



HINDUSTAN ZINC
Zinc & Silver of India

Hindustan Zinc Limited

Risk Management Policy

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REVISION RECORD SHEET

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INTRODUCTION

At Hindustan Zinc Limited (*hereafter referred to as “HZL” or the “Company”*), strategic objectives are set, and business decisions are made around the Company’s values of Integrity, Respect, Entrepreneurship, Care, Innovation, Trust and Excellence towards a sustainable future. These guiding principles are aligned to Vedanta’s core values.

HZL is committed towards protecting and maximizing value towards stakeholders and constantly endeavors to take effective and risk-informed business decisions. Risk Management is one of the key pillars of good corporate governance and contributes towards long term sustainability and growth of the Company. Maintaining effective risk management practices is one of HZL’s strategic priorities and is closely monitored by the Board of Directors and Senior Management.

HZL has laid down a risk management policy (*hereafter referred to as the “Policy”*) that details therein guidelines for implementation of Enterprise Risk Management (*hereafter referred to as “ERM”*) framework across the Company.

This Policy has been developed to promote risk management within the Company, with an aim of enabling the achievement of strategic objectives. This document also provides an overview of the Company’s Risk Governance structure and illustrates the roles and responsibilities of various stakeholders within it. It majorly encompasses the following elements:

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

The Risk Management policy shall be read with the Enterprise Risk Management Framework, which lists down the detailed risk management process to be followed to identify potential risks and ensure timely risk response. The detailed guidance on risk management for the Company can be found in the ERM Framework.

1. Purpose

As a metals and mining business with a global business network, HZL is exposed to a variety of inherent risks. The purpose of this document is to define the requirements around Enterprise Risk Management and sets out the objectives and accountabilities for risk management within the Company such that it is structured, consistent and effective, to facilitate and improve the Company’s risk management capabilities in a dynamic business environment.

2. Regulatory 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.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board’s Report should contain 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.

The provisions of Part-D of Schedule II of SEBI Listing regulations, require that the Risk Management Committee develop a detailed risk management policy for the listed Company, monitor and oversee its implementation and evaluate adequacy of risk management systems, and periodically review the risk management policy at least once in two years, considering industry dynamics and evolving complexity.

3. Scope

The policy shall apply to all operating entities of Hindustan Zinc Limited. This policy shall apply consistently across all levels of the Company, including the management, Business Units, key corporate functions, operations, projects, employees, contractors, business partners, and/or individuals directly/indirectly associated with the enterprise. All employees of the Company are required to adhere to this policy.

4. Objectives

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

- Promote an effective risk management system that supports the Company's growth strategy and business objectives.
- Integrate risk management in the culture and strategic decision making across the Company.
- Establish a structured processes for early identification, assessment, risk response, monitoring, and reporting on risks arising out of internal as well as external factors.
- Identify and pursue new as well as existing opportunities in accordance with the Company's risk appetite and tolerance.
- Establish a process to identify and assess risks that may impact the business continuity of the Company and define response recovery plans for such risks.
- Establish a process to identify and assess risks associated with significant capex and investment decisions as per the risk appetite of the Company.
- Establish and guide risk governance by providing clarity on the roles and responsibilities in relation to risk management.
- Facilitate compliance with the applicable regulatory requirements related to risk management and reporting

5. ERM Policy Statement

The Company is committed to establishing a robust mechanism for proactive risk management, which is based on the following underlying principles:

- The Company shall encourage and strengthen the accountabilities, ownership, and responsibilities with respect to risk management across all levels and activities of the Company.
- The Company will align and integrate varying views on risk management and review and monitor a uniform risk management framework across the Business Units, key corporate functions, and projects of the Company.
- The Company aims to identify, monitor, and take preventive action to manage or treat risks that may impact its strategic objectives and continuity of its operations.
- The Company endeavors to create and foster risk awareness across the Company, through continuous education and training on risk management.
- The Company aims at inculcating risk appropriate attitudes and behaviors by integrating Risk Management as a key responsibility area for employees and the compliance to risk management policy and frameworks as a KPI for the functional heads/senior management team.

6. 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 all operating entities of the Company.

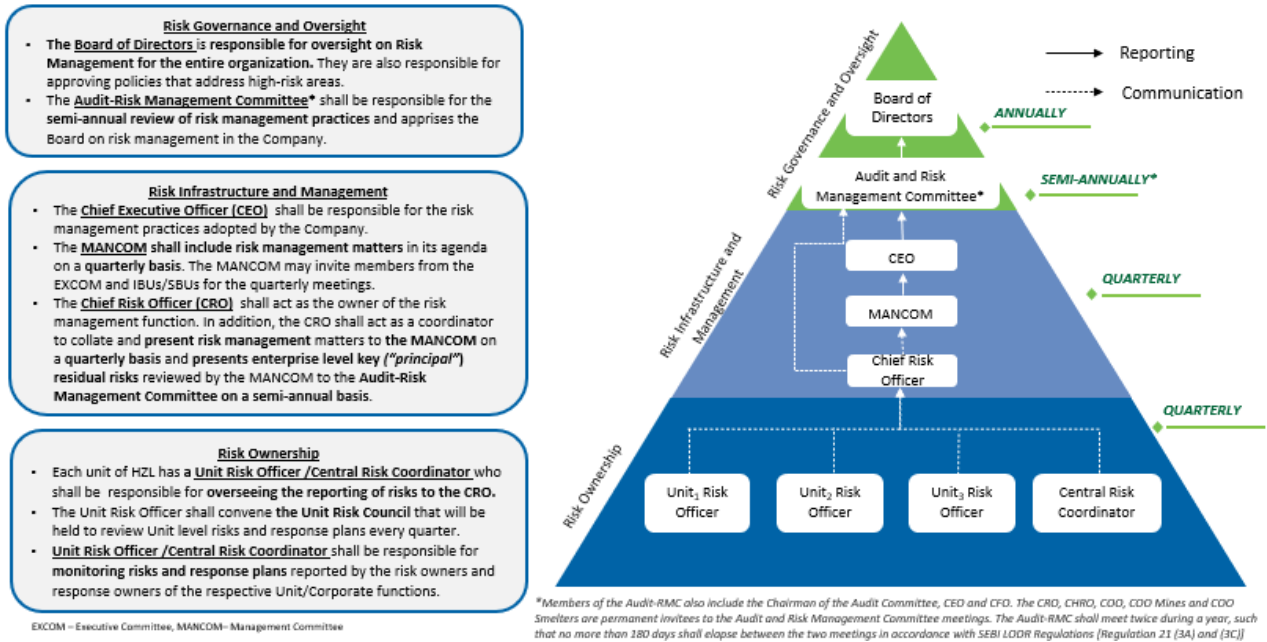


Figure 1: ERM Governance Structure

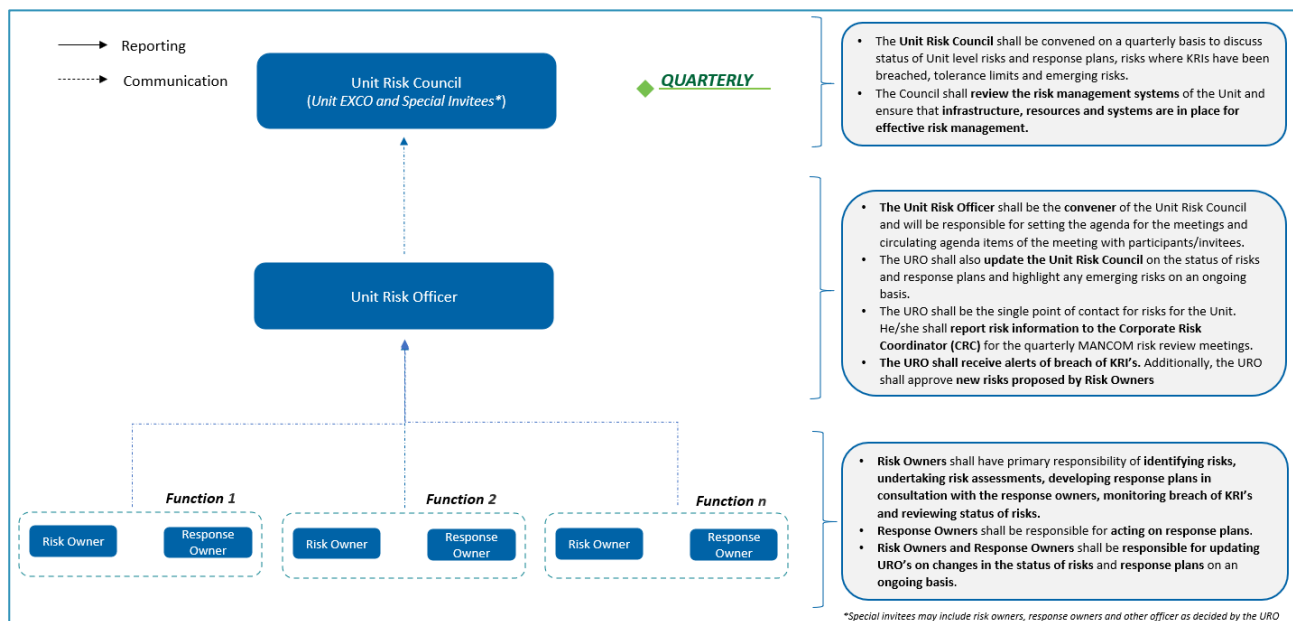


Figure 2: Unit Level Reporting

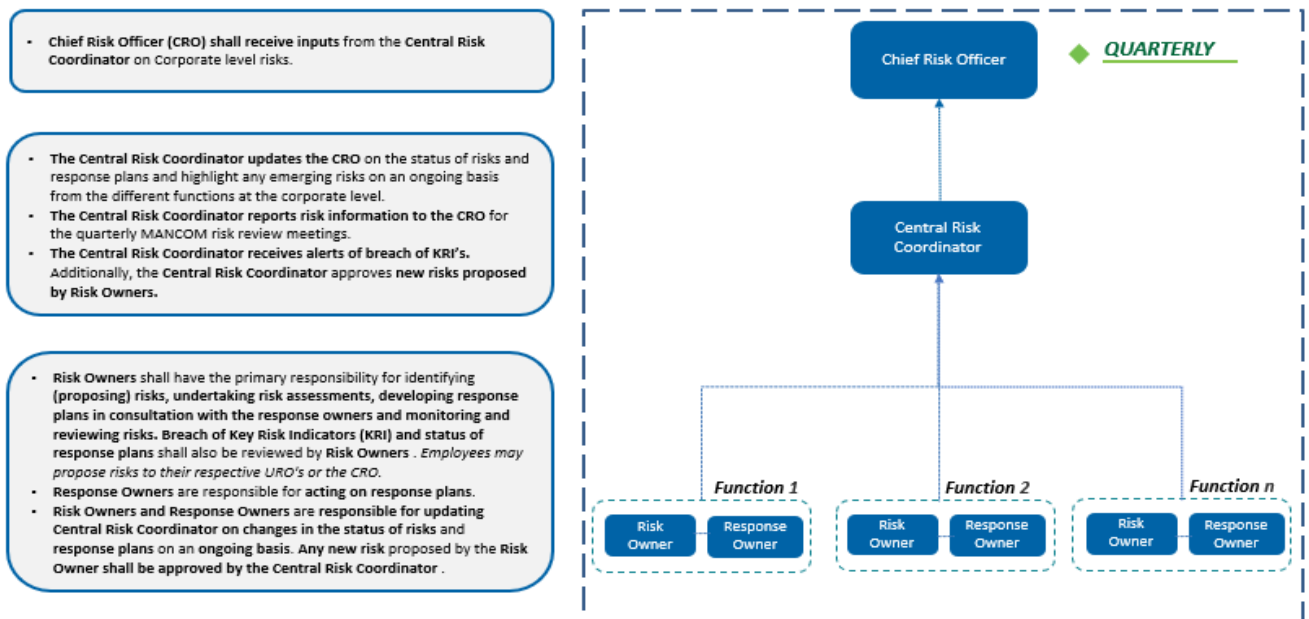


Figure 3: Corporate Level Reporting

7. Enterprise Risk Management Responsibilities

A. Risk Governance and Oversight

7.1.1 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 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 annually to review the key residual risks, including strategic and emerging risks as per prioritization criteria, and status of associated risk response plans. The Board will review the Company's portfolio of risk and determine if it is well within the Company's appetite for risks.

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

- Approve the ERM Policy and Framework document, and policies addressing its most significant risk areas.
- Review and approve the Company's risk profile
- Approve the risk appetite for the Company and its Business Units.
- Evaluate the effectiveness of risk management systems on an annual basis.
- Review the risk exposure of the Company, including strategic and emerging risks and associated risk response plans.
- Review the risk exposure of material equity investments and fixed assets and defining a threshold for risk assessment for investments basis appetite.

- Review and approve risk disclosures to external stakeholders in adherence to regulatory requirements.

7.1.2 Audit and Risk Management Committee

The Audit and Risk Management Committee (hereafter referred to as “**Committee**”) shall be entrusted with the responsibility to assist the Board in framing the policy, guiding implementation, monitoring, and reviewing the effectiveness of ERM Policy and Framework. The Committee will act as a forum to discuss and manage key residual risks on a semi-annual basis.

Composition

The Board of Directors has constituted a sub-committee i.e., the Audit and Risk Management Committee to assist the Board in framing policies and monitoring and reviewing the effectiveness of the risk management framework. The Committee shall act as a forum to discuss and manage key enterprise risks. The composition of the Committee is as follows;

- a) The Committee shall consist of a minimum of three members;
- b) The majority of members of the Committee shall be independent directors;
- c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

The Chairperson of the Committee shall be an independent director and shall be responsible for overseeing the functioning of the Committee. The CEO, CFO, CRO, CHRO, CCO, COO Mines, and COO Smelters shall participate as invitees in the Audit and Risk Management Committee.

The Company Secretary shall act as the Secretary to the Committee. The Secretary will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting. *(Section 177 of The Companies Act, 2013 and Regulation 18 of the Listing Regulations).*

Quorum

The quorum for a meeting of the Audit and Risk Management Committee shall be either two members or one third of the members of the Committee, *whichever is higher*, with at least two independent directors in attendance. *(Section 177 of The Companies Act, 2013 and Regulation 18 of the Listing Regulations)*

Meetings on Risk Management

- The Committee shall meet *at least* two (2) times a year with a gap of not more than one hundred and eighty days shall elapse between any two consecutive meetings on risk management;
- All or any members may participate in a meeting by video conferencing or by other audio-visual means. A member so participating is deemed to be present in person at the meeting and shall be counted for the purpose of quorum at the meeting of the Committee;
- The Secretary to the Committee shall be responsible, in conjunction with the Chairperson for compiling and circulating the agenda and papers for the meeting;
- Formal decisions shall be made by simple majority, in case of equality the Chairperson of the meeting shall have the casting vote;
- The Secretary to the Committee shall prepare minutes of all the meetings of the Committee and shall circulate the same to the Board and Committee for consideration;

- The Committee shall report the outcomes of all its meetings to the Board periodically.
- The Committee may also invite Company executives, as it considers appropriate, basis an invite from the Chairperson of the Committee.

Roles and Responsibilities with respect to Risk Management

The roles and responsibilities of the Committee with regard to Risk Management are;

- Advise the Board on the effectiveness of the risk management systems annually.
- Review the 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 high-risk area as may be determined by the Committee.
 - b) Measures for risk response including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
- Review and approve the Enterprise Risk Management (ERM) framework of the Company on a periodic basis. The Committee shall review the risk management culture, processes, and practices of the Company.
- Review and recommend for Board's approval the risk profile and risk appetite for the Company and Business Units
- Monitor and oversee implementation of the ERM policy and ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company, which shall include:
 - a) Defining the calendar for review of existing risks for each of the key functions with the objective to refresh the key risks at defined periodicity;
 - b) Reviewing the key risks for the enterprise at a defined periodicity;
 - c) Refreshing at defined intervals of key risks so that the Board can refresh the risk review calendar
 - d) Propose enhancements to the ERM system, including those required in adherence to changes in regulatory requirements.
- Ensure risk assessment and response procedures are implemented which shall include:
 - a) Formulate measures for risk response
 - b) Oversee the development and implementation of Business Continuity procedures and guidelines
 - c) Monitor and review the exposures of the enterprise level key risk(s), and assess management preparedness to deal with the risk and associated events;
 - d) Ensure that the Company is taking appropriate measures to achieve prudence balance in risk and reward in both ongoing and new business activities;
- Keep the Board informed about the nature and content of the Audit and Risk Management Committee discussions, recommendations, and actions to be taken. Engage other stakeholders in the risk management process when the need is identified.
- Advise the Board on the effectiveness of the risk management systems at least annually.

- Periodically review the risk management policy, at least once in two years, and recommend to the Board for approval.
- Review and monitor key risks including project risks and the associated risk response plans periodically.
- Review risks associated with significant investment decisions in the form of equity investment or purchase of fixed assets prior to the approval of such investment decisions by the Board.
- The appointment, removal, and terms of remuneration of the Chief Risk Officer (CRO), if any, shall be subject to review by the Committee.
- The Committee may form and delegate authority and responsibility to an executive sub-committee, which shall assist the Committee to manage the ERM activities.
- The Audit and Risk Management Committee shall 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.
- Perform any other activities as prescribed under the Listing Regulations and other applicable laws.
- Perform such other activities related to risk management as requested by the Board of Directors or to address any significant issues, subject to the roles and responsibilities as defined in its charter.

For all other roles and responsibilities of the Audit and Risk Management Committee as per the Companies Act 2013 and the Listing Regulations, refer the Audit Committee Charter.

B. Risk Infrastructure and Management

The Risk Governance and Oversight function comprises of the Board and Audit and Risk Management Committee, who play a pivot role in framing the ERM Policy and guidelines. The next two levels of risk responsibilities, namely Risk Infrastructure and Risk Ownership, are shared by the key executives and working employees of the Company. The roles and responsibilities for teams constituting the risk infrastructure function as per the risk governance structure are as elaborated below:

7.2.1. Chief Executive Officer

The Chief Executive Officer (CEO) shall be responsible for the risk management practices adopted by the Company and include,

- Review and approval of the Company's risk profile before being circulated to the Audit and Risk Management Committee.
- Consult, report and seek guidance from the Audit and Risk Management Committee on key risk matters including, risk profile of the Company, management's efforts related to risk response measures, crises events, any key developments associated with the Company's risk matters.
- Guide the MANCOM on risk response plans to mitigate risks and approve budgets to implement risk response plans.
- Guide the CRO on risk management activities.
- Approve changes to the risk management policy and framework including unit and corporate level risk appetites before seeking approval by the Audit and Risk Management Committee.

- Review and approve disclosures associated with risks of the Company.
- Guide the Crisis Management Committee to respond during a crisis scenario.

7.2.2. MANCOM Risk Review Meetings

The Management Committee (*hereafter referred to as “MANCOM”*) shall assist the Audit and Risk Management Committee. The MANCOM shall assist the Board and Audit and Risk management Committee in fulfilling its oversight responsibility for the risk management process and systems within the Company.

Composition

The MANCOM shall comprise of the Company's senior management. The members of the MANCOM include:

- Chief Risk Officer (CEO)
- Chief Financial Officer (CFO)
- Chief Human Resources Officer (CHRO)
- Chief Commercial Officer
- Chief Legal Officer
- Chief Marketing Officer
- Head Group and HZL CSO
- Head – Corporate Communications
- Head Group R&D and CRDL
- Head Centre of Excellence-Mining
- IBU-CEO Smelter
- IBU CEO- Silver, Lead and Minor Metals
- Director-Projects

The Chief Risk Officer along with members of the Central Risk Officer, members of the Executive Committee (EXCO), unit level risk teams and risk owners may be invited to the MANCOM risk review meetings.

The EXCO members may include,

- CEO- IBU Dariba
- CEO- IBU Zawar
- CEO- IBU Agucha
- Head- Corporate Services
- Head- Community Development (CSR)
- Head-HSE
- Head- Business Excellence & AO
- Director- Exploration
- Chief Quality Officer

Additional invitees may include

- Head- Investor Relations
- Lead- Sustainability

Meetings

- The MANCOM shall meet on a during the year to review and discuss risk-related matters.

- All or any members may participate in a meeting in person or by video conferencing or by other audio-visual means. A member so participating is deemed to be present in person at the meeting and shall be counted for the purpose of quorum at the meeting of the MANCOM.
- The Chief Risk Officer (CRO) shall convene the quarterly MANCOM risk review meetings and present risk management matters to the MANCOM.
- The CRO shall be supported by the Central Risk Officer to compile and circulate the agenda and papers for the MANCOM risk review meetings and minutes subsequent to the meeting.

Roles and Responsibilities

The roles and responsibilities of the MANCOM are as follows:

- 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.
- Review the existing risk management process and documentation. Deliberate on the establishment, operations, and continuous improvement of the risk management structure.
- Monitor and review the key enterprise risks for the Company and evaluate the appropriateness of risk response plans for key residual risk(s) on a quarterly basis.
- Review risks associated with proposed capital investments prior to investment decisions.
- Review key residual risk(s), associated response plans, and the changes in risk rating. Thereafter, the MANCOM shall prioritize the key residual enterprise risks and associated response plans to be reported to the Audit and Risk Management Committee.
- Approve and convey, in consultation with the CEO; 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.
- Ensure that a risk management culture is fostered and developed and that the ERM system is embedded within the Company's daily operations over time. Recommend training programs for staff with specific risk management responsibilities to enhance awareness.
- Help establish limits and controls on risk appetite for the Company in consultation with the Finance department and respective Business Units/Corporate Functions.
- Carry out any other activities as may be required or deemed necessary in this regard.

7.2.3 Chief Risk Officer

The Chief Risk Officer (CRO) shall assist the Board and the Audit and Risk Management Committee in review and oversight responsibilities related to ERM. The CRO shall facilitate the risk management processes within the Company and support the management in fostering and developing a risk aware culture.

The roles and responsibilities of the CRO shall include:

- Facilitate the governance of risk management processes throughout the Company.

- Set directions for risk management activities within the Company and facilitate and advise on the execution of risk management plan and related activities across the Company.
- Support management in determining risk appetites, identifying trends and emerging risks; assist in identifying and assessing risks for new business initiatives, and in evaluating strategic alternatives.
- Consolidate the enterprise Risk Register from each Business Unit/ Corporate Function along with their respective response plans for reporting to the MANCOM. All principal risks shall be first addressed at the Business Unit/Corporate Function level and then reported to the MANCOM.
- The CRO shall assist the management in establishing an effective monitoring system and monitor key enterprise risk(s) on an ongoing basis covering the review of cost, adequacy and effectiveness of risk response plans, completeness and accuracy of risk reporting and timely remediation of deficiencies.
- Assess and evaluate risks associated with proposed capital investments prior to approval of investment decisions.
- Assist in developing and monitoring of Key Risk Indicators (KRIs) to determine the changes in the risk profile and proactively implement risk response measures.
- The CRO shall approve risks proposed by Risk Owners, propose new risks if required, review response plans, monitor KRI threshold breaches and extract reports including risk heat maps through the Risk Management tool.
- Assist in aligning the Risk Management Framework with the Internal Control Framework to ensure key operational risk are adequately and appropriately managed.
- Update MANCOM and Audit and Risk Management Committee on key initiatives taken around risk management, and existing and emerging risks.
- Convene the quarterly MANCOM meetings, participate in the evaluation and decision-making process of the MANCOM for managing key residual risk(s) and track the action items. The CRO shall circulate the agenda, minute the meetings, and circulate the minutes to all participants of the quarterly MANCOM risk review meetings.
- Oversee flow of information and escalation of key residual risk(s) and concerns between the Audit and Risk Management Committee and MANCOM.
- Enable the implementation of the ERM Framework and concepts by provide guidance and support to the Unit Risk Officer/Central Risk Coordinator, as needed.
- Conduct periodic risk management audits and carry out any other activities as may be delegated by the Audit and Risk Management Committee.

C. Risk Ownership

7.3.1 Unit Risk Council

The Unit Risk Council (hereafter referred to as “URC”) is a unit-level committee in each IBU/SBU. The URC shall be responsible for providing oversight for the risk management process and systems within the unit.

Composition

The Unit Risk Council shall comprise of the IBU/SBU Head, the Unit EXCO members, and special invitees, including, but not restricted to Risk Owners, Response Owners, senior members of key functions and processes at the unit, and any other officer deemed necessary by the URO to be part of the URC meeting. The Unit Risk Officer shall be the convener of the Unit Risk Council meetings.

Meetings

- The URC shall meet on a quarterly basis
- The URC meetings shall be conducted by inviting Risk Owners and Response Owners of respective functions/processes, as required to enable focused discussions.
- The Unit Risk Officer shall be responsible for convening the URC, circulating the agenda and papers for the meeting and preparing minutes of the URC

Roles and Responsibilities

The roles and responsibilities of the URC are as follows:

- Provide oversight to the risk management processes in different functions/processes at the Unit.
- Review the risk management systems of the Unit and ensure that infrastructure, resources, and systems are in place for effective risk management.
- Approve new risks brought forth by the Unit.
- Discuss the status of unit level risks and response plans including events where KRIs have breached tolerance thresholds and emerging risks.
- Review key residual risk(s), associated response plans, and the changes in risk rating for reporting to the MANCOM on a quarterly basis.
- Carry out any other activities as may be required or deemed necessary in this regard.

7.3.2 Unit Risk Officer / Central Risk Coordinator

Sound risk management is best achieved by embedding it across the Company’s Business Units and corporate functions. The unit level risks are reviewed by their respective Unit Risk Officers and corporate function risks by the Unit Risk Officer/Central Risk Coordinator, who thereafter participate in the MANCOM meetings as invited. These Unit level/Corporate level reviews shall be performed on an ongoing basis within their regular review meetings.

The roles and responsibilities of the Unit Risk Officer/Central Risk Coordinator include:

- Assist the MANCOM and Audit and Risk Management Committee in fulfilling the risk management responsibilities for their respective units. The Unit Risk Officer/Central Risk Coordinator shall set the direction for risk management within their respective Units/Corporate functions.
- Coordinate and manage the risk management activities for their respective units.
- Convene the quarterly Unit Risk Council meeting and review and discuss key residual risks including developing and implementing associated existing controls and response plans. Compile and circulate agenda and papers for the meeting and circulate minutes of the meeting to the participants of the URC meeting.
- Propose new risks to the URC for approval and basis which approve the risk on the Risk Management tool *Central Risk Coordinator shall approach the CRO for approval adding new corporate function risks.*
- Update the risk master data, create and modify risk events, propose new risks, review response plans, trigger risk assessments, monitor KRI threshold breaches and extract reports including risk heat maps through the Risk Management tool as needed.
- Present key residual risks and associated response plans of their respective units to the MANCOM, as invited.
- Escalation of challenges, concerns, or unforeseen developments pertaining to existing or emerging risk(s) to the MANCOM. Further, any significant changes in risk ratings (*upward/downward movement*) post risk refresh exercise, should be reported by the Unit Risk Officer/Central Risk Coordinator to the CRO in the next review cycle.
- Ensure adequate justification is given to the CRO on the changes in risk ratings, vis-a-vis the internal and external factors that have played a role in the change in risk ratings, adequacy of existing controls/risk response plans implemented or reasons for not addressing the emerging risk(s) in previous review cycles.
- Identifying the areas, which need insurance or financial cover to protect against loss.
- Carry out any other activities as may be delegated by the CRO.

7.3.3 Risk Owners

The final ownership of enterprise risks and risk response rests with the Risk Owners. The Risk Owner is usually a senior member of the function, the head of the department or so, who can drive and monitor the progress of the response plans. The Risk Owners may further delegate the response plans and action plans down the hierarchy to ensure ground-level implementation of response plans. Response Owners shall be appointed to monitor existing controls and develop risk response plans in consultation with Risk Owners.

The roles and responsibilities of the Risk Owners include:

- Responsible for identifying risks within their function or operation.
- Perform ongoing assessment of the risk and manage existing risks in the Risk Management tool.

- Report emerging risk(s) or failures of existing control measures with remedial action/response plans.
- Propose new risks through the Risk Management tool to the Unit Risk Officer/Central Risk Coordinator who will later approve these risks.
- Tag Response Owner in the Risk Management Tool and approve response plans proposed by the Response Owners.
- Monitor breaches of KRI threshold limits, and status of existing controls and future action response action plans.
- Identify key residual risks for their respective function or process and report their progress to the Unit Risk Officer/Central Risk Coordinator.

8. ERM Process and Framework Overview

To effectively manage uncertainty, respond to risks and exploit opportunities as they arise, the Company shall implement an ERM Framework based on leading risk management standards such as COSO 2017 ERM Framework and ISO 31000:2018 Risk Management Framework, that shall lay down the risk management process, in the following steps-

- **Scope, Context and Criteria:** 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 HZL'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 Response:** Risk response 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 residual risks.

- **Monitoring and Review:** Monitoring and Review involves having definite review forums and defining 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 residual risks at the Company level are reviewed, together with review of progress of response plans.
- **Recording and Reporting:** The risk management process and its outcomes should be documented and reported through appropriate mechanisms. 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 residual risks and associated response plans.

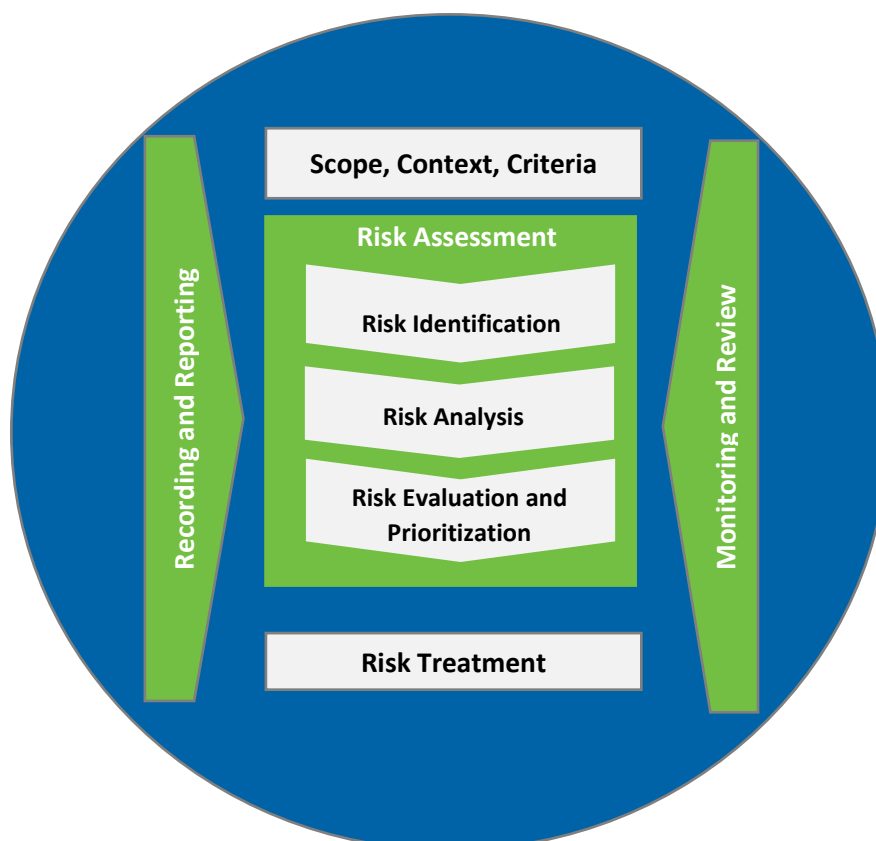


Figure 4: ERM Process

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

9. Communication

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

10. Review

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

11. Compliance requirements and disclosures

Companies Act 2013, mentions specific requirements that a company needs to comply with regard to risk management that includes the development and implementation of risk management policy, framework, governance structure and systems. In addition, the board and audit committee have been vested with specific responsibilities in assessing the robustness of risk management policy, process and systems.

SEBI LODR 2015 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are rules defined by the market regulator i.e., Securities Exchange Board of India or SEBI for transparency and fair disclosure by entities listed in the Indian stock exchanges. The regulation prescribes the requirement for setting up a Risk Management Committee and defines the roles and responsibilities of the Committee around risk management.

COSO 2017 ERM Framework: Is one of the widely accepted risk management standards that focuses on integrating risks with strategic objectives. It also lays emphasis on risk culture and defining risk appetites. The framework includes five components i.e., Governance and Culture, Strategy and Objective Setting, Performance, Review and Revision, Information Communication and Reporting. These components cover 20 principles that provide management and the board with a reasonable expectation that the organisation understands and strives to manage the risks associated with its strategy and business objectives.

ISO 31000:2018 Risk Management Framework: is a leading standard on risk management that focuses on value creation and protection. The standard consists of three main components i.e., Principles, Framework and Process that act as guidelines to establish a risk management framework. ISO 31000 provides direction on how to integrate risk-based decision making and is an open principles-based system enabling organisations to apply the principles in the standard to the organisational context.

12. Disclaimer

In any circumstances, where the terms of this Policy differs 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.
