

RISK MANAGEMENT AND SUSTAINABILITY POLICY

1. INTRODUCTION

1.1 Purpose

Company faces various internal/external factors and influences during its day-to-day business operations that create uncertainties over a company's ability to achieve its business goals irrespective of their scale or size. The effect caused by these uncertainties on company's objectives is known as "risk". The Company considers ongoing risk management and its sustainability to be a core component of the management and understands that the Company's ability to identify and address risks and remain sustainable is central to achieving its corporate objectives.

The policy outlines the programs implemented by the Company to ensure appropriate risk management within its systems and culture and also to build a sustainable future. In line with the Company's objective of increasing stakeholder value, this policy attempts to identify the key events/risks impacting the business objectives of the Company and attempts to develop risk measures and strategies to ensure timely evaluation, reporting, and monitoring of key business risks.

1.2 Applicability

The policy is devised in the context of the present business profile, future growth objectives and new business endeavors/ services that may be necessary to achieve the goals as well as maintain the standards and best practices amongst the comparable organizations. This policy covers all the events within the Company & events outside the Company which have a bearing on the Company's business.

1.3 Scope

This policy is also formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and the provisions of the Companies Act, 2013 (the "Act"), which requires the Company to lay down procedures about risk assessment and risk minimization.

The policy aims to direct the Company's risk management & sustainability strategy and integrate it with its business strategy. The Policy also identifies the Company's environmental and social focus areas and outlines the general principles on which its risk management & sustainability initiatives will be designed and implemented.

2. RISK MANAGEMENT PROGRAM

- Company's risk management program comprises of a series of processes, structures, and guidelines that assist the Company to identify, assess, monitor, and manage its business risks, including any material changes to its risk profile.
- Company's Board of Directors have clearly defined responsibilities and delegation of authority matrix to oversee, manage, develop and maintain the risk management framework considering the day-to-day needs of the Company.
- Any risk that could have a material impact on the Company's business should be identified, assessed and mitigated in tune with the policy. As such, due consideration should be given to the following indicative risk factors:
 - i. External factors:**
 - Market-related
 - Political and macro-economic environment
 - Reputation
 - Legal and compliance
 - Competition
 - Environment and sustainability
 - Natural calamity and disaster
 - ii. Internal factors:**
 - Operational
 - Contract and project management
 - Business disruption and continuity
 - Strategic
 - Ethical and integrity issues
 - Financial management
 - Revenue and cost structure
 - Corruption or fraud
- The objective of risk management program is as follows:
 - i. To establish a risk intelligence program of the Company;
 - ii. To help decision makers of the Company explicitly take account of uncertainty, its nature and work towards a solution to address the same;
 - iii. To achieve strategic goals and objectives while ensuring appropriate management of risks;
 - iv. To continuously improve and strengthen the risk management process through risk testing and assessments.

3. RISK MANAGEMENT PROCESS

Risk management is a continuous process. The key components of the Company's risk management program are set out as below:

- A. Risk Identification
- B. Risk Assessment and Control
- C. Risk Governance
- D. Risk Recording & Escalation
- E. Risk Response
- F. Risk Monitoring

A. Risk identification

Risk identification is a continual process of recognizing and describing risks that might help or prevent the Company in achieving its objectives. Process of risk identification should include all risks, both external and internal, whether or not they are under the control of the Company.

The Management as well as the Company Personnel should be able to identify the possible threats or vulnerabilities which may have an adverse impact on the Company's business. Risk identification is inherently an ongoing exercise; however, it should be carried out at least on an annual basis.

B. Risk assessment

Risk assessment is a structured approach to decipher the risk, its nature and characteristics. Risk assessment is primarily based on the evaluation of the identified risks on both likelihood (of occurrences) and impact (magnitude/consequence). Risk assessment will necessarily be an exercise in subjective judgment and will draw on the experience and business/industry knowledge of the Management and stakeholders. However, if appropriate, the use of tools like risk scoring/estimation may be preferred.

HODs of the Company are responsible for managing risks on various parameters and ensuring the implementation of appropriate risk mitigation measures.

C. Risk recording and escalation

Risk will primarily be managed by the concerned business function transacting the business. Hence the identifier or manager of the risk is responsible for recording and informing to the Management relevant information on a timely basis, so that the encountered risks can be appropriately managed. For this, the Company follows a progressive level of escalation right up to the Senior Management and further to the Hold Co Board.

Commensurate with the scope and scale of business operations, a framework will be put in place for recording the identified risks, risk management plans, and a monitoring mechanism.

The Hold Co Board or the Senior Management may also require the HODs/functional owners and/or Compliance Officer to periodically report on the status of the risk management exercise.

D. Risk response

For devising appropriate risk mitigating strategy, various courses of action should be considered and the most suitable course of action should be adopted, based on the impact of risk.

These actions may include:

- Transferring or outsourcing risks for which the Company does not have the necessary expertise;
- Formulating action plans to prevent/control exposure from known/predictable sources of risk;
- Developing strategic plans to counter potential risks which may have entity-wide/strategic impact;
- Constant monitoring and assessment of exposure – especially for the external environment;
- Building appropriate controls in business operations; and
- Avoiding an alternative that may expose the Company to undesirable levels of perceived/actual risk.

E. Risk reporting and monitoring

Once a plan is put in place for the management of risk, the overall responsibility for preparing the risk report at departmental level lies with the respective HODs. The report should be reviewed and proved by the Compliance Oversight Committee on at least an annual basis. Specified Key Performance Indicators (KPIs) may be assigned for tracking progress and identifier or manager of risk may be made accountable for the implementation of agreed risk mitigation measures within a defined timeline.

4. COMPLAINEE OVERSIGHT COMMITTEE

The responsibility for identification, assessment, management, and reporting of risks and opportunities primarily rests with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these, and manage them on a day-to-day basis.

Compliance Oversight Committee (**hereinafter referred to as “Committee”**) shall periodically review this Policy (at least on an annual basis) so that the Management controls the risk through a properly defined network. The Hold Co Board may re-constitute the Committee, as it may deem fit, from time to time.

The Committee shall have the overall responsibility of overseeing and reviewing risk management across the Company. The terms of reference of the Compliance Oversight Committee are as follows:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks;
- review of financial and reporting risks;
- review of compliance risks;

- review or discuss the Company’s risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value;
- reviewing the extent to which management has established effective enterprise risk management at the Company;
- inquiring about existing risk management processes and reviewing the effectiveness of those processes in identifying, assessing, and managing the Company’s most significant enterprise-wide risk exposures;
- reviewing the Company’s portfolio of risk and consider it against its risk appetite by reviewing the integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure that risk exposures are consistent with an overall appetite for risk; and
- periodically review key risk indicators and management response thereto.

5. SUSTAINABILITY POLICY

- Sustainability endeavors to balance economic growth with environmental preservation and social inclusiveness. Sustainability risk is a critically emerging risk area and the Company should have a robust mechanism to assess and manage such risk. Sustainability Risk Management (“SRM”) is a business strategy that aligns profit goals with the Company’s environmental policies.
- The goal of SRM is to make this alignment efficient enough to sustain and grow a business while preserving the environment. One of the chief drivers for SRM adoption is the increasing demand for compliance with global and national regulations. Organizations implementing SRM generally focus on the environmental effects of each business process individually and then look for ways to minimize them.
- IT department of the Company assists by managing data as it relates to the Company’s sustainability goals and providing automated auditing and reporting capabilities.

The Sustainability Policy of the Company constitutes of the following components:

5.1 Sustainability Strategy

Sustainability Strategy is a prioritized set of actions that a company takes to improve their impact on the community and the environment. It comprises of the following:

- Impose the corporate sustainable development strategy covering good governance, enterprise and project risk management, and emerging risks;
- Assess risk and set measures to cope with the risk impacts that may affect the Company’s sustainability in economic, social, environmental, and governance aspects. These should be considered as materials for business planning, decision, and operation for organizational stability and sustainability.

5.2 Sustainability Governance

The Company adheres to sustainable development in doing business with concerns of economic, social, and environmental responsibility. Business decisions consider economic, safety, occupational, health, environmental and social aspects. All business activities of the Company should be carried out under the sustainability concept and should aim at sustainable results for stakeholders' benefits and acceptance.

Towards achieving the aforesaid, Company shall:

- work to gain mutual benefits of incorporating environmentally sustainable goals into everyday business;
- foster a sustainably aware culture, where responsibility is assigned and understood;
- consider and support sustainability initiatives with a strong business case;
- integrate sustainability into our existing business models, accounting, and reporting;
- add value to its services to support sustainability markets;
- adhere to ensure transparency in running a business as well as compliance with the law, regulations, requirements, methods, and standards specified by the regulatory authorities; and
- uphold and comply with guidelines and methods specified in the Company's Code of Conduct and Ethics Policy as well as related effective policies, regulations, announcements, and orders.

5.3 Sustainability Economy

The Company shall:

- Develop and promote corporate innovations and technology as a business strategy to create value and long-term growth of the Company as well as co-benefits for society and the environment;
- Promote and support all business partners, suppliers, and stakeholders along the supply chain to run business based on sustainable development practices; and
- Seek guidelines to develop and continuously improve efficiency for all business activities by defining the goal, evaluation methods, monitoring, and sustainability assessment of the activity.

5.4 Disclosure

The Company shall:

- Disclose the Sustainability Policy to Company Personnel and stakeholders for their acknowledgment and implementation in their day to day operations and while dealing with the Company.
- Disclose the Sustainability Policy and operating results and sustainability performance in all aspects in accordance with the required regulations of relevant agencies and accepted standards.

6. INTEGRATION OF SUSTAINABILITY POLICY WITH RISK MANAGEMENT FRAMEWORK

- The Company believes that investing in sustainable businesses and practices can act as a robust tool to cohesively manage risks. Towards this, the policy will support the Company's risk management framework, identifying measures to mitigate risks arising from an evolving economic, environmental and social landscape.
- The Company follows a decentralized approach to risk management considering the widespread operations and Company structure. As such, all concerned Company Personnel are expected to identify and report to their HOD and Compliance Officer about any perceived or actual legal, operational, and compliance risks that may affect their sphere of responsibilities.
- The Management is responsible for identifying strategic risks and agreeing on a list of the most significant risks on an annual basis. Such risks along with significant business challenges are to be considered in the annual planning procedures for devising appropriate mitigation strategies.

7. COMPLIANCE

- Company Personnel at all levels are responsible to support, promote and conform with the policy and for striving to have a working culture concerning the balance of economic, social, and environmental benefits.
- For governing the sustainability matters at the Company, Compliance Officer (for all matters) and Head- Environment & Safety (for environment and safety matters) will oversee the sustainable governance of the Company and steer its sustainability vision in the right direction.
- The Compliance Officer and Head- Environment & Safety shall periodically report to the Environmental, Social and Governance (ESG) Committee regarding compliance with the policy. They shall be overseen by the Committee and shall abide by the decisions, directions and suggestions of the Committee.
- However, the overall responsibility of creating awareness and supporting the implementation of this policy will reside with all the HODs.

8. AMENDMENT

- Any change in the policy including change in the composition of the Compliance Oversight Committee and Environmental, Social and Governance (ESG) Committee shall be approved by the Hold Co Board. The Hold Co Board shall have the right to withdraw and/or amend any part of this policy or the entire policy, at any time, as it deems fit, from time to time, and the decision of the Hold Co Board in this respect shall be final and binding.
- Any subsequent amendment/modification in the Listing Regulations and/or any other laws in this regard shall automatically apply to this policy.

9. SUBSTITUTION

This policy compliments and does not replace other existing compliance programs, such as those relating to service, quality, safety, and regulatory compliance matters.