



RISK MANAGEMENT POLICY

Veritas (India) Limited

RISK MANAGEMENT POLICY

1. Introduction

A risk management policy is a critical document for any organization. It outlines the steps that will be taken to identify, assess and mitigate risks to the organization. It improves the decision-making, defines opportunities and mitigates risks.

Veritas (India) Limited desires to refine its organizational wide capabilities in risk management so as to ensure a consistent, efficient and effective assessment of risks in the achievement of the organization's objectives. It views risk management as integral to its objective of creating and maintaining business continuity, shareholder value and successful execution of its strategies.

The Company's risk management policy provides the framework to manage the risks associated with its activities. It is designed to identify, assess, monitor and manage risk.

2. Objective

The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy ("Risk Management Policy") establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk evaluating & mitigation related issues.

The Risk Management Policy is in compliance with Section 134 (3) (n) of the Companies Act, 2013 and Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which requires the Company to develop and implement a Risk Management Policy/Plan and to lay down risk assessment and minimization procedures.

3. Definitions

- a. Company: It means Veritas (India) Limited.
- b. Risk: A probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.
- c. Risk Management: Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.
- d. Risk Assessment: Risk Assessment is defined as the overall process of risk analysis and evaluation.

4. Risk Management

Principles of Risk Management

- a. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses
- b. All concerned process owners of the company shall be responsible for identifying & mitigating key risks in their respective domain.
- c. The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

5. Risk Management Procedures

General Risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Monitoring & Reporting.

5.1 Risk Identification

The purpose of risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives and below are the some of the risks that faced by the Company.

(i) Strategic Risks

Strategic risks are the risk arising due to the management decisions with respect to market, business growth, delivery model, etc. which can have adverse effect on the business objectives. This can further impact sustainability of business in the long term.

(ii) Financial Risk

Financial risk refers to the likelihood of losing money on a business or investment decision. Risks associated with finances can result in capital losses for individuals and businesses. There are several financial risks, such as market, legal, credit and liquidity risks.

(iii) Corporate Governance Risks

Corporate Governance Risks includes the risks related to an organization's ethical and legal management, the transparency and accuracy of a company's financial performance and essentially involves in balancing the interest of all stakeholders of the company

(iv) Business Risks

Business risks are the risks which impose uncertainty in revenues or risk of losses which could be harmful to business, e.g. project management & time risks, client preferences, increase in competition, reduction in quality/supply chain, and increased risk of critical machinery.

(v) Operational & Technical Risks

Operational and technical risks are the risks arising due to inadequate systems, system capacities, system failure, obsolescence risk, management failure on account of co-ordination, and faulty control or human error e.g. Change in technology, failure of business process and controls etc.

(vi) Human Resources Risks

The Human resources risks is the risk of financial losses and negative social performance related to inadequacies in human capital and the management of human resources. This encompasses the inability to attract, manage, motivate, develop and retain competent resources and often results in human errors, fraud, or other unethical behavior, both internal and external environment of the Company.

(vii) Information Technology Risk

It is the probability of an unexpected, adverse business outcome when a specific threat or malicious actor exploits an information system vulnerability e.g. Inability to access IT system needed for business operations, compromising business data due to unauthorized access or use, reduce productivity due to slow or delay access to IT systems etc.

5.2. Risk Assessment

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors, which determine the risk exposure:

- A. Impact if the event occurs
- B. Likelihood of event occurrence

Risk Categories: It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the Risks can be categorized as – Significant and Not Significant.

5.3. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified risks should be mitigated using any of the following Risk mitigation plan:

- a. Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- b. Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging / Insurance.

- c. Risk Reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.
- d. Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater than the total losses sustained. All risks that are not avoided or transferred are retained by default.

5.4 Risk Monitoring and Review:

The Board of Directors of the Company ("**Board**") emphasizes that risk management is an on-going process and takes place in all material elements of the Company's organizational structure. Dynamically changing legal and economic environment around the Company necessitates identifying and mitigating the risks in a timely manner. The Board will thus evaluate the risks involved in the business of the Company from time to time.

The Board shall ensure the integrity of the Company' accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, cyber security and compliance with the law and relevant standards.

The Board is responsible for framing, implementing and monitoring this Risk Management Policy.

6. Policy Review

Where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard. Notwithstanding the same, the Board shall at least once in every three years, review the risk management policy including by considering the changing industry dynamics and evolving complexity.

7. Disclaimer Clause

The risks outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

8. Assessment of Effectiveness

The Audit Committee of the Board is responsible for reviewing and analyzing the effectiveness of the risk management framework and the risk management systems and shall report the same to the Board.

9. Amendment

Any change in this Risk Management Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/or amend any part of this Risk Management Policy or the entire Risk Management Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other laws in this regard shall automatically apply to this Risk Management Policy.
