## EXTRACT OF RISK MANAGEMENT POLICY

JAMIPOL is exposed to inherent uncertainties owing to the sectors in which it operates. A key factor for a Company's capacity to create sustainable value is the risks that the Company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Many risks exist in a Company's operating environment and continuously emerge on regular basis. Risk management does not aim at eliminating them, as that would simultaneously eliminate all chances of rewards/ opportunities. Risk Management is instead focused at ensuring that these risks are known and addressed through a pragmatic and effective risk management process.

This Risk Management Policy aims to detail the objectives and principles of risk management at JAMIPOL along with an overview of the process and related roles and responsibilities. The Policy is a formal acknowledgement of the commitment of the Company to risk management.

JAMIPOL is committed to adopt a proactive approach to risk management which is based on the following underlying principles:

- JAMIPOL endeavours to create risk awareness across the organization.
- The Company strives to anticipate and take preventive action to manage or mitigate risks and deal with the residual risk.
- The Company will implement, review and monitor a uniform risk management framework across all units, functions and geographies.
- All employees of the Company take responsibility for the effective management of risks in all aspects of the business.

### *1. RISK MANAGEMENT OBJECTIVES*

The objective of risk management at JAMIPOL is to develop a risk intelligent culture that supports decision making and helps improve performance. Specifically, the Company intends to achieve the following objectives:

a. Better understand the Company's risk profile and develop a common understanding of risk & risk management process across the Company;
b. To identify & manage uncertainties which may have significant potential impact on the Company's objectives & values.
c. Ensure that the Management is in a position to make informed business decisions based on risk assessment;
d. Contribute to safeguard Company's value and interest of all stakeholders; and
e. Improve compliance with good corporate governance guidelines and practices as well as laws & regulations;

Risk Management has always been an integral part of business practices at JAMIPOL. This Policy aims at formalising a process to deal with the risks at JAMIPOL, building on existing management practices, knowledge and structures.

### *2. RISK MANAGEMENT FRAMEWORK*

While defining and developing a formalised risk management process, leading risk management standards and practices will be considered. The focus must be to make the process relevant to business reality and to keep it pragmatic and simple from an implementation and use perspective.

The process may be reviewed annually along with the business planning exercise or at any point of time on account of significant changes in internal business conduct or external business environment. For all business proposals that are placed for the Board/Committee's consideration, appropriate risks associated with the proposal and mitigation plans are to be placed.

The overall risk management process shall cover:

**i. Setting the context:**

The Company's strategy planning process should validate the themes and the business objectives of the Company annually. The business objectives may include performance themes such as financial, clients & markets, operational excellence, regulatory, safety, health, environment, leadership, reputation - and the balance between short, medium and long term. The corporate performance objectives with the performance metrics and targets to be achieved during the year may be captured in the Annual Business Plan or Long Term Planning exercise. The corporate performance should be measured, monitored and managed on an on-going basis.

The focus of risk management should be to assess the risks to the achievement of key business objectives as captured in the Annual Business Plan or the Long Term Plan and to deploy mitigation measures. There shall be periodic review meetings of Risk Management Committee and the Management and focus on reviewing risks to the achievement of business objectives and actions taken to mitigate them.

Where Risk Management Committee (RMC) is not mandatorily required to be constituted by law, the role of RMC will be performed by the Board of Directors or its representatives.

**ii. Identifying and prioritizing risks:**

Mechanisms for identification and prioritization of risks may include risk surveys, industry benchmarking, incident analysis, business risk environment scanning and focused discussions with Management and Risk Management Committee or Board, as applicable. Risk register and internal audit findings may also be considered for risk identification and assessment. Operational risks may be assessed primarily on dimensions such as, strength of underlying controls, compliance to policies and procedures and business process effectiveness.

**iii. Managing risks**

Risk evaluation may be carried out to decide the significance of risks to the Company. Estimated risks can be compared against the established risk criteria.

For identified top risks, dashboards may be created that track external and internal indicators relevant for risks to indicate the risk level and its likelihood of occurrence. The trend line assessment of top risks, analysis of exposure and potential impact can be carried out periodically. Mitigation plans should be finalized, owners be identified and progress of mitigation actions be monitored and reviewed.

**iv. Risk reporting and monitoring**

The Head of Risk Management will ensure:

- That risks to achievement of business objectives, trend line of risk level, impact and mitigation actions are reported and discussed with the Management and Risk Management Committee or Board, as applicable on periodic basis.
- Periodic updates are provided to the Board of Directors highlighting key risks, their impact and mitigation actions.
- Key risk factors are disclosed in the regulatory filings.

## 3. *GOVERNANCE FRAMEWORK*

The Risk Management Process is supported by the Risk Management Governance Structure.

Where Risk Management Committee (RMC) is not mandatorily required to be constituted by law, the role of RMC will be performed by the Board of Directors or its representatives.

### *A. Governance: Board of Directors*

The Board of Directors shall exercise the corporate governance oversight of risk management performed by the Management. The Board may delegate the direct oversight responsibility for the deployment of the Risk Management process to the Management. The audit committee shall be responsible to evaluate on a regular basis the adequacy of risk management systems.[CA 177(4)(vii)]

***B. Governance: Execution***

i. Management: Management will be responsible for operationalizing the risk management framework. This includes identifying & prioritizing risks, operationalizing mitigation strategies and reporting on risk mitigation. Management will further support the Risk Management Committee or Board, as applicable by providing necessary inputs on the economy, industry and the Company.

ii. Divisional/Functional Risk Management: Each Division/Function, should strive to support the Management pursue objectives by providing necessary Division/Function specific inputs. Stakeholders at various levels should take accountability for risk identification, appropriateness of risk analysis, and timeliness as well as adequacy of risk mitigation decisions at both individual and aggregate levels.
In connection with the routine business activities, the Divisional Heads are required to implement the risk management framework within their respective area.
In connection with non-routine business activities, such as mergers & acquisitions, divestments, entering into new lines of business, ERP implementation etc., the officer-in-charge of such a transaction shall have the responsibility for operationalizing risk management for such activities.

iii. Head of Risk Management: The Company will have Risk Management Officer for overseeing the deployment of the Risk Management Procedures. The primary role of Head of Risk Management will be to ensure that the Company achieves its objectives of timely anticipation of risks and opportunities, and a cohesive and consistent response through the active involvement of process owners in reviewing risks, timely meetings, comprehensive discussions at respective units, effective escalation and regular monitoring of risks.

In addition, each division/function should have a risk management coordinator who oversees & coordinates the deployment of risk management activities within the Division/function.

iv. Head-Internal Audit: The Head of Internal Audit will attend all Risk Management Committee meetings or Risk Management Meetings held by Management, as applicable, to be aware of risks affecting the organisation and conduct risk based audits accordingly.

v. Risk Owners: Risk Owners shall review the risks documented in the risk register and track mitigation actions. Further, the Risk Owners will identify emerging risks, perform root cause analysis and manage risks within his/her control.

Policy adopted on 31 March, 2015

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| Recommended by Audit Committee | Approved by Board |
| Sd/-<br>Shib Krishna Chakrabarty<br>Chairman of Audit Committee | Sd/-<br>(Dibyendu Bose)<br>Chairman of Board of Directors |