



**JAGSONPAL PHARMACEUTICALS LIMITED**

**RISK MANAGEMENT POLICY**

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## **1. Objective**

Jagsonpal Pharmaceuticals Limited ('Jagsonpal' or 'the Company') considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company's ability to identify and address risk is central to achieving its corporate objectives.

All activities undertaken by the Company carry an element of risk. The exposure to these risks is managed through the practice of Risk Management. Managing risk is the responsibility of everyone in the Company.

This policy outlines the Company's risk management process and sets out the responsibilities of the Board, the Risk Management Committee, Senior Management and others within the Company in relation to risk management.

This policy applies to all employees of Company.

The Policy is formulated in compliance with Regulation 17(9)(b) read with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and Section 134 of the Companies Act, 2013 ("the Act"), which requires the Company to lay down procedures about risk assessment and risk minimization.

The terms used in this Policy will have the meaning ascribed to it under the Companies Act, 2013 or SEBI LODR, as may be amended from time to time.

## **2. Understanding Risk Management**

Risks have been described in terms of combination of the consequences of an event occurring and its likelihood of occurring.

Risk is the chance of something happening that will have an impact on objectives of the Company.

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

## **3. Responsibility**

### **3.1 Board**

The Board of Directors of Jagsonpal, through the Risk Management Committee, has responsibility to review and report that:

- (i) the Committee reviews the Company's risk management framework to satisfy itself that it continues to be sound, and that the Company is operating with due regard to the risk appetite set by the Board, and effectively identifies all areas of potential risk;
- (ii) adequate policies and processes have been designed and implemented to manage identified risks.
- (iii) a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- (iv) proper remedial action is undertaken to redress areas of weakness.

### **3.2 Risk Management Committee**

The Risk Management Committee, has responsibility under its Charter:

- (i) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (ii) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (iii) To monitor and oversee implementation of the risk management policy, including evaluating the inadequacy of risk management systems;
- (iv) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (v) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (vi) To review the appointment, removal and terms and conditions of the Chief Risk Officer (If any);
- (vii) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- (viii) To co-ordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors

### **3.3 Chief Financial Officer or Chief Risk Officer**

The Chief Financial Officer and Chief Risk Officer of JPL has responsibility under this policy for:

- (i) Monitoring compliance with this policy;
- (ii) Reporting to the Board on compliance with this policy;
- (iii) Developing, implementing and monitoring systems, management of policies and procedures relevant to the business, including facilitating review by the executive on a regular basis; and
- (iv) Maintaining the risk register.

### **3.4 Senior Management**

The Company's Senior Management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, Senior Management should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management should report regularly to the Risk Management Committee regarding the status and effectiveness of the risk management program.

### **3.5 Employees**

All employees are responsible for implementing, managing and monitoring action plans with respect to material business risks, as appropriate.

## **4.0 Risk Management Process**

The risk management system is dynamic and is designed to adapt to the Company's developments and any changes in the risk profile over time. Compliance measures are used as a tool to address identified risks.

The risk management system is based on a structured and systemic process which takes into account JPL's internal and external risks.

The main elements of the risk management process are as follows:

### **Step 1: Establish Context**

- Business Objectives in Long-Term & Annual Plan with Road Map to achieve the same
- ESG Objectives
- Assumption

### **Step 2: Identify Risks**

The Risk Management Committee has identified the following types of material risks:

- i) Structural Risk
- ii) Operational Risk
- iii) Regulatory & Compliance Risk
- iv) EHS Risk
- v) Credit Risk
- vi) Liquidity Risk
- vii) Market Risk
- viii) Foreign Currency Risk
- ix) Interest Rate Risk
- x) Information Technology & Cyber Security Risk
- xi) Reputational Risk
- xii) Competition Risk
- xiii) Fiduciary Risk

xiv) Fraud Risk

xv) IPR Risk

### **Step 3: Assess Risks**

- Impact in value terms
- Likelihood
- Classification (High, Medium and Low)

### **Step 4: Evaluate & Mitigate**

- Prioritize
- Mitigation Plan
- KPIs with Timelines
- Responsibilities & Internal monitoring

### **Step 5: Monitor, Review & Report**

- Monitoring at Committee Level
- Reporting to the Risk Management Committee / Board of Directors

## **5. Review of risk management program**

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, the Committee and the Senior Management aims to ensure the specific responsibilities for risk management are clearly communicated and understood.

The reporting obligation of Senior Management and Committee ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, the Committee, the Senior Management and employees responsible for its implementation. The Board of Directors may in their discretion and on recommendation of the Audit Committee, make any changes/modifications and/or amendments to this Policy from time to time.

In the event of any conflict between the provisions of this Policy and of the Act or SEBI LODR or any other statutory enactments, rules, the provisions of such Act or LODR Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy.

## **6. Amendment:**

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

Risk Management Policy: Version Control:

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Version	Date of adoption	Authority
1.0	09 Nov 2022	Board of Directors

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