioritize and respond to risks and opportunities.
- Ensures appropriate ownership and accountability by providing clarity on the roles and responsibilities in relation to risk management.
- Facilitate identification and assessment of risks that may impact the business continuity of the Company and define its response plans for such risks.
- Facilitate identification and assessment of risks associated with significant capex and investment decisions as per the risk appetite of the Company.
- Ensures monitoring and reporting on status of Key Risks to the Risk Management Committee and the Board of Directors.
- Facilitate compliance with the applicable regulatory requirements related to risk management and reporting

### **4. ERM Policy Statement**

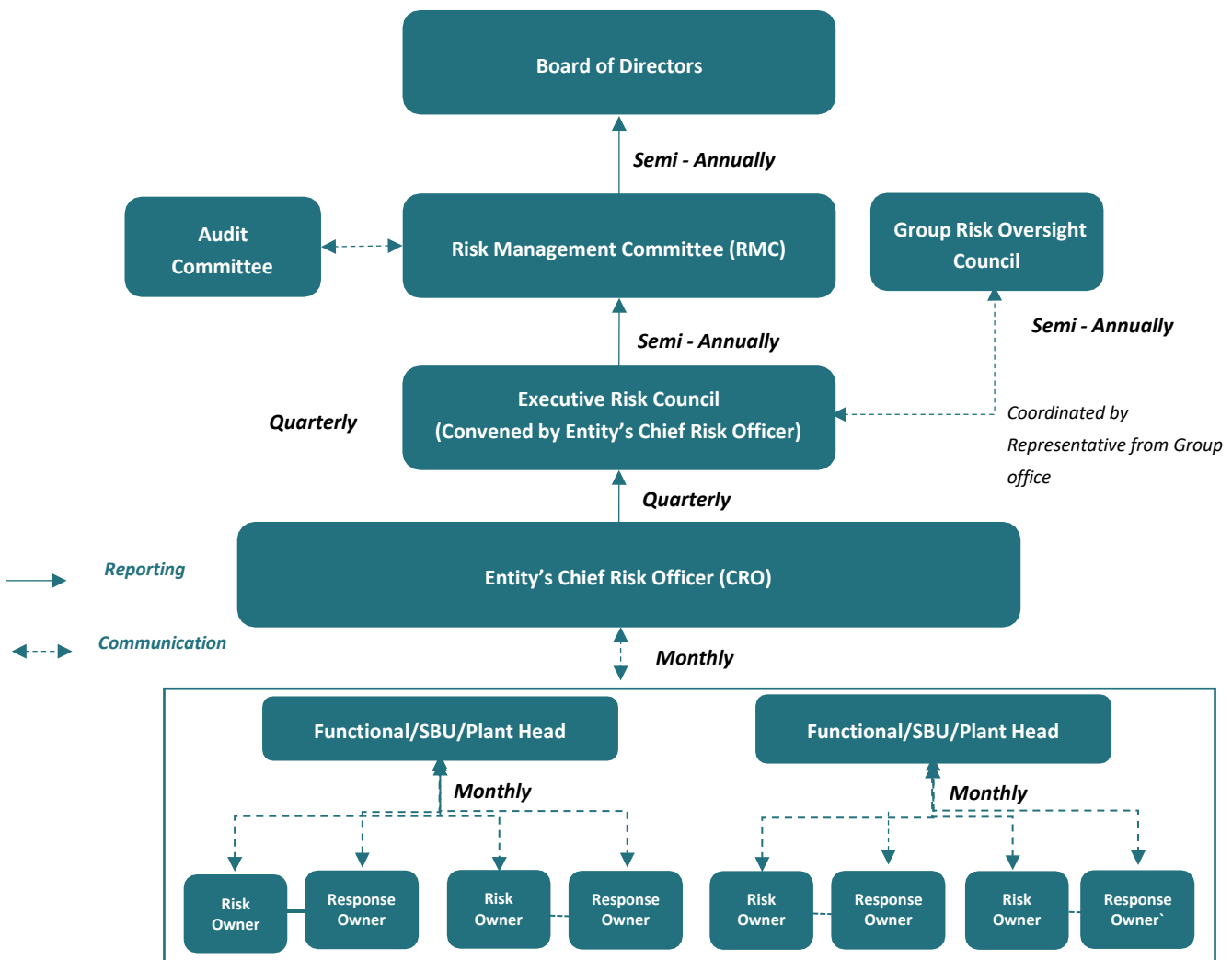
The Company is committed to establishing a robust mechanism for proactive risk monitoring and to foster a risk aware culture thus enabling informed decision making. To fulfill its commitment the Company shall:

- Encourage and strengthen the accountabilities, ownership, and responsibilities with respect to risk management across all levels and activities of the Company.

- Align and integrate varying views on risk management to ensure a uniform understanding of the risk management framework across the Company.
- Aim to identify, monitor, and respond timely to manage or treat risks that may impact Company’s strategic objectives or continuity of operations.
- Undertake endeavors to create and instill a risk aware culture across the Company, through continuous trainings and communications on risk management.
- Inculcate risk appropriate culture within the Company by integrating Risk Management as a key responsibility area for employees and the compliance to risk management policy and manual as a KPI for the respective roles in the Company.

**5. ERM Governance Structure**

The responsibility for risk management is shared across the Company. The company has established three pillars of risk management responsibilities in its Governance structure, that cascades the scope of activities to senior management and all employees, across the Company.



**Figure 1: ERM Governance Structure**

## 6. ERM Roles and Responsibilities

### 6.1 Risk Governance and Oversight

The Risk Governance and Oversight function comprises of the Board, Risk Management Committee, Audit Committee and Group Risk Oversight Council, who will play a pivot role in framing the ERM Policy and guidelines for the organization. The roles and responsibilities for teams constituting the Risk Governance and Oversight function as per the risk governance structure are as elaborated below:

#### 6.1.1 Board of Directors

The Board is committed to the objectives of Enterprise Risk Management and its engagement in the risk oversight function to strengthen the management of organizational risk exposures in achieving the Company’s strategic objectives. The Board plays a critical role in facilitating an enterprise-wide approach to risk management. It accomplishes this by setting the tone and culture towards effective risk management, affixing enterprise risk appetite, formulating high level objectives, strategy setting, and approving broad-based resource allocation for this purpose.

The Board will meet at least **semi-annually** to review the Key Risks faced by the Company. The Board will review the Company’s portfolio of risk and determine if it is well within the Company’s appetite for risks.

The roles and responsibilities of the Board with respect to ERM are broadly classified as follows:

- Approve the ERM Policy and Manual document.
- Periodically review and approve the Company’s risk profile and risk appetite.
- Evaluate the effectiveness of risk management procedures on a semi-annual basis covering Key Risks and associated response plans.
- Review risks associated with investment or project decisions and define a threshold for risk assessment for investments basis appetite.
- Review and approve risk disclosures to external stakeholders in adherence to regulatory requirements

#### 6.1.2 Risk Management Committee

The Risk Management Committee (*hereafter referred to as “RMC” or “Committee”*) shall be entrusted with the responsibility to assist the Board in framing the ERM policy, guiding implementation, monitoring, and reviewing the effectiveness of ERM Policy and Manual. The RMC and its meetings will be the forum to discuss and manage Key Risks on a **semi- annual** basis. The composition, quorum, frequency of these meetings has been defined in the Risk Management Committee Terms of Reference. For roles & responsibilities of RMC please refer Terms of Reference of the RMC.

### **6.1.3 Audit Committee**

The Audit Committee shall receive an update on the Key Risks on a **semi-annual basis** from the RMC and shall be responsible for providing direction and evaluating the effectiveness of Risk Management program of the company.

### **6.1.4 Group Risk Oversight Council**

The roles and responsibilities of the Group Risk Oversight Council shall be governed by the Charter of the Group Risk Oversight Council.

#### **Composition**

The composition of the Group Risk Oversight Council shall include the Group Senior Management. The Chairperson of the Group Council shall be Group Chairman who shall be responsible for overseeing the functioning of the Group Council.

#### **Roles and Responsibilities of the Committee**

The Group Council shall have the following roles and responsibilities of Group Risk Oversight council shall include the following:

- Advise on the status of risk appetite, key risks and associated response plans for Group Entities.
- Aligning risk policies and procedures across the Group to the extent possible.
- Advise on the overall Risk Management program across group entities
- Perform such other roles, functions as may be entrusted by the Group Chairman from time to time or as may be required to be performed.

### **6.2 Risk Infrastructure and Management**

The Risk Infrastructure and Management function comprises of the Executive Risk Council and Chief Risk Officer, who shall support risk governance and oversight function and play a pivotal role in implementation of ERM framework in the company. The roles and responsibilities for teams constituting the risk infrastructure function as per the risk governance structure are as elaborated below.

#### **6.2.1 Executive Risk Council**

The Executive Risk Council shall support the RMC of the Board to focus on ERM Governance and its implementation in the Company. This Council has the primary responsibility of implementing the Risk Management Policy of the Company and achieving its stated objectives of developing a risk aware and intelligent culture that supports strategic decision making and helps improve company performance.

#### **Composition**

The Executive Risk Council shall comprise the company's senior management and shall be chaired by Company's CEO/Managing Director:

1. The CEO/Managing Director
2. Functional/SBU/Plant Heads
3. CRO (Convenor)
4. Entity GRC Head

### **Meetings**

The Executive Risk Council shall meet on a **quarterly basis** or more frequently as required by the RMC or specific circumstances and carry out its roles and responsibilities.

### **Roles & Responsibilities**

The roles and responsibilities of the Executive Risk Council are as follows:

- Set directions for risk management activities.
- Provide support and advise on the implementation of risk management and related matters across the business.
- Approve and convey in consultation with senior leadership; strategies, procedures, and guidelines, that embed risk assessment and response to risk considerations into (i) planning processes, (ii) strategy development and execution and (iii) capital authorization requests, if required.
- Review risks associated with proposed capital investments prior to investment decisions.
- Coordinate with the Chief Risk Officer, all Functional/SBU/Plant Heads, Risk Owners and all the other stakeholders, to set the limits and controls on risk appetite.
- Review existing risk management process and documentation and deliberate on the establishment, operations, and continuous improvement of the risk management structure.
- Review the status of Key Risks and report the progress to the RMC on a **semi-annual** basis.
- Support management in identifying trends and emerging risks; assist in identifying and assessing risks for new business initiatives, and in evaluating strategic alternatives.
- Receive the consolidated Enterprise risk repository and evaluate the appropriateness of countermeasures and response plans for the key risk(s).
- The Executive Risk Council may also be required to act as a crisis management committee, as and when required, to effectively assess, respond and recover from any crisis scenarios. For this purpose, the Executive Risk Council may include additional members who possess requisite skills required in the relevant crisis situations/ events.
- Provide overall guidance related to the Risk Management processes across the Company.
- Review the need for additional Risk Management related activities across the Company and assign responsibilities



- Carry out any other activities as may be required or deemed necessary with respect to risk management or as guided by the Risk Management Committee/ Board.
- ERC to communicate to the Group Risk Oversight Council (through Group Office representative) on the status of Key Risks, and response plans, and other matters related to Risk Management Framework on a **semi- annual** basis

### 6.2.2 Chief Risk Officer

The Chief Risk Officer (*hereafter referred to as "CRO"*) shall support the Board of Directors, Risk Management Committee (RMC) and Executive Risk Council in the risk management process.

The roles and responsibilities of the CRO relating to enterprise risk management are as follows:

- Assisting the RMC and Executive Risk Council in fulfilling the risk management responsibilities by facilitating the governance of risk management process through-out the Company.
- Reporting on status of Key Risks, progress on risk assessment and response plans to the ERC on a quarterly basis
- Facilitate in building robust enterprise risk management practices suitable for the Company's needs, including setting up of approach, standards, and guidance, supporting management to identify trends and emerging risks, help craft risk appetite & tolerance levels and, assist management in developing risk response plans to manage risks.
- Present the draft risk appetite and tolerance statements to the ERC
- Work with Functional/ SBU/ Plant Heads and Risk Owners to ensure that a risk management culture is fostered and to assist in integrating practices into the business plans and reporting framework.
- Assist in the development and monitoring of key risk indicators (KRIs) that are mapped to various risks to determine occurrence of any risk scenario or event and proactively implement risk response measures.
- Assist in aligning the Risk Management framework with the Internal Control framework to ensure key operational risk(s) are adequately and appropriately managed.
- Manage and maintain the consolidated Enterprise Risk Repository.
- Review the corporate / functional level risks obtained from the respective Functional/SBU/Plant Heads on monthly basis.
- Escalate challenges, concerns or any unforeseen developments to the Executive Risk Council pertaining to existing or new risks.
- Monitor risk repositories on an ongoing basis, review the adequacy and effectiveness of their response plans, accuracy, and completeness of reporting and timely remediation of deficiencies and assist in establishing effective monitoring system by all stakeholders.

- Set-up mechanisms to identify the various scenarios that may adversely impact business continuity of the Company and evaluate the Company's readiness in responding to such scenarios.
- Communicate key risks (Top 5) to Group CFO as part of Business Review Deck on a quarterly basis
- Review the risk assessment performed by the Project Team for capital investment proposals
- Review the risks proposed for archival by the Risk Owners
- Reporting to the RMC on archived risks on a quarterly basis.
- Carry out any other activities with respect to risk management and oversight as may be delegated by the Committee and Executive Risk Council.

### **6.3 Risk Ownership**

The Risk Ownership function comprises of the Risk Owners and Functional/SBU/Plant Heads, who shall be responsible for performing risk management activities in the company. The roles and responsibilities for teams constituting the risk Ownership function as per the risk governance structure are as elaborated below:

#### **6.3.1 Functional Heads/SBU Heads/Plant Heads**

Function Heads/SBU Heads/Plant Head shall be responsible for communicating on the status of risk management activities for their respective functions/SBU/Plant **monthly** to the CRO.

The roles and responsibilities of the Functional/SBU/Plant Heads are as follows:

- Assist the CRO in fulfilling the risk management responsibilities for their respective function/SBU/Plant.
- Work with the functional/SBU/Plant teams to ensure adherence and conformity to risk management policy, manual. Identify and monitor risks for their respective functions/SBU/Plant.
- Consolidate and share the risk repository for their respective function/SBU/Plant with the CRO, in consultation with Risk owners.
- Identify new and emerging risks for the function/SBU/Plant.
- Review the progress, timelines, and appropriateness of the response plans on an ongoing basis.
- Monitor the Key Risk Indicators for Key Risks at the function/SBU/Plant level on a continuous basis.
- Communicate risks, progress on risk assessment and response plans to the Chief Risk Officer monthly.

- Escalate challenges, concerns or any unforeseen developments pertaining to existing or emerging risk(s) to the CRO.

### **6.3.2 Risk Owners**

The roles and responsibilities of the Risk Owners are as follows:

- Responsible for developing the respective response plans within their functions/departments and communicating to Function/SBU/Plant Head monthly.
- Perform ongoing assessment of the risk scenarios, contributing factors, risk impact, likelihood, response plans, KRIs.
- Regularly review and monitor the progress and status of the risk(s) in their respective functions/departments.
- Identify emerging risks, if any, in their functions/departments and communicate them on timely basis.
- Development of key risk indicators (KRIs) that are mapped to various risks to determine occurrence of any risk scenario or event and proactively implement risk response measures.
- Consult with the respective Functional Heads/SBU Heads/Plant Heads for finalization of risks and further communicating to CRO.
- Escalate challenges, concerns or any unforeseen developments pertaining to existing or emerging risk(s) to Functional Heads/SBU Heads/Plant Heads.
- Align on the responsibility and timelines for the response plans with the Response Owners and respective Function/SBU/Plant Head
- Propose archival of risks in consultation with Function/SBU/Plant Head

### **6.3.3 Response Owners**

Response Owners shall be appointed to monitor existing controls and develop response plans in consultation with Risk Owners. The responsibilities of the Response Owners are as follows:

- Actively participate in the design and documentation of the response plans with Risk Owners
- Implement the response plans assigned to him/her.
- Update the risk owners on the implementation status of the response plans
- Support risk owners in residual risk assessment

## **7. ERM Process and Framework Overview**

To effectively manage uncertainty, respond to risks and exploit opportunities as they arise, the Company has implemented an ERM Framework which involves the following steps:

- **Scope, Context and Criteria for risk process:** To manage risk management process effectively, it is important to define the scope of the risk management process and understand the internal and external context within OPIL's risk appetite.
- **Risk Assessment:** As a part of comprehensive risk management, the Company needs to identify and assess risks that may affect its ability to achieve its strategy, and business objectives. Risk Assessment is the overall process that includes risk identification, risk analysis and risk evaluation.
  - a. **Risk Identification:** The aim of this step is to generate a comprehensive list of risks based on events that may help (in the case of opportunities) or impact the achievement of business objectives. Risk identification may be undertaken through workshops and discussions among other activities.
  - b. **Risk Analysis:** Risk Analysis involves identification of sources of risk, areas of impact events (including emerging trends) and their causes, and potential consequences on the achievement of business objectives. The purpose of risk analysis is to comprehend the nature of risk and its characteristics including contributing factors, impact, likelihood, velocity, controls, and their effectiveness.
  - c. **Risk Evaluation and Prioritization:** Risk evaluation involves comparing the results of the risk analysis (impact, likelihood, velocity) with the established risk criteria to determine where additional action is required considering effectiveness of existing controls. This would enable prioritization of risks, basis criticality, and help decide on the appropriate risk management strategy. Prioritization involves ranking the risks based on associated residual risk rating to identify key residual risks.
- **Risk Treatment:** Risk Treatment refers to response plans developed towards reducing the probability of occurrence or the impact of risk event. Once the company has developed an understanding of its risk profile, it needs to determine if response plans are required, especially in case of Key Risks.

In the event of a crisis risk situation, business may have to implement Contingency/Business continuity plans to return to Business-As-Usual scenario and maintain operational stability from the risk impact. For further details please refer ERM Manual

- **Risk Monitoring and Review:** Risk Monitoring and Review involves defining definite review forums and frequency for monitoring the status of risks to track them periodically. An important aspect of risk monitoring involves identifying and monitoring indicators or signals to sense occurrence of risk, known as "Key Risk Indicators" (KRIs). Frequency of reviews is defined to ensure that Key Risks at the Company level are reviewed, together with review of progress of response plans.
- **Risk Reporting:** Risk reporting ensures that relevant risk information is available across all levels of the Company in a timely manner to provide the necessary basis for

risk-informed decision-making. Annual updates are provided to the Board on status of Key Risks and associated response plans.

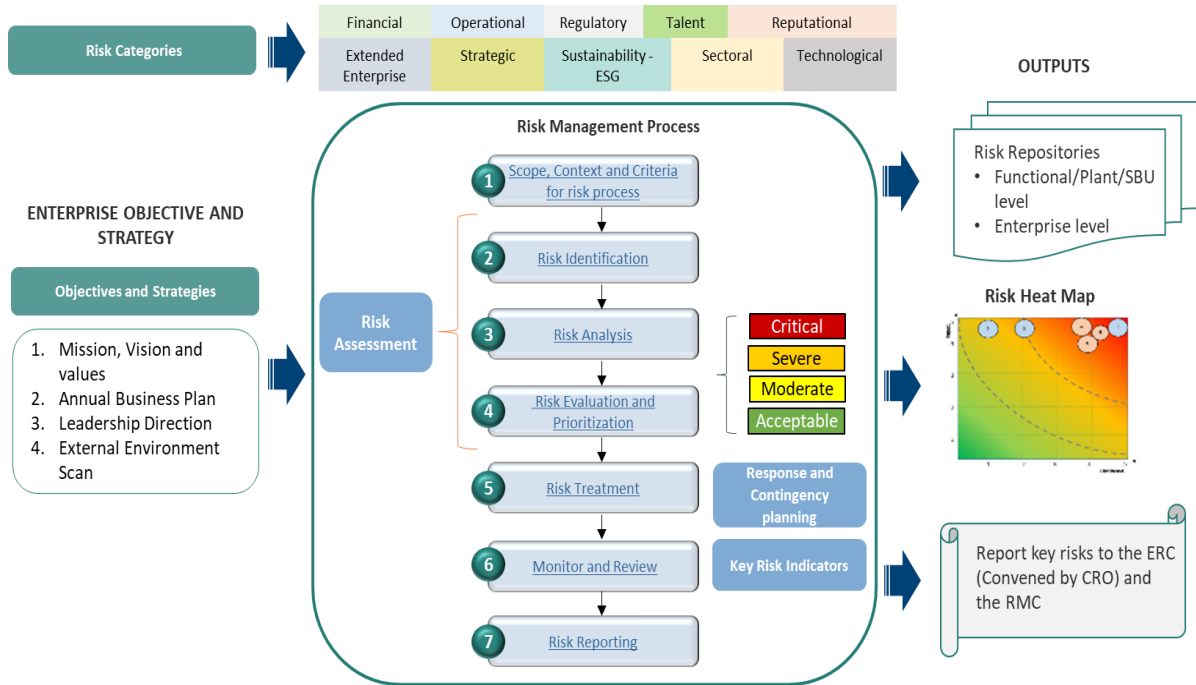


Figure 2: ERM Process

The ERM process includes actions that the Company takes to sense, evaluate, monitor, and respond to internal and external risks. The detailed guidance to risk management process can be found in the ERM Manual.

The activities as defined in the above in the policy/ process are summarized along with the frequency and responsibilities as follows:

Role	Frequency	Responsibility
Board of Directors	Annually	<ul style="list-style-type: none"> <li>Approve the ERM Policy and Manual document.</li> <li>Review and approve the Company’s risk profile and risk appetite</li> </ul>
	Semi-Annually	<ul style="list-style-type: none"> <li>Evaluate the effectiveness of risk management systems.</li> <li>Review the Key Risks faced by the Company.</li> </ul>
Audit Committee	Semi-Annually	<ul style="list-style-type: none"> <li>Responsible for providing direction and evaluating the effectiveness of Risk Management program of the company</li> </ul>
Risk Management Committee	Semi-Annually	<ul style="list-style-type: none"> <li>Advise the Board on the effectiveness of the risk management systems.</li> <li>Review risk management policy and manual of the company.</li> </ul>

Role	Frequency	Responsibility
		<ul style="list-style-type: none"> <li>Review <b>risks associated with key investment or project decisions.</b></li> <li>Monitor and review <b>implementation of the risk management procedures.</b></li> <li>Communicate to the Audit Committee on the status of Key Risks</li> <li>Review the appointment, removal, and terms of remuneration of the Chief Risk Officer</li> </ul>
<b>Group Risk Oversight Council</b>	Semi-Annually	<ul style="list-style-type: none"> <li>Advise on the <b>status of risk appetite, key risks and associated response plans</b> for Group Entities.</li> <li>Aligning <b>risk policies and procedures</b> across the Group to the extent possible.</li> <li>Advise on the <b>overall Risk Management program</b> across group entities</li> <li>Perform such other roles, <b>functions as may be entrusted by the Group Chairman</b> from time to time or as may be required to be performed.</li> </ul>
<b>Executive Risk Council</b>	Quarterly	<ul style="list-style-type: none"> <li>Provide support and advise on the <b>implementation of risk management and related matters across the business.</b></li> <li>Review <b>existing risk management process and documentation.</b></li> <li>Review the <b>status of Key Risks and report the progress to the RMC.</b></li> </ul>
<b>Chief Risk Officer</b>	Quarterly	<ul style="list-style-type: none"> <li>Manage and maintain <b>the consolidated Enterprise Risk Repository.</b></li> <li>Assisting the Risk Management Committee and Executive Risk Council in fulfilling the risk management responsibilities</li> <li>Escalate <b>challenges, concerns, or any unforeseen developments</b> to the Executive Risk Council</li> <li>Present the draft risk appetite and tolerance statements to the ERC</li> <li>Communicate <b>key risks (Top 5)</b> to <b>Group CFO</b> as part of Business Review Deck</li> <li>CRO to review the risk assessment performed by the Project Team for investment proposals</li> <li>Review the risks proposed for archival by the Risk Owners</li> <li>Reporting to the RMC on archived risks on a quarterly basis</li> </ul>

Role	Frequency	Responsibility
		<ul style="list-style-type: none"> <li>Carry out any other activities with respect to risk management and oversight as may be delegated by the Committee and Executive Risk Council.</li> </ul>
<b>Functional Heads/SBU Heads/Plant Heads</b>	Monthly	<ul style="list-style-type: none"> <li><b>Report Key Risks</b>, progress on risks assessment and response plans of the unit to CRO.</li> <li><b>Identification of new and emerging risks</b> for the function/ SBU/ Plant.</li> <li><b>Review the progress of the response plans</b> on an ongoing basis.</li> <li><b>Monitoring the Key Risk Indicators</b> for Key Risks at the function/plant/SBU level on a continuous basis.</li> </ul>
<b>Risk Owners</b>	Monthly	<ul style="list-style-type: none"> <li><b>Review and monitor the progress and status of the risk(s)</b> in their respective functions/departments.</li> <li><b>Identify emerging risks</b>, if any, in their functions/departments and <b>communicate them</b> on timely basis.</li> </ul>
<b>Response Owners</b>	Monthly	<ul style="list-style-type: none"> <li><b>Design and documentation of the response plans</b></li> <li><b>Report on implementation and effectiveness of response plans</b></li> </ul>

**Table 1: Risk Reporting Calendar**

## 8. Communication

This Policy shall be communicated to all key corporate functions, business units and stakeholders involved in the risk management process of the Company.

## 9. Review

This Policy shall be reviewed at least once in every two years to ensure that it is aligned with the changes in the business environment and regulatory requirements related to risk management and reporting. Any changes to the Policy shall be approved by the Board of Directors.

## 10. Internal Audit (Entity GRC Head/Team)

As an additional means of reassurance, the Risk Management Committee may direct the Entity GRC Head/Team to provide an independent report on the efficacy of Risk Management with respect to certain risks. Accordingly, the Entity GRC Head/Team shall seek inputs from the Risk Management Committee on the risks that it should consider for independent reporting and assurance as part of its Annual Audit Plan. Alternative means of assurance may be developed based on the directions of the Risk Management Committee. Key responsibilities are as follows:

- Provide Independent assurance on the efficacy of Risk Management in terms of:
  - Extent of implementation of response strategies and their efficacy; and
  - Effectiveness of risk response.
- Review the accuracy of self-assessments on risk response; and

- Report on such matters as may be specifically directed by the Risk Management Committee.

The Entity GRC Head/Team may consider certain risks in its annual Internal Audit plan and independently report its assessment to the Risk Management Committee.

## 11. Regulatory and Disclosure Requirements

The Companies Act 2013, and SEBI LODR (hereafter referred to as “Listing Regulations”), 2015 and as amended from time to time, have incorporated various provisions in relation to Risk Management Policy.

### SEBI LODR Regulations 2015

With OPIL listed in the Indian stock exchanges, it is required to comply by the standards laid down by the regulator, Securities and Exchange Board of India (SEBI). Following are the key requirements relating to risk management that are applicable to the Company;

- A. The Board of Directors shall have the following responsibilities with respect to risk management including:
  - Review the Risk Policy [**Regulation 4 (2) (f) (ii) (1)**]
  - Ensure integrity of the Risk Management systems [**Regulation 4 (2) (f) (ii) (7)**]
  - The Board of Directors shall have ability to ‘step back’ to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity’s focus. [**Regulation 4 (2) (f) (iii) (10)**]
- B. The listed entity shall lay down procedures to inform members of Board of Directors about risk assessment and minimization procedures. [**Regulation 17 (9) (a)**]
- C. The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. [**Regulation 17 (9) (b)**]
- D. Risk Management Committee (RMC) [**Regulation 21**]
  - **RMC shall have minimum three members** majority of them being Board of Directors and **at least one independent director**. The **Chairperson of the RMC** shall be a member of the board of directors and senior executives of the listed entity may be members of the Committee [**Regulation 21 (2)**].
  - The Risk Management Committee shall meet at least twice in a year [**Regulation 21, (3A)**];
  - The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance [**Regulation 21, (3B)**];
  - The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings [**Regulation 21, (3C)**];



- **Risk Management Committee (RMC) has the following roles and responsibilities [Part D of Schedule II]:**
  - Formulate a detailed Risk Management policy, which would include:
    - Measures for risk response, including systems/processes for internal control of identified risks
    - A Business Continuity Plan
    - A **framework for identification** of internal and external risks faced by listed entities, including financial, operational, sectoral, sustainability (particularly Environment Sustainability and Governance - ESG -related risks), information, cybersecurity risks **and any other risk determined by the RMC.**
  - **Monitor and oversee implementation** of the risk management policy, and ensure that appropriate methodology, processes, and systems are in place to **monitor and evaluate** risks associated with business of the company.
  - Periodically **review** the policy, **at least once in two years**, considering the changing industry dynamics and evolving complexity.
  - Keep the **board of directors informed** about the nature and content of RMC discussions and recommendations, as well as the actions to be taken.
  - Review the process of appointment, removal, and terms of remuneration of **Chief Risk Officer (CRO), if any.**
  - 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, if it considers necessary. **[Regulation 21, (6)]**
- Listed companies are **required to disclose** the following about RMC in the annual report **(Schedule V, Para C, 5A):**
  - Brief description of terms of reference
  - Composition, name of members and chairperson
  - Meetings and attendance during the year

### **Companies Act (2013)**

Companies in India are required to comply by the standards laid down by the (Companies Act 2013). Following are the requirements related to Risk Management as per **Companies Act (2013):**

- Report by its Board of Directors, which shall include a statement indicating 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. **[Section 134 (3) (n)]**
- The 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. **[Section 177 (4) (vii)]**
- Independent directors should satisfy themselves that the systems of risk management are robust and defensible. **[Schedule IV]**

### **12. Limitation**

The Risk Management Framework does not intend to provide complete assurance against failures to achieve business objectives, nor does it provide full assurance against material misstatements, losses, frauds, human errors, misjudgments in decision-making and violations of legislation and regulations.

### **13. Disclaimer**

In any circumstances, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation, or standard governing the Company, the newly enacted law, rule, regulation, or standard shall take precedence over this Policy until such time the Policy is changed to conform to the law, rule, regulation or standard.

Date: May 18, 2023

Place: New Delhi.

### Appendix A – Definition of Common Terms

S. No.	Terms	Definition
1.	Enterprise Risk Management	Enterprise Risk Management involves identifying, assessing, measuring, monitoring, and responding to risks across the enterprise in a way that is aligned with the enterprise's objectives and risk appetite.
2.	Risk	Risk is defined as "the effect of uncertainty on objectives" and an effect is a positive or negative deviation from what is expected. Risk is measured in terms of impact, likelihood, and velocity.
3.	Uncertainty	Inability to know in advance the exact likelihood or impact of future events.
4.	Challenges/Issue	If the event is certain to happen or has happened the event would be classified as an "issue/challenge". Mostly these challenges / issues are already addressed as part of annual planning processes. A "challenge" is a form of an obstacle that needs to be overcome to achieve desired business outcome. These are "certain" or "on-going" events and hence not classified as risks
5.	Business drivers	Business drivers are the factors/conditions that are vital for the continued success and growth of a business. For different sets of business, the drivers would vary across the organizational value chain depending on its inputs, output, and process parameters.
6.	Business Objectives	Objectives are the goals or targets that the organization desires to achieve within a pre- determined timeframe against each business driver.
7.	Risk Appetite	Risk appetite is defined as the amount of risk the organization is willing to take in pursuit of its organizational values. This is the amount of risk the organization is willing to accept/digest and forms its risk appetite.
8.	Risk Category	The broad categories to group risks together form the risk categories. More specifically risks are grouped based on the primary cause of the risk.
9.	Risk Repository	Compendium of all risks finalized and detailed with risk definition, KRI, risk response, risk owners and champions
10.	Risk Impact	Result or effect of an event. That may bring a range of possible impacts associated with the event
11.	Risk Likelihood	The assessment of the probability the risk will occur.
12.	Risk Velocity	It is the time that passes between the occurrence of an event and the point at which the organization first feels its effects.

13.	Risk Response	A process of assigning risk owners and functional risk champion for each risk and response; determining the strategy for responding to risks, developing, and implementing risk response plans
14.	Response and Contingency plans	Strategies aimed at preventing the occurrence of risk event are called response plans whereas Plan B for risks in case of exigency conditions after the risk play is termed as contingency plans
15.	Key Risk Indicators	“Key Risk Indicators” are rule based quantitative or qualitative triggers from multiple sources of information for early identification of potentially harmful scenarios
16.	Risk workshop	A risk workshop facilitates a collaborative approach to brainstorm, identify and assess Key Risks for the concerned unit with the inclusion of all concerned stakeholders
17.	Residual Risk	The risk remaining after management has taken action to reduce the impact and/or Likelihood of a risk.
18.	Business Continuity	Any event that has a high impact and high velocity can be terms as business continuity events
19.	Enterprise Risk Management Framework	Enterprise Risk Management Framework includes Risk Management Policy, Terms of Reference of the RMC and the ERM Manual

**Appendix B – Abbreviations**

<b>S. No.</b>	<b>Terms</b>	<b>Definition</b>
1.	ERM	Enterprise Risk Management
2.	RMC	Risk Management Committee
3.	CRO	Chief Risk Officer
4.	KRI	Key Risk Indicators
5.	ERC	Executive Risk Council
6.	CFO	Chief Financial Officer
7.	SEBI LODR	Security and Exchange Board of India (Listing Obligation and Disclosure Requirements)
8.	SBU	Strategic Business Unit

**VERSION HISTORY**

<b>Version</b>	<b>Date</b>	<b>Reviewed/recommended by</b>	<b>Approved by</b>
1.1	05-11-2014	Audit Committee	Board of Directors
1.2	15-03-2022	Risk Management Committee/ Audit Committee	Board of Directors
1.3	17-05-2023/ 18-05-2023	Risk Management Committee/ Audit Committee	Board of Directors