

**Re Sustainability Limited**

**Enterprise Risk Management Policy**

## 1. Introduction

The policy defines critical components of the risk management process and framework in use at Re Sustainability Limited (hereinafter referred to as “ReSL” or “Company”). The current dynamic and competitive business environment within which ReSL operates, makes it necessary to establish a robust risk management policy and framework, which will assist in identifying and managing various risks in an effective manner to support the enhancement of business stability and sustainable growth of the company.

As per the Companies Act, 2013, there are specific requirements that a company needs to comply with, with respect to risk management. This Enterprise Risk Management Policy has been established by ReSL as a comprehensive set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

## 2. Scope

This Policy applies to all employees of Re Sustainability Limited as well as all subsidiaries and JV companies.

## 3. Purpose

The purpose of this document is to define the requirements around Enterprise Risk Management. The Policy sets out the objectives and accountabilities for risk management within RESL such that it is structured, consistent and effective.

## 4. Risk Management Objectives

The objective of the Enterprise Risk Management Policy is to establish a structured and intelligent approach to Risk Management for RESL. The broader objectives are to:

- **Comply with Legal regulations:** To ensure compliance with risk management related regulatory frameworks of the country it operates
- **Stakeholder Value protection:** To identify and manage uncertainties that may have significant potential impact on RESL objectives and values.
- **Corporate Governance:** To strengthen the governance framework by focusing on proactive risk informed decision making to enable sufficient lead-time before an unfavorable risk event occurs.
- **Provide Decision Support:** Providing senior leadership with key information for risk-informed decision making, allocation of resources and maximizing opportunities
- **Uniform Enterprise Risk Management Practice:** Develop a common understanding of risk and risk management process across multiple locations, functions, and business units to manage risk effectively and increase competitive advantage.

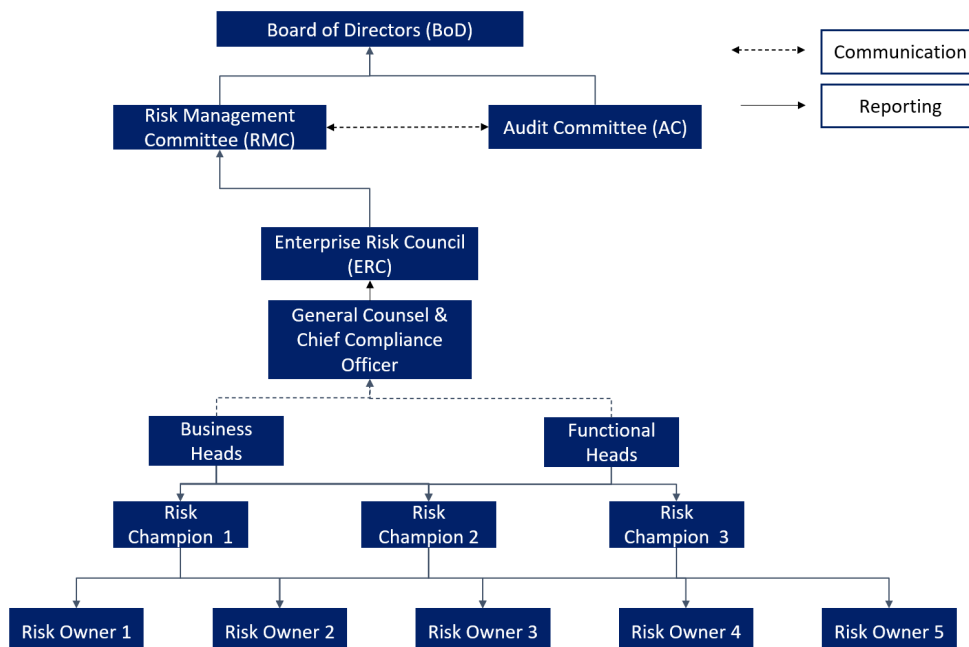
## 5. Policy Principles

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

- Create risk awareness across the organization
- Anticipate and take preventive action to manage or mitigate risks and deal with the risks
- Strengthen the governance framework by focusing on proactive risk informed decision making to enable sufficient lead time before an unfavorable risk event occurs
- Integrate Enterprise Risk Management into strategic planning, activity planning, performance management and resource allocation decisions
- Develop a dynamic, iterative and responsive risk management structure
- Embed risk management into the culture and operations
- All employees of the company take responsibility for the effective management of risks in all aspects of the business
- Establish processes and controls to monitor, report and reduce the impact of incidents resulting in
- Further, an Enterprise Risk Council chaired by the GC & CCO including heads of each business and function has been established. The roles and responsibilities of the Executive Risk Council will be governed by the Risk Management Policy manual.

## 6. Roles & Responsibilities for Enterprise Risk Management Governance

Responsibility for risk management is shared across the organization. To manage risks across organization, risk management policy encompasses three main pillars of responsibilities that will cascade the scope of activities to senior management and all employees. The structure that has been defined involves the following:



## **7.1 Risk Governance and Oversight**

### **First Pillar – Risk Governance and oversight**

#### **1. Board of Directors**

The Board of Directors play a critical role in overseeing the deployment of risk management process enterprise wide and setting the tone and culture towards effective risk management through affixing organizational risk measurement, formulating high level objectives, strategy setting and approving broad-based resource allocation for the purpose.

The Board is fully committed to the objectives of Enterprise Risk Management and its robust engagement in risk oversight function to strengthen the organizational resilience to significant risk exposures. The Board of Directors meets periodically (at least on an annual basis) to review the key risks faced by the company. The Board also reviews annually the overall risk management policy and the entity's risk mitigation status to determine if the total risk exposure is within the company's appetite for risks.

The Board, through the Risk Management Committee and Audit Committee shall oversee the establishment and implementation of an adequate system of risk management across the company. Board shall review the effectiveness of the company's risk management system on annual basis.

#### **2. Audit Committee**

The Audit Committee is responsible for evaluating the risk management systems in place at the organisation. In this regard, a report is to be submitted to the Audit Committee by the RMC on at least an annual basis, including details of new risks identified, discussion on risks during the period of the report at the RMC and ERC level, as well as any additional activities conducted by the GC & CCO or his assignees with respect to risk management in the organisation.

The AC must evaluate the report to ensure risk management systems which have been put in place are functioning effectively and provide inputs and direction to the RMC and ERC in identification or mitigation of risks, as it sees fit.

#### **3. Risk Management Committee –**

The Risk Management committee will be primarily responsible for monitoring and ensuring an effective implementation of the risk management policy and framework across the organisation. In performing these activities, the RMC will define a risk appetite and tolerance levels for the company, review the risk management policy and framework on an annual basis, and approve any changes.

The committee will periodically (at least once every year) convene to review the status of high and critical rated enterprise risks and mitigation plans and provide inputs and recommendations on

the same. The RMC will also provide inputs on the company's risk tolerance levels. The RMC may also seek additional information from any employee or obtain inputs from any legal or other professional advice if it considers it necessary to assess the status of the risk.

In addition to the above, the RMC will also provide updates to the Board and Audit Committee on the effectiveness of the risk management systems in place in the organisation. The Committee will also perform such functions as may be delegated by the Board and/or are prescribed under Companies Act, 2013 and relevant amendments and any other applicable laws from time to time.

## **Second Pillar – Risk Infrastructure and Management**

### **1. Enterprise Risk Council (ERC)**

The ERC will be chaired by the General Counsel and CCO, and include heads of each Business Unit and enabling function, as well as any members deemed necessary, at the discretion of the GC & CCO. This council will perform activities as deemed necessary by the Risk Management Committee in the execution of effective risk management practices.

The council will be responsible for identification and appointment of risk owners, providing approvals for changes to the enterprise risk register, reviewing all high and critical priority risks on at least a Half-yearly basis, and review all risk monitoring reports issued by the risk champions and owners.

The council will also ensure that mitigation plans for high and critical risks are being implemented and monitored effectively.

### **2. General Counsel and Chief Compliance Officer (GC & CCO)**

The GC & CCO will drive and monitor the implementation of the risk management systems and frameworks across the organisation. The GC & CCO will facilitate development of a robust risk management system and ensure implementation of risk management policies and procedures, including supporting Risk Owners in recognizing emerging risks, creating risk measurement scales and tolerance limits, and assist the risk owners in creating risk response and crisis management plans. The assistant CCO will support the GC & CCO in execution of risk management in the organisation.

## **Third Pillar – Risk Ownership**

### **1. Risk Owners**

Risk owners will be primarily responsible for identifying, assessing, and monitoring risks, ensuring implementation of mitigation plans and risk response strategies, and provide accurate and timely updates to the risk champion with respect to status of risks and any changes in criticality.

Additionally, the risk owner will work with the risk champion to prepare updates for risks to be presented to GC & CCO and ERC.

## 2. Risk Champions

Risk champions will be appointed by function/business unit heads and will coordinate the efforts of their respective function/BU in executing risk management activities. They will:

- Continuously coordinate and review with risk owners for status of business unit/functional risks and ensure adequate monitoring of risks
- Support the identification, management, and reporting of risk within their area of responsibility
- Update and oversee the management and maintenance of risk register(s) for their area of responsibility
- Seek approval from the ERC for any changes to the risk register
- Identify any emerging risks for the business/function
- Review risk assessment and categorisation on a monthly basis and provide updates to risk owners
- Review all risks along with risk owners on a monthly basis to identify any changes required
- Work with risk owners to prepare update presentations for all risks for the business unit/function
- Provide risk management updates and support to Risk Owners
- Support HOD with regards to risk identification, recording, escalation, and management of risk
- Monitor and follow-up on risk treatment activities and reporting regarding their department.
- Regularly discuss questions, concerns, opportunities for improvement and training gaps with the Assistant CCO

## 8. Communication

This Policy shall be communicated to all stakeholders involved in risk management process across the company.

## 9. Review

This Policy shall be reviewed at least every two years to ensure that it is aligned with the changes in business environment and regulatory requirements. All changes to the policy must be recommended by RMC and approved by Board of Directors.

## 10. Enterprise Risk Management Framework

The Enterprise Risk Management Policy should be read with the **Enterprise Risk Management Framework** which lists the detailed risk management process to be followed to identify different category of risks and take actions against them. The detailed guidance to risk management for the functions/division can be found in **the Enterprise Risk Management Framework**.