

# HINDUSTAN FOODS LIMITED

CIN: L15139GA1984PLC000601

## **Risk Management Policy**

### **1. Overview :**

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are : regulations, competition, business environment, technology, investments, retention of talent and expansion of facilities. As a matter of policy, these risks are assessed and steps as appropriate, are taken to mitigate the same.

The primary goal of the management of risks associated with food business is to protect public health by controlling such risks as effectively as possible through the selection and implementation of appropriate measures.

Hindustan Foods Limited's risk management approach consists of its people, culture, processes and systems to enable the organization to realize its potential opportunities while managing its risks and adverse situations.

HFL recognizes the requirement for effective risk management as a core capability and consequently all employees are expected to manage risk effectively.

HFL's approach is consistent with Risk Management.

### **2. Purpose :**

The purpose of the Risk Management Policy (the Policy) is to ensure that:

- Appropriate systems are in place to identify to the extent reasonably practicable all material risks that may impact on the Company's business;
- The financial impact of identified risks is understood, and appropriate internal control systems are in place to limit the Company's exposure to such risks;
- Appropriate responsibilities are delegated to control the identified risks effectively;and
- Any material changes to the Company's risk profile are disclosed in accordance with the Company's Continuous Disclosure Policy.

This policy is part of HFL's enterprise-wide risk management framework and sets out the principles, objectives and approach that have been established to maintain HFL's commitment to integrated risk management.

### **3. Scope :**

This policy applies to all areas of the Company's operations

This policy applies to all directors and employees in all establishments of HFL and, to the maximum extent possible, to the agents and contractors that act for or on behalf of HFL.

### **4. Policy :**

Management is responsible for establishing and implementing a system for identifying, evaluating, monitoring, managing and reporting to the Board on material risks of the Company

#### **4.1. Risk Management Principles:**

HFL recognizes that :

- Investor value is driven by taking considered risks
- Effective risk management is fundamental to achieving strategic and operational objectives
- By understanding and efficiently managing risk the business can create and protect value and provide greater certainty and confidence for investors, employees, business partners and the communities in which HFL operates.

#### **4.2 Risk Management Objectives :**

HFL's risk management objectives include :

- Raising the cultural awareness of risk
- Ensuring the ownership of risks and controls at all levels of the business.
- Prioritizing key risks to enable the business to make informed decisions and take appropriate action
- Supporting the business to validate the effectiveness of key controls
- Promoting the adoption of HFL risk management practices by associated entities and business partners

#### **4.3 Risk Management Approach :**

HFL has an active enterprise-wide risk management approach that incorporates the people, culture, processes and systems to enable the organization to realize potential opportunities while managing adverse effects.

The key components of this approach include:

- The HFL Board, leadership team, employees and contractors, all understand their risk management accountabilities, promote the risk culture and apply the risk processes to achieve the organization's objectives
- Specialist risk management expertise is developed and maintained internally and provides coaching, guidance and advice
- Risks are identified and assessed in a timely and consistent manner
- Controls are effectively designed, embedded and assessed
- Risks and controls are monitored and reported to provide transparency and assurance that the risk profile is aligned with HFL's risk appetite, strategy and values.

In addition to the above components, in our food industry we also have to manage risk related:

- Coverage for Supply-Chain Risk
- Equipment Risk Management
- Spoilage and Contamination Coverage
- Food Safety and Recall Risk
- Computer and Internet Disruption Protection

## **5. Roles and Responsibilities :**

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

- The Board shall be responsible for framing, 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 and such other functions as it may deem fit.
- Ensure that the appropriate systems for risk management are in place.
- 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 processes and controls are in place for managing less significant risks;
- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly;
- Ensure risk management is integrated into board reporting and annual reporting mechanisms;
- Convene any board-committees that are deemed necessary to ensure risk is adequately managed and resolved where possible.

Role	Responsibility
HFL Board	The HFL Board is ultimately accountable for corporate governance and the appropriate management of risk across HFL. The Board sets the risk appetite and oversees HFL's risk profile, to ensure activities are consistent with the strategy and values of the organization.
Audit Committee	The Audit Committee supports the Board. The Committee is responsible for overseeing and reviewing the effectiveness of HFL's risk management framework.
Leadership Team	The Leadership Team supports the framework and culture of risk management at HFL and each member is accountable for developing and promoting this within their business area. The Leadership team is responsible for appropriately managing key risks and for the ongoing maintenance of the control environment.
Chief Risk Officer	The Factory Manager (CRO) is responsible for designing, implementing and reporting on the adequacy of HFL's risk management framework to the Board, Audit Committee and the Leadership team.
All Employees	<p>Employees are responsible for ensuring that they comply with all legislative, regulatory and company policy requirements including reporting any identified risks to the appropriate management in a timely manner.</p> <p>HFL is committed to effective risk management and recognizes it as a core capability. All employees are expected to be risk managers. Employees who knowingly and recklessly operate outside of the risk management policy or framework will be subject to disciplinary action.</p>

**6. Related policies, procedures and guidelines :**

- Anti-Money Laundering and Counter Terrorism Financing
- Code of Conduct
- Fraud and Corruption Control
- Workplace Health and Safety
- Limits of Authority
- Risk Management Procedures