

**RISK MANAGEMENT POLICY**

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## **1. PREAMBLE**

Through a policy that meets the requirements of the Companies Act, 2013, Global Vectra Helicorp Limited ("GVHL / the Company") implements a code that helps mitigate against foreseeable events, activities or practices that could adversely impact the Company's business, its emphasis on the best governance practices, and any impact on employees that could be against their best interest.

The policy will be regularly reviewed to ensure it is adapting to and evolving in the context of internal or external developments.

The policy will also be used to maximize opportunities and advantages that can help the growth of the Company and its employees.

## **2. SCOPE / APPLICABILITY**

This policy applies to the all employees of the Company. This includes all users, information systems and paper files at the Company.

### 3. DEFINITIONS

- a. "Board" means the Board of Directors of the Company
- b. "Company" means Global Vectra Helicorp Limited
- c. "Directors" mean the Directors of the Company.
- d. "Risk" is the chance of something happening that will have an impact on achievement of the company's objectives. Risk is measured in terms of assessments of likelihood of an impact arising from an event.
- e. "Risk Management" is the culture, processes and structures which are directed towards realizing potential opportunities whilst managing adverse effects.
- f. "Risk Management Process" is the systematic application of risk management policies, procedures and practices.
- g. "Inherent Risk" is Risk before mitigation strategies and controls are put in place.
- h. "Residual Risk" is Risk that remains after mitigation strategies and controls are put in place.
- i. "Key Risk" is the risk which is significant for the company w.r.t operations/ efficiency/ profits/ legal compliances and remains key risks at inherent and residual level.
- j. "Non-Key Risk" is the risk which is key risk at inherent level but non-key at residual level.
- k. "Operational risk" are Labour unrest, injuries, accidents, manufacturing defects, suspended operations which may impact the operations of the Company.
- l. "Financial risk" relates to adequate liquidity for routine operations and availability of funds for expansions, impact of currency fluctuations, change in credit ratings, etc.
- m. "Sectoral risk" refers to the influence of industry variables such as demand-supply outlook, input risk, input cost fluctuation, competition, utilisation levels along with the impact of government regulations and policies on the Company.
- n. "Sustainability risk" (including Environmental, Social and Governance (ESG) risks) refers to the uncertainty in being able to sustain the growth of a company because certain practices may have negative externalities which result in the dilapidation of value chain of the system over a period of time or impact other related systems.

#### 4. LEGAL FRAMEWORK

##### **Requirement per Companies Act, 2013 ('the Act'):**

**Responsibility of the Board:** As Per Section 134(3)(n) of the Act requires the Board of Directors of a Company, as part of its annual Board's Report which is presented to shareholders, to confirm the development and implementation of a Risk Management Policy which includes, among other responsibilities, the identification of any risk which in the opinion of the Board may threaten the existence of the Company.

**Responsibility of the Audit Committee:** As Per Section 177(4) of the Act, the Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include (vii) Evaluation of internal financial controls and risk management systems.

**Responsibility of the Independent Directors:** As Per Schedule IV of the Act [Section 149(8)] - Code for Independent Directors (II. Role and functions), Independent Directors shall:-

(1) help in bringing an independent judgment to bear on the Board's deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

(2) satisfy themselves on the integrity of financial information and those financial controls and the systems of risk management are robust and defensible.

##### **Requirement per SEBI (Listing Obligations and Disclosure Requirements or LODR) Regulations, 2015 ("Listing Regulations"):**

**Regulation 17(9)** requires the Company to lay down procedures that evaluate risk assessment and detail risk minimization.

**Regulation 21 read with Schedule II, Part D, requires** the Risk Management Committee to:

- a. Develop and implement a detailed Risk Management Policy which shall inter-alia include:
  - i. Framework for identifying internal and external risks;
  - ii. Measures for mitigating such risks, if any; and
  - iii. Business continuity plan.
- b. Ensure processes are in place to monitor and evaluate risks;
- c. Oversee the implementation of the policy and processes, and evaluate the adequacy of risk management systems;
- d. Review the Policy at least once every two years;
- e. Inform the Board of its discussions, recommendations and any actions required;

- f. Decide the appointment / removal and terms of the remuneration of Chief Risk Officer, if any;
- g. Seek information from and seek attendance of outsiders with relevant expertise, if necessary;
- h. Coordinate actions and discussions with other Committees in case of any overlap, especially the Audit Committee.

As Per Regulation 21 of the Listing Regulations, this Committee is essential for each company among the top 1000 listed entities based on market capitalization. Since GVHL does not falls into this category, the provisions of this regulations are not applicable.

## 5. OBJECTIVE

This Policy intends to ensure stable growth and to promote a proactive approach in the early detection of identifying, reporting and countering any risks that could threaten the Company's business.

The specific objectives of the Risk Management Policy are:

1. To ensure that any risk that could be material is identified, assessed, quantified, and appropriately mitigated.
2. To establish a framework for the identification of internal and external risks faced by the Company, in particular including financial, operational, sectoral, sustainability (Environmental, Social and Governance (ESG) related risks), information technology, cyber security risks, foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material or any other risk as may be determined by the Risk Management Committee of the Company.
3. To ensure measures for risk mitigation including systems and processes for internal control of identified risk.
4. To formulate a Business Continuity Plan.
5. To oversee risks, such as strategic, financial, credit, market, liquidity, technology, security, property, IT, foreign exchange exposures, legal, regulatory, reputational and other risks.
6. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
7. To assure business growth with financial stability.
8. To Protect human rights wherever we operate and conduct the business in an ethical and responsible manner.
9. To ensure adherence to a high standard of corporate governance and robust internal reporting and controls, transparency, and accountability to all stakeholders.

The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management systems of the Company so that the Management has access to checks, balances, and controls through an approved matrix of values, practices and processes.

Heads of Departments ("HODs") shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning.

## **6. CONSTITUTION OF RISK MANAGEMENT COMMITTEE (RMC)**

1. The Risk Management Committee shall consist of a minimum of three members with the majority of them being members of the Board of Directors, including at least one Independent Director and Senior Executives of the listed entity may be members of the Committee. The Chairperson of the Risk Management Committee shall be a member of the Board of Directors.
2. The Company Secretary of the Company shall act as Secretary of the Committee.

## **7. MEETINGS**

The Risk Management Committee shall meet periodically, but at least twice in a year and not more than 210 days shall elapse between two successive Meetings. The quorum of the 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. Since GVHL does not falls among the top 1000 listed entities based on market capitalization, the provisions of this regulations are not applicable.

## 8. POLICY STATEMENT

Risk assessment is the process of identifying risks, assessing and understanding those risks, and prioritizing risks. A formal risk assessment will be performed each year to identify threats / risks to the Company; to determine the risk of these threats occurring; and to recommend appropriate safeguards and countermeasures to reduce both the likelihood of threat occurrence and the effects produced if the threats are realized.

Company's goals for risk management are that risks are identified; risks are documented, understood and managed within tolerances established by management. Risk-acceptance decisions should be consistent with strategic business objectives, and should be explicit and communicated such that the expected return compensates for the risk involved.

In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated, concerned risk owner may ask for a "Management Risk Acceptance Memorandum". Such a memorandum will document the requestor's business justification, for the increased risk and exposure it presents to the Company.

## 9. RISK MANAGEMENT FRAMEWORK

### PROCESS

The Risk Management Committee shall be in charge of evaluating and strengthening the processes that allow for the early detection of any threats or events that could negatively impact the Company's growth; the Committee shall continuously monitor developments in any industry that is linked to the business of the Company and adapt or modify the existing framework to protect the Company against those developments if they could be detrimental to the Company.

The processes to be followed will be based on continuous monitoring and reassessment, and communication, documentation, and coordination.

The Risk Management Committee shall present its findings, if any, to the Audit Committee.

### STEPS IN RISK MANAGEMENT

- i. Risk Identification;
- ii. Risk Assessment;
- iii. Risk Analysis;
- iv. Risk Treatment and Mitigation;
- v. Risk - Control and Monitoring.

#### **i. RISK IDENTIFICATION**

This is a continuous process to ensure that the Company is safe from any events or practices that could impede its ability to meet its goals.

For every major department, processes have been formed that are discharged by the Head of Department to ensure that the team is functioning in compliance with regulatory and legal requirements, and that it is attuned to identifying any aberrations or circumstances that could constrict the Company's growth or its emphasis on best practices.

Continuous discussion and interaction with process-owners are held for analysis of related data, the findings of internal audit reports, and the learnings from recent events.

## ii. RISK ASSESSMENT

Processes to identify, assess, prioritize risks and confer controls to process-owners to urgently course-correct, when needed, are in place.

On a periodic basis, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as Operation Reviews and Committee meetings.

### External Risk factors include:

- Economic Environment and Market Conditions
- Investor sentiment
- Changes in Government Policies
- Foreign Exchange Exposures and adverse exchange rate movement
- Inflation and cost structure;
- Cyber Security
- Technological Obsolescence
- Unprecedented and large world events like the recent Coronavirus pandemic

Against each of these, processes of pro-active risk management are in place.

### Internal Risk factors:

- Non-compliance with regulatory and legal requirements
- Any erosion of the Company's brand, culture and values;
- Any inadequacies in financial reporting;
- Data entry errors
- Technology failures.

The risk factors outlined above are not exhaustive in nature. However, they form the bulk of the Company's focus areas for guarding against any attenuation of its business and practices.

## iii. RISK ANALYSIS

After risks are identified, those assessed as "high" or "very high" are urgently addressed by the Management, those that are of medium risk are handled with process-owners, and those that are seen as low or potential risks are assigned to HODs who will report on their progress to Management.

## iv. RISK TREATMENT AND MITIGATION

**The Company will strive to:**

1. Involve all functions and departments in the overall risk identification and mitigation exercise;
2. Link the risk management process to the strategic planning and internal audit process;
3. The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities. It has the authority to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it sees this as beneficial or necessary;
4. The Risk Management Committee may in its judgment periodically commission an expert entity's analysis of the Company's risks
5. Adequate disclosures pertaining to the risks (including commodity risks) being faced by the Company will be made per the materiality criteria defined in the 'Policy for determination of materiality for disclosure of events or information' of the Company.

**v. CONTROL AND MONITORING MECHANISM**

Technical, supervisory and Management controls will cover different aspects of the Company's business, with special focus on those related to its finances and its strategic growth.

In circumstances where the accepted risk of a particular course of action cannot be adequately quantified or mitigated, its status shall be continuously monitored and periodically presented to Risk Management Committee and Audit Committee.

## 10. BUSINESS CONTINUITY PLAN

The Company has a well-defined Business Continuity Plan to stave off any potentially large risk. The Plan is reviewed and amended, as and when deemed necessary, by the Risk Management Committee.

Business continuity plan refers to maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of God.

Business continuity planning involves:

### a) Business Impact Analysis

Company should include all business, functions, departments in this process and is not restricted data processing.

All process/functional heads shall estimate the maximum allowable downtime for critical business process, recovery point objectives and estimated cost associated with it. Management should establish recovery priorities for business processes that identify essential personnel, technologies, facilities, communications systems, vital records, and data.

### b) Risk Assessment

Along with the process as stated in Risk Management process, each functional head shall develop a realistic threat scenario that may impact the smooth functioning of the business, strategies devised are helped to action a plan and mitigate threats where possible.

Some of the threats identified:

- Fire Mishap
- Natural calamities
- Interruption to Power Supply
- Interruption to Water Supply
- Technical disasters
- Terrorism

Functional heads should provide a rating to each identified treat based on occurrence ranging high, medium, and low.

On an annual basis management will perform a gap analysis to identify additional risk exposure.

#### c) Risk Management

Along with the process as stated in Risk Management process, each process/functional heads shall have a management plan which should include procedures to maintain, resume, and recover critical business functions, plans prioritised for execution of critical & non critical activities

An indicative list of management actions that are put in place are as follows:

- The Hangar and office premises is protected by a well laid underground Fire hydrant System.
- Installation of Detectors for early detection of any leakages/fire/gas etc.
- Earthing and bonding provided for preventing the build-up of static charges for all the vessels handling flammable chemicals
- Plant design and equipment layout configured to handle natural calamities
- Staff are adequately trained in handling of emergency/rescue operation/first aid treatment, action plans due to any contingency are communicated to the staff. Periodic mock drills are conducted to test emergency response.
- Availability of alternative sources for any interruption of power, water and transport facilities.
- Standard operating procedures are formulated to handle situations in emergency
- Insurance coverage taken for the Helicopter, spares, plant and machinery, and other assets.

#### d) Risk Monitoring

Functional head should evaluate the risks and merits of various types of testing and develop strategies based on identified resumption and recovery needs. Periodic mock drills to be conducted to test emergency response and recovery procedures and provide a testing report to management based on frequency evaluated.

Business continuity plan monitoring will be included in the scope of internal audit.

Management shall ensure recovery testing is conducted at least annually, or more frequently, depending on the operating environment and criticality of the applications and business functions and will update standard operating procedures based on reports provided as and when needed.

## 11. RISK MANAGEMENT SYSTEM

- a. Appropriate risk management policies, emergency response planning and procedures are in place, along with accountability and ownership.
- b. These are regularly assessed by the Management and vetted through periodic review by Internal Auditors.
- c. A combination of centrally issued policies and divisionally evolved procedures ensure a macro and micro level of protection.
- d. Appropriate structures have been put in place to effectively address inherent risks in businesses with unique / relatively high-risk profiles.

The Audit Committee and the Board review the Internal Audit findings and provide strategic guidance on all related matters.

## 12. ROLE OF THE BOARD:

**The Board will undertake the following actions to ensure risk is managed appropriately:**

- The Board shall be responsible for implementing and monitoring the Risk Management Plan for the Company;
- 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 along with any other functions as it may deem fit;
- Ensure that the systems for risk management are updated and sufficiently extensive;
- The Independent Directors shall help in bringing an independent judgment to bear on the Board's deliberations on issues of risk management and satisfy themselves that the systems of risk management are robust and defensible; Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks;
- Be satisfied that an appropriate accountability framework is implemented and is delivering the desired results;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms.



### **13. AMENDMENTS AND GOVERNING LAW**

The Board of Directors, on its own and / or as per the recommendations of the Risk Management Committee can amend this Policy as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, which make the provisions laid down under this Policy inconsistent with such amendment(s), clarification(s), circular(s) etc. then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

This Policy shall be governed by the Companies Act, 2013 read with Rules made thereunder, as may be in force for the time being as well as Listing Regulations or such other Rules / Regulations, as may be notified by SEBI from time to time.

The Policy shall be reviewed to ensure it meets the legislation requirements and the needs of the organisation.

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