



# GHCL's RISK MANAGEMENT POLICY

## 1. Introduction

Risk Management is an integral part of the Company's plans and operations. While GHCL has a proven ability to successfully take on challenges, the efforts are to become even more proactive in recognizing and managing risks, through an organized framework. The Company recognizes risk management as an integral component of good corporate governance and fundamental in achieving its strategic and operational objectives.

## 2. Definitions

This policy defines the following key terms:

- a. **Risk** is defined as the chance of a future event or situation, happening, that will have an impact upon the Company's objectives, favorably or unfavorably. It is measured in terms of consequence and likelihood.
- b. **Risk Management** encompasses risk assessment, plus the evaluation of risks, against established tolerances, their treatment and monitoring.



### 3. Risk Management Committee

The Company, through its Board of Directors, shall constitute a Risk Management Committee, consisting of majority of Board members. The Board shall define the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the Risk Management plan to the Committee, and such other functions as it may deem fit<sup>1</sup>.

The majority of Committee shall consist of members of the Board of Directors. Senior executives of the Company may be members of the said committee but Chairman of the committee shall be member of the Board of Directors<sup>2</sup>.

### 4. Methodology

The Company applies Risk Management in a well-defined, integrated framework, which promotes awareness of risks and an understanding of the Company's risk tolerances. The Risk Management Committee monitors the internal control system, designed to identify, assess, monitor and manage risks, associated with the Company.

The Risk Management Framework enables an orderly approach to risk identification and minimization of the Company's losses, leverage of any

---

<sup>1</sup> According to Clause 49(VI)(C) of Corporate Governance.

<sup>2</sup> According to Clause 49(VI)(D) & (E) of Corporate Governance.



opportunities and provides treatment strategies to manage transfer and avoid various risks.

## 5. Scope

This Policy applies to all the Employees of the Company, including the Senior Managers. The Policy also applies to contractors and consultants, working on behalf of GHCL.

The GHCL Risk Management Policy and Risk Management Framework have been developed to include the following key categories:

- (a) Domestic Business
- (b) International Business
- (c) Distribution/collection/debtors
- (d) Personnel Risks
- (e) Financial Risks including forex
- (f) Intellectual Property Rights Protection
- (g) Human resources
- (h) Business Processes & Systems
- (i) Hazardous Operations
- (j) Product Liability
- (k) International Accreditation Compliance
- (l) Corporate Governance and Compliance
- (m) Information Security
- (n) Pollution Risks
- (o) Any other risks





## 6. Responsibilities

The Board is ultimately responsible for identifying and assessing the nature and extent of internal and external risks that may impact GHCL in achieving its strategic objectives. The Board is responsible for determining the Company's risk appetite, overseeing the development and implementation of the Risk Management Framework and maintaining an adequate monitoring and reporting mechanism<sup>3</sup>.

The independent directors shall help in bringing an independent judgment to bear on the Board's deliberations on issue of Risk Management. They shall satisfy themselves that the systems of risk management are robust and defensible<sup>4</sup>.

The Internal Audit program must be aligned with the Company's risk profile and is responsible for providing independent assurance, in relation to the effectiveness of processes, to manage particular areas of risk. The scope of Internal Audit's risk-based program is agreed to as part of an annual plan, which is refined, as necessary.

## 7. Reporting

The Risk Management Committee will, periodically, review the various risks associated with the Company and report the same to the Audit Committee and the Board of Directors, on a quarterly basis.

<sup>3</sup> According to Clause 49(VI)(A) & (B) of Corporate Governance

<sup>4</sup> According to Schedule IV [Code for Independent Directors] of Companies Act, 2013



In addition, Executive Directors, Chief Financial Officer and Company Secretary, with core group functional heads, will regularly monitor the compliances and ensure that the same is presented to the Audit Committee and Board.

#### **8. Policy Review**

The Board is responsible for reviewing and approving the Risk Management Policy and Risk Management Framework, at least annually, to ensure their effectiveness and continued application and relevance to the GHCL business.

#### **9. Amendments**

Any subsequent amendment / modification in the listing agreement and / or other applicable laws in this regard shall automatically apply to this Policy.

