# TRIL Infopark Limited
# Risk Management Policy

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# 1.    Purpose of risk management

The Company is committed to high standards of business conduct and to good risk management to:

- Achieve sustainable business growth
- Protect the company's assets,
- Avoid major surprises to the overall control environment,
- Safeguard shareholder investment and
- Ensure compliance with applicable legal requirements.

This policy is intended to ensure that an effective risk management framework is established and implemented to provide regular reports on the performance of that framework, including any exceptions, to the Audit Committee.

This Risk Management Policy complements and does not replace other existing compliance programs, such as those relating to environmental, quality, and regulatory compliance matters.

# 2.    Applicability

This Risk Management Policy applies to all employees and all functions namely:

- Ethics Compliance
- Projects & Statutory compliance
- Sales & Marketing
- Procurement
- Finance and Accounts
- Property & Facility Management
- Human Resource  & Administration
- Information Technology
- Legal, Regulatory and Corporate Affairs

## 3. Objective of risk policy

Risk management objectives are to:

- Identify and manage existing and new risks in a planned and coordinated manner with the minimum of disruption and cost.

- Develop a culture that encourages all staff to identify risks and associated opportunities and to respond to them with effective actions.

To realise the risk management objective TRIL Infopark Limited aims to ensure that:

- the acceptance and management of risk is integrated in day to day management of the business;

- key risks are identified, assessed in the context of Company's appetite for risk and their potential impact on the achievement of objectives, continuously monitored and managed to an acceptable level;

- the escalation of risk information is timely, accurate and gives complete coverage of the key risks to support management decision making at all levels;

- risks are inherent in all functions of the business and needs to be managed and mitigated accordingly by the respective functions transacting the business which gives rise to the risk; and

- All employees actively engage in risk management within their own areas of responsibility.

## 4. Approach

### 4.1 Process

Chief Executive Officer (risk coordinator) must periodically review the risks facing their business or function in line with the risk register process. This review should include identifying all Significant Risks. Risk coordinator must then implement an effective system of internal controls to manage those risks, including most importantly designating responsibilities, and providing for upward communication of any significant issues that arise. Risk identification and management is a continuous process supported by formal reviews conducted on quarterly basis.

Chief Risk Officer will coordinate with all the Risk Coordinators business / functional heads and make a presentation to Risk Management Committee (RMC) on a quarterly basis for all major risks.

**4.2      Risk Register**

The risks profile of the Company will be documented in the Risk Register. It includes risks, risk assessment, overall ownership of the risk management and control techniques, person responsible for control, monitoring methods and action plans. The Risk Register is the key document used to communicate the current status of all known risks and is vital to all management control, reporting and reviews.

**4.3      Assess the Risks**

Risk assessment enables risks to be categorized and graded in relation to their potential impact; those risks with potentially significant impact require proactive management. The two components of risks are the probability (likelihood) of occurrence and the impact (consequence) if the circumstance occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

Existing control measures are evaluated against Critical Success Factors (CSFs) and Key Performance Indicators (KPIs) identified for those specific controls. Guiding principles to determine the escalation level for implication is provided in Appendix I.

**4.4      Risk reviews**

A risk review involves the re-examination of all risks recorded on the risk register to ensure that the current assessments remain valid and review the progress of risk reduction actions. Risk reviews should form part of every Risk Management Committee meeting agenda. The risk register is reviewed and assessed every quarter.

**4.5      Escalation Mechanism**

It is critical to an effective system of internal control that specific issues are promptly communicated and followed up appropriately.  Communication will typically be through meetings with Risk Coordinators who will brief risk to the functional heads who shall then report them to the Risk Management Committee through Chief Risk Officer.

## 5. Structure

### 5.1 Roles and responsibilities

The risk management roles and responsibility will be as follows:

| Risk oversight body | Role | Will report to |
|---|---|---|
| **Board of Directors** | ▪ To review critical company/Entity level risks<br><br>▪ To review the highlights of the Risk Management process | ▪ Shareholders on any potential risk that may threaten the existence of the Company. |
| **Audit Committee** | ▪ To review all entity level risks<br><br>▪ To direct all Risk Management initiatives of the company | ▪ Board of Directors |
| **Risk Management Committee** | ▪ To review critical functional risks<br><br>▪ To direct the risk management initiatives of the various functions as approved by the Audit committee<br><br>▪ To propose the risk management strategy to be adopted by the Company for various level/ functions | ▪ Audit committee |
| **Internal Auditor** | ▪ To review and suggest the Internal Controls and risk mitigation in case of inadequacy. | ▪ Audit Committee through CRO. |
| **Risk Champions (Functional heads)** | ▪ To review the function level risks as given in its mandate<br><br>▪ To direct the risk management initiatives of various functional heads/process as given in its mandate | ▪ Risk Management Committee |
| **Risk coordinator** | To review process level risks for the process within the function | ▪ Risk Champions |

**5.2    Risk Management Committee**

**5.2.1    Composition**

The Risk Management Committee is constituted of the Heads of the Functions.

**5.2.2    Membership**

Standing membership of the Risk Management Committee will consist of business heads and function heads:

- **CEO & Executive Director**

- **CFO**

- **Chief Risk Officer (from Holding Company)**

- **Function Heads viz.,**

    – Projects, Procurement, Statutory Compliance

    – Accounts and Finance

    – Human Resources & Administration

    – Information Technology

    – Sales & Marketing

    – Legal, Regulatory and Corporate Affairs

    – Property & Facility Management

The Chairman of the Risk Management Committee may invite other individuals as needed.

**5.2.3    Operation**

The **Executive Director of the Company** will be the chair of the Risk Management Committee, with the *Chief Risk Officer* **acting** as Risk Management Committee's secretary.  The Risk Management Committee shall meet on a quarterly basis or as needed for urgent or other matters.

The Functional Head of the respective department for which the risks are being presented in the particular meeting would be participating in the meeting.

This is done to have a focused discussion on issues involved/constraints faced and various options for risk mitigation, affixing the responsibility and target dates.

Reports of Risk Management Committee's activities (agendas, decisions) and meetings (including attendance) will be maintained for each meeting by the Risk Management Committee secretary. Sufficient time will be given for discharging the regular responsibilities of the Risk Management Committee.

### 5.2.4 Responsibilities

Risk Management Committee shall have the following responsibilities:

- Ensure appropriate internal controls, risk management and legal compliance systems including standards, training and communications occur for all high-risk compliance and ethical areas, including but not limited to those areas deemed to be Significant Risks

- Provide for (and support) adequate auditing, monitoring and investigative resources in all such areas in conjunction with the major audit and compliance in the Company.

- Ensure the communication of policies and standards to successive levels of management.

- Ensure that Company's Code of Conduct is distributed/ accessible to all the employees and related employee training occurs as appropriate.

- Establish risk assessments framework to identify significant business, operational, financial, legal, compliance and other risks.

### 5.2.5 Deliverables

At a minimum, the Risk Management Committee will deliver:

- Annual assessment of Risks with reference to the Risk Appetite consisted with the Risk Management Policy.

- Quarterly updated Risk Register (which includes mitigation plans).

- Reports required for the Audit Committee.

## Appendix 1 – Escalation level for implications

| Level / Implication | Board | Audit Committee | Chairman of the Board | CEO | Functional Head |
|---|---|---|---|---|---|
| Strategic | All | All | All | All | All |
| Reputation affecting investor confidence | All | All | All | All | All |
| Ethical Non Compliance | All | All | All | All | All |
| Operational Disruption | > 3 months | > 1 month | > 15 days | > 7 days | All |
| Turnover/ Cash Flow/ Asset/ Liability | > 25 crores | > 15 crores | > 10 crores | > 5crores | All |
| Profit | > 10 crores | > 5 crores | > 3 crores | > 1.5 crore | All |
| Employee Motivation affecting initiative & consistency | - | - | All | All | All |
| Process/ System Control weakness | - | - | Which may give rise to Fraud | Which may give rise to Fraud | All |
| Financial Reporting (Accounting standards) | All | All | All | All | All |
| Compliance with laws & regulations | Affecting Directors | Affecting Directors | Affecting functional head/ Penalty > 10 lacs | Affecting functional head/ Penalty > 5 lacs | All |