

**Godfrey Phillips India Limited**  
**Risk Management Policy**

**Contents**

I.	Introduction .....	2
II.	Scope .....	2
III.	Governance and Authority.....	2
IV.	Risk Management Committee .....	3
V.	Risk Management Process .....	4
VI.	Risk Reporting .....	5
VII.	Business Continuity Plan .....	6
VIII.	Power to Seek Information: .....	6
IX.	Communication of the Policy .....	6
X.	Review .....	6
XI.	Version Control .....	6

## **I. Introduction**

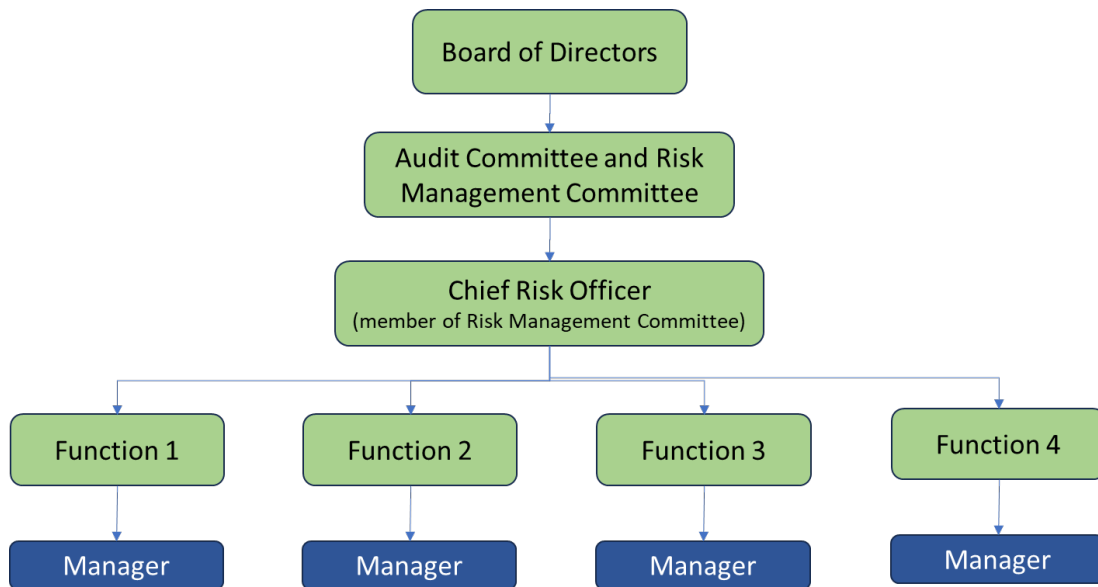
In compliance with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("hereinafter referred to as "LODR Regulations"), top 1000 listed entities of India by market capitalization are mandated to lay down procedures to inform the Board about the risk assessment and minimization procedures. The procedures need to be reviewed periodically to ensure that senior management of the Company controls risk through various means of a properly defined framework. Section 134(3)(n) of the Companies Act, 2013 (hereinafter referred to as "Act") necessitates that the Directors Report of every Company should contain a statement indicating development and implementation of a 'Risk Management Policy' (hereinafter referred to as "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 and also in compliance to the provisions of Section 177(4)(vii) of the Act. Godfrey Phillips India Limited ("hereinafter referred to as "GPIL" or "the Company") considers that the risk is an integral part of its business and therefore, it takes appropriate steps to manage all risks in a proactive and efficient manner. The Company's management is mandated to periodically assess risks in the internal and external environment and incorporate suitable risk treatment processes in its strategy, business and operating system. The Company is an old established organization, therefore has in place built-in internal control systems for assessing the risk environment and then taking necessary steps to effectively mitigate the identified risks. The functional heads are reasonably alive to this aspect in their day-to-day functioning.

## **II. Scope**

This Policy is framed in the context of the present business profile, future growth objectives, and new business plans that may be necessary to achieve the Company's goals and industry standards. This Policy covers all the events within the Company and its subsidiaries, in addition to events outside the Company with the ability to impact the Company's business operations.

## **III. Governance Structure and Authority**

- a. Board through its Risk Management Committee (hereinafter referred to as "the Committee") shall provide oversight to the Risk Management Framework of the Company and evaluate the adequacy of the Risk Management System.
- b. Risk Management Team, led by the Chief Risk Officer (CRO) and comprising of senior management from various functions & departments, shall ensure a multidisciplinary approach and be responsible for the daily implementation of risk management practices, including conducting risk assessments, developing and executing mitigation plans, and ensuring compliance with Board-set policies.
- c. Audit Committee shall review and oversee the risk management and internal control arrangements and shall also evaluate internal financial controls and risk management systems of the Company, at least once in a year.
- d. The frontline managers in operational roles (e.g., business unit/functional heads) own and manage risks and are responsible for efficient implementation of the Risk Management System.



#### IV. Risk Management Committee

The Risk Management Committee shall be responsible for ensuring that the Company maintains effective risk management and internal control systems and processes and shall keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken and provide a regular report to the Board on the effectiveness of the risk management programme in identifying and addressing material business risks. To achieve these objectives, the Committee shall have the following roles and responsibilities:

- a. Formulate a detailed risk management policy which shall include:
  - i. List of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly Environment Social Governance related), information, cyber security, etc. or any other risk as may be determined by the Committee.
  - ii. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - iii. Business continuity plan (BCP).
- b. Monitor and oversee implementation of the risk management Policy, including evaluating the adequacy of risk management systems.
- c. Keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- d. Monitor the implementation of action plans developed to address material business risks and regularly review the progress of such action plans.
- e. Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- f. Give directions for managing cyber security of the Company.
- g. Review periodically and update the list of material business risks.
- h. Report periodically to the Board on the status of material business risks.
- i. Ensure compliance with regulatory requirements and the best practices with respect to risk management.
- j. Decide on the appointment, removal and terms of the Chief Risk Officer.

- k. Review periodically the Risk Management Policy, at least once in two financial years, including the changing industry dynamics and evolving complexity.

**Secretary:** The Company Secretary of the Company shall act as the Secretary to the Committee.

**Meeting:** The Committee shall meet twice a year, with the gap between two meetings not being more than 210 days, to review and monitor various risks identified based on their impact and significance.

**Quorum:** Quorum for the Committee meeting 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. The meetings of the Committee can be held either physically or virtually.

## **V. Risk Management Process**

Risk Management process involves multiple steps of identification, analysis, evaluation, mitigation and monitoring of the overall control system in place.

### **A. Risk Identification:**

Risk Identification is the process of identifying the events which when triggered may cause problems for the Company. Comprehensive risk identification process enables effective analysis of the risks followed by the formulation of mitigation plan.

Senior Management of the Company shall identify the risks impacting the Company's business and document the process of risk identification, risk minimization and risk optimization as a part of risk management strategy.

The various risk areas that the Company may be exposed to are as follows:

- i. **Strategic Risk:** Strategic risk relates to Company's future business plans and strategies.
- ii. **Operational Risks:** New business models, new service offerings and the growing volume of operations can bring risks related to delivery and adherence to terms and conditions of Service Level Agreements (SLA).
- iii. **Statutory Risk:** With the increase in geographical spread, the Company is subjected to multitudes of constantly changing local legislation. There can be a risk of non-compliance or delay in compliance with the statutory requirements.
- iv. **Financial Risks:** Financial risks are risks associated with business operations which can have a financial impact on the organization.
- v. **Systems Risk:** With the increasing use of Information Technology within the organization for running of business operations, there is need for having critical controls in systems and processes.
- vi. **ESG (Environmental, Social and Governance) Risk:** With the growing environmental, social and governance concerns like climate change or extreme weather conditions, spiraling pollution levels, labour or human right issues, etc., the need to manage them effectively has been gaining prominence across the industry.
- vii. **Emerging Risks:** Emerging risks are characterised by their unforeseen nature, newness, insufficient data, and lack of verifiable information and knowledge needed for decision-making related to them. These risks have the potential to emerge as possible opportunities or threats.

## **B. Risk Analysis**

Risk Analysis is a comprehensive process to understand the causes and sources of risks, triggered events that may cause the risk to occur, positive and negative impact of the risks and extent of their likelihood and impact. Conducting comprehensive risk analysis enables better understanding of the likely consequences/impacts and thus an effective mitigation plan can be formulated.

## **C. Risk Evaluation**

Risk evaluation is important as it assists in the decision-making process after risk analysis. The evaluation exercise enables prioritizing the risks in terms of their likelihood and impact. If a risk is highly likely to occur with high degree to negative impact, then such risks would require greater attention while devising risk mitigation plan.

## **D. Risk Mitigation:**

The Company believes that while not all risks can be eliminated, they can either be:

- transferred, by buying an insurance Policy or entering into forward contract; or
- shared, by following right strategy to own and transfer the risks; or
- retained, by owning the risk and still reducing their impact by ensuring effective internal controls.

The Company's risk management framework has been designed to manage any adverse impact of strategic, operational, financial, ESG, cyber, compliance, etc. risks faced by it. The Company's risk management framework adopts appropriate risk mitigation measures for identified risks across functions. Risk mitigation actions are undertaken by Senior Management Personnel responsible for treating risks appropriately in a time-bound manner and the progress of the risk mitigation actions are reviewed by the Risk Management Committee periodically.

## **E. Monitoring and Review**

Periodic monitoring of the risk management plan against the key risk indicator is essential to assess the efficacy of the risk management plan. Therefore, the Company undertakes periodic review which includes review by the internal audit team. Internal audit team assesses the efficacy of the internal control processes and systems and submits its report to the Committee along with its findings and observations.

## **F. Communication and Consultation**

Communication and consultation with external and internal stakeholders shall take place during all stages of the risk management process. Therefore, during the risk assessment process, the Company shall take into consideration the views and knowledge of its stakeholders to enable formulation and implementation of effective risk management plan.

## **VI. Risk Reporting**

Risk reporting is essential as it enables establishing an effective risk control and monitoring system. Pursuant to this, the Company shall maintain a Risk Register which contains comprehensive details of various risk areas and events concerning the Company. A detailed Risk Register shall be maintained function - wise to monitor and mitigate risks. Risk mitigation plans shall also form part of the Risk Register.

In order to apprise the Board of Directors or the Committee, about the risk management procedures and the steps initiated to shift/ reduce/ eliminate these risks in a structured manner, the functional heads shall

continuously update Risk Profiles and Risk Registers, already in place, listing out various risks, risk mitigating factors and risk mitigation plans and the same will be periodically reviewed by the Committee and the Board of Directors.

## **VII. Business Continuity Plan**

Developing a robust Business Continuity Plan (BCP) is essential to ensure the smooth functioning of the business activities during or after the disruption. It is required to be defined for risks corresponding to High Impact and High Velocity to enable rapid response to address the consequence of such risks when they materialize. The Company has formulated a separate Business Continuity and Disaster Management Policy for the same.

## **VIII. Power to Seek Information:**

The Committee shall have powers to seek information from any of the employees, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, as it considers necessary.

## **IX. Communication of the Policy**

The Policy will be available on the corporate website [www.godfreyphillips.co.in](http://www.godfreyphillips.co.in)

## **X. Review**

The Policy shall be reviewed by the Committee as and when it deems necessary or in compliance with the amendment made to the Act, LODR Regulations or enactment of any other laws, rules and regulations made thereunder.

## **XI. Version Control**

<b>Version</b>	<b>Change Description</b>	<b>Date</b>
1.0	<ul style="list-style-type: none"> <li>• Added ESG and Cyber risk as one of the identified risks</li> <li>• Defined risk management framework</li> <li>• Added provision on business continuity plan</li> <li>• Added review of the policy provision</li> </ul>	27/05/2023
1.1	<ul style="list-style-type: none"> <li>• Updated Governance structure</li> <li>• Emerging Risks added</li> <li>• Risk Management organization structure added</li> </ul>	15/05/2025