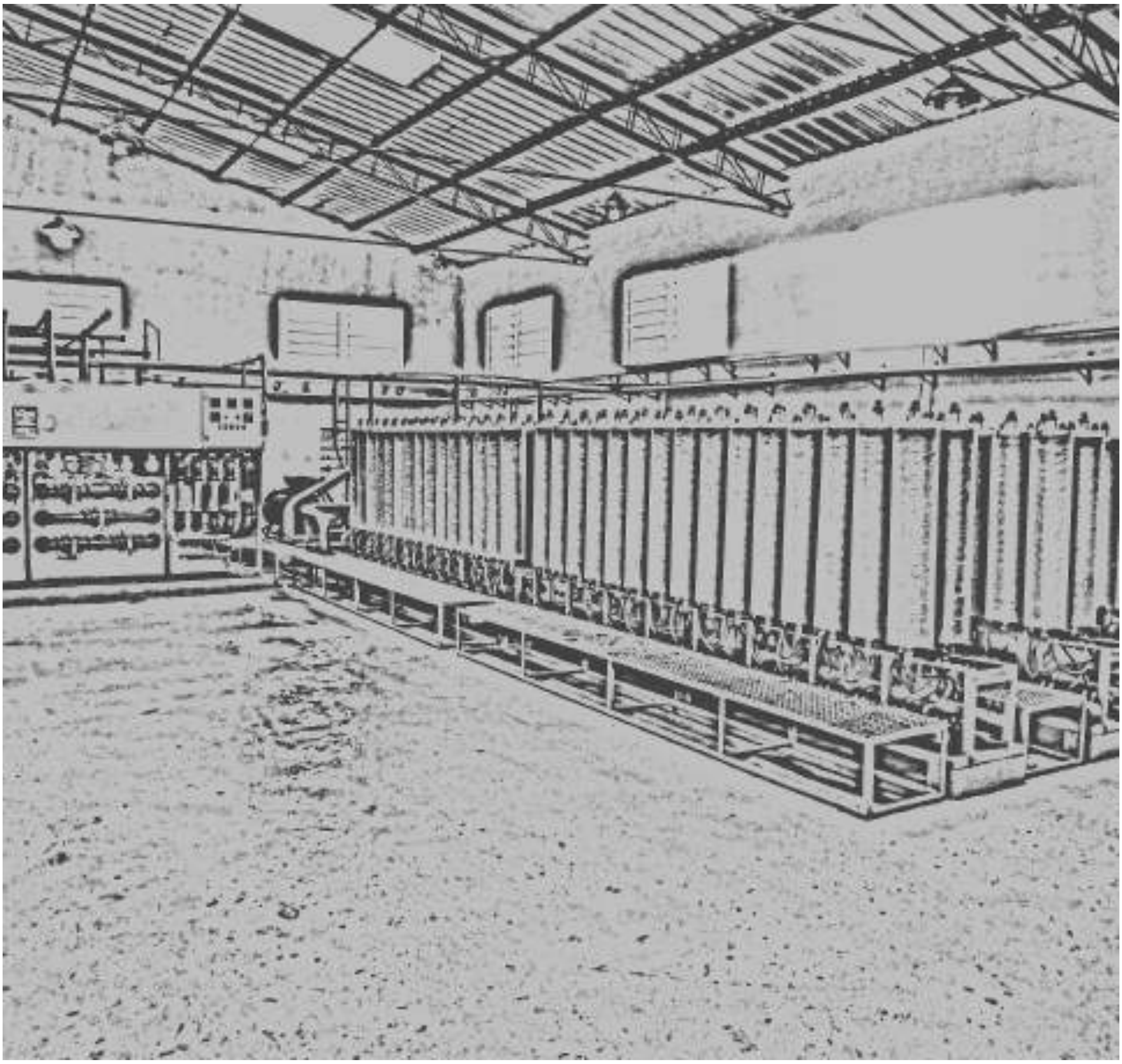

RISK MANAGEMENT POLICY

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Risk is the inherent aspect of the dynamic business environment. Risk management policy helps organisations to put in place effective framework for taking informed decisions about risks. To minimise the adverse consequence of risks on business objectives, the company has framed this Risk Management Policy. The guidance provides a route map for risk management, bringing together policy and guidance from Board of Directors.

Purpose

At Concord Enviro, we believe that an effective Risk management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities.

Importance of Risk Management:

A certain amount of risk taking is inevitable if the Organisation is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises
- Better Service delivery
- More effective management of change
- More efficient use of resource
- Better management at all levels through improved decision making
- Reduced waste and fraud, and better value for money
- Innovation
- Management of contingent and maintenance activities
- Higher customer satisfaction

Policy Statement

The Company is committed to adopt a proactive approach to risk management which is based on the following underlying principles:

- An endeavour to create a culture of informed decision-making at all levels of the organisation.
- The Company strives to anticipate and take preventive action to manage or mitigate risks and deal with the residual risk.
- The Company will develop, implement, review and monitor a uniform risk management policy, framework and plan across all business units, functions and locations.
- The Company will develop and deploy relevant capability building measures for concerned employees and relevant stakeholders to ensure effective risk management.
- All employees of the Company take responsibility for the effective management of risks in all aspects of the business.

Requirement as per Companies Act, 2013 (The Act)

Responsibility of Board: As per section (134) (n) of the Act, The board of Directors' report must include a statement indicating development and implementation of risk management policy of the company including identification of elements of risk, if any, which in the opinion of the board may threaten the existence of the Company.

Responsibility of the Audit Committee: As per section 177 (4) (Vii) of the Act, the audit committee shall act in accordance with the terms of reference specified in writing by board which shall, inter alia, include evaluation of internal financial control and risk management system.

Responsibility of Independent Directors: As per schedule IV [part II- (4)] of the act, Independent Directors should satisfy themselves that financial controls and system of risk management are robust and defensible.

Requirement of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations, 2015)

Regulation 4(f)(ii): Responsibilities of Board of Directors

- Reviewing and guiding corporate strategy, major plans of action, risk policy of the company
- Ensuring the integrity of the listing entity's accounting and financial reporting systems including the independent audit, and that appropriate systems of control are in place, in, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

Regulation 17(9)(a) & (b) prescribes:

- The listed company entity shall lay down procedures to inform members of board of directors about risk assessments and minimisation of procedures
- The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan of the listed entity

Regulation 21 (1): Risk Management Committee

- The Board of Directors shall constitute a Risk Management Committee

Schedule II Part C- Role of Audit Committee and review of information by Audit Committee

- Audit and Finance Committee shall evaluate internal financial controls and risk management system of the company.

Definitions

"Audit Committee" means Committee of Board of Directors of the Company constituted as per the requirements under Section 177 of the Companies Act, 2013 read with SEBI Listing Regulations, 2015.

"Board of Directors / Board" means as per section (10) of "The Companies Act, 2013", in relation to a company, means the collective body of Directors of the company.

"RMP/ Policy" means this Risk Management Policy

"Risk" as defined in the standard of Internal audit (SIA) 13 issued by the Institute of Internal Auditors means n event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is a threat that an event or action will adversely affect an enterprise's ability to maximise stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.

- Strategic Risks are associated with the primary long-term purpose, objectives and directions of the business.
- Operational Risks are associated with the ongoing, day to day operations of the enterprise.
- Financial Risks are related specifically to the processes, techniques and instruments utilized to manage the finances of the enterprise, as well as those processes involved in sustaining effective financial relationships with customers and third parties
- Knowledge Risks are associated with the management and protection of knowledge and information within the enterprise.

"Inherent Risks" means the level of risk that exists or is assessed without undertaking any action to mitigate such risk. The risk management process focuses on areas of high inherent risk, with these documented in the Risk Register. Recent performance in delivering a core service that is below expectations or does not meet agreed targets should be considered an indicator of high inherent risk.

"Residual Risks" means the degree of residual (or remaining) risk after the implementation of treatments to mitigate all types of risks that have been identified with the expectation that an unacceptable level of residual risk would remain only in exceptional circumstances.

"Risk Appetite" means the amount of risk, on a board level, an Organisation is willing to accept in pursuit of value.

Risk Organisation Structure

For successful implementation of risk management framework, it is essential to nominate senior management member to lead the risk management teams. Periodic workshops will be conducted to ensure awareness of the policy and the benefits of following them. This will ensure that risk management is fully embedded in management process and consistently applied. Senior management involvement will ensure active review and monitoring of risks on constructive manner.

Roles & Responsibility

The roles and responsibility of identification and management of risk is identified below:

Description	Constitution	Roles and Responsibility	Accountable to
Risk Management Committee	• Constituted with approval of board/CMD • Business Head as chairman of RMC • Finance Manager as Chief Risk Officer • Company Secretary as convener • Coordinator • Other members are as appointed by the board	• To frame, implement and monitor the Risk Management plan for the company • To ensure that the Risk Management policy is being followed and effectively contributing to early identification of risks and proper mitigation process • To review and approve list of risk identified, risk treatment and controlled mechanism • To lay down procedure to inform the Board members about the risk assessment and minimisation process	Board of Directors
Chief Risk Officer (CRO)	• CRO shall be nominated by RMC • CRO shall be supported by Risk sub committee	• To coordinate meeting of RMC at least once in each quarter • To monitor the mitigation plan for the risks identified in the consolidated risk register and place it for review of Risk Management Committee in the meeting	RMC/Board of Directors
Risk Sub Committee	• Shall be informed at each location of operations of the Company and its Subsidiaries • RSC shall comprise of Risk Champion and Risk owners	• To evaluate the risk and mitigation plan recommended by Risk owners • Risk subcommittee shall hold it's meeting at least once in every month • To give directions to Risk owners for mitigating the risks identified • To prepare draft risk analysis, risk treatment and control mechanism • Risk subcommittee will update risk register and communicate to CRO • Risk register should be updated for any new risk identified to be placed for RMC approval	Risk Management Committee
Risk Champion (RC)	• Respective Unit Heads/ Sector Heads/ Functional Heads will be Risk Champion for unit RSC(s) • Unit head will also act as Risk owner of different strategic risks which are not covered under the scope of various department heads		Risk Management Committee
Risk Owners	Risk owners shall be nominated by Risk champions	• The Risk Owner will be responsible for identification and mitigation of risk of their respective areas. • Risk Owners shall present the new risk identified along with proposed mitigation plan to Risk Subcommittee and Risk Champion for approval • Identify future risk, evaluate the nature of risk and formulate the steps of mitigation • To maintain and update register of their concerned areas and Communicate to RC	Risk Champion

Risk Management Framework

Process

Risk management is a continuous process that is accomplished throughout the life cycle of a company. It is a methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations, and tracking the implementations to ensure successful risk reduction.

Effective risk management depends on risk management planning; early identification and analysis of risk; early implementation of corrective actions; continuous monitoring & reassessment; communication; documentation and coordination.

Steps

Risk management is a shared responsibility. The risk management process model includes the following key activities performed on a continuous basis.

1. Risk Identification

This involves continuous identification of events that may have negative impact on the company's ability to achieve goals. Processes have been identified by the company and their key activities have been selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are defined based on discussion with the risk owners and secondary analysis of related data, previous internal audit reports, information from competition, market data, government policies, Past occurrences of such events etc.

To identify organisations exposure to uncertainty, risks may be primarily classified as follows:

Based on type:

Internal Risks: Internal risks arise from the events taking place within the business enterprise, such risks arise during ordinary course of a business.

External Risks: External risks arise due to the events triggered in the environment outside the business Organisation.

Based on Control:

Controllable Risks: Controllable risks are those risks where the management is able to implement measures either to prevent those risks or minimise their impact.

Uncontrollable Risks: - Uncontrollable risks are those risks which the management may not be able to anticipate effectively and will need to resort to detective measures or procedures post the risks has occurred to minimise their impact.

Further risks can also be segregated in the following major types:

Types of Risk	Examples
Strategic	• Reduction in Business Vitality (due to change in business strategy, customer spending patterns, product development, changing technology, etc) • Loss of intellectual property and trade secrets • High attrition rate due to increased competition • Negative impact to reputation
Operational	• Disruption in product supply • Inefficient use of resources/ increased product cost • Disruption due to physical property damage • Natural Calamities • Cyber Attack • Epidemic Situation • Labour Strike
Compliance	Violation of laws or regulations governing areas such as: • Environmental • Product Quality issues • Employee health and safety • Selling and promotion of products • Local tax and statutory laws
Financial & Reporting	• Currency Exchange • Funding and cash flow • Credit Risk • Financial misstatement
Climate Change	Impact on availability and prices of raw materials depend on the impact of climate change to economies and people. As of May 2018, 195 United Nations Framework Convention on Climate Change (UNFCCC) members have signed the Paris Agreement and 176 countries, including India, have become party to it. The Agreement aims to keep a check on the rising global temperatures and intensify actions required for a sustainable low-carbon future. Going forward, the steel industry will face stringent international and domestic regulations relating to Greenhouse Gas (GHG) emissions. Increasingly stringent climate control regulations may impact the Company's operations and prospects.

2. Risk Analysis

Risk assessment is the process of risk prioritisation or profiling. Likelihood and impact of risk events must be assessed for the purpose of analysing criticality. Potential impact may include:

- Financial Loss
- Non-compliance to regulations & applicable laws leading to imprisonment, fine, or penalties
- Loss of talent
- Health, Safety and Environment related incidences
- Business interruptions/ Closures
- Loss of values, ethics and reputation

The likelihood of occurrence is based on number of past incidences in the industry, previous year audit observations, Government policies, information from competition, market data, future trends or research available. For detailed likelihood ratings, refer the table below:

Parameter	Score based on likelihood	Probability	Likelihood
Remote	1	<5%	Risk may occur once in over 36 months
Unlikely	2	5-20%	Risk may occur once in 24 - 36 months
Possible	3	20-50%	Risk may occur once in 12 - 24 months
Likely	4	50-90%	Risk may occur once in 6 - 12 months
Almost Certain	5	>90%	Risk may occur once in span of 6 months

Risk Rating Parameters:

	Impact				
Parameter	**Insignificant**	**Minor**	**Medium**	**Major**	**Critical**
Rating (1-5)	**1**	**2**	**3**	**4**	**5**
Impact on annual budgeted revenue	Less than or equal to 2 %	More than 2% but less than or equal to 4%	More than 4% but less than or equal to 7%	More than 7% but less than or equal to 10%	More than 10%
Impact on Budgeted OPBT	Less than or equal to 2 %	More than 2% but less than or equal to 4%	More than 4% but less than or equal to 7%	More than 7% but less than or equal to 10%	More than 10%
Impact on budgeted cash generation	Less than or equal to 2 %	More than 2% but less than or equal to 4%	More than 4% but less than or equal to 7%	More than 7% but less than or equal to 10%	More than 10%
People Risk	Limited attrition of non- key employees	Moderate attrition to non-key - employees	Limited attrition of Key employee(s)/ middle management	Loss of key employee(s)/ middle management	Loss of critical employee(s)/ senior management
	No effect on ability to attract new talent	No effect on ability to attract new talent	Affects ability to attract new talent for a specific project in the short term	Affects ability to attract new talent within a geography / Business in long term	Affects ability to company to attract talent across all businesses
Legal and Regulatory	Warning, Show cause notice	Legal notice	Minor/ major Penalty	Major Penalty including prosecution requirement to incur significant signature	Major penalty, Legal notices having probability of permanent closure of business
Reputational	Adverse publicity, confined to a small geographical area	Adverse Publicity in local media	Adverse publicity in media, short term loss of customer confidence	Adverse publicity in media and loss of customer(s)	Adverse media publicity and loss of investor/ Key customer
Management Intervention	Junior Management	Middle Management	Heads of Departments / Sector head	Director/ India Business head	Intervention of CMD/ Board of Directors

3. Risk Impact Assessment Matrix

Consequences/ Impact		**Likelihood**				
		1	**2**	**3**	**4**	**5**
		Remote	**Unlikely**	**Possible**	**Likely**	**Almost Certain**
Critical	5	5	10	15	20	25
Major	4	4	8	12	16	20
Medium	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Insignificant	1	1	2	3	4	5

Impact Assessment based on Risk Score

Impact	Risk Score
High	> 15
Medium	> 9 < 15
Low	< 9

4. Risk Treatment

Risk response involves identifying the range of options for the treating risk, assessing those options, preparing risk treatment plans and implementing them. Options include avoiding the risk, reducing the likelihood of occurrence, reducing the consequences, transferring the risk and retaining the risk. Gaps will then be identified between what mitigation steps are in place and what is desired. The action plans adopted will be documented and its implementation tracked as part of reporting process. Ownership and responsibility for each of those risk mitigation steps will be then assigned. This will be captured in a "Risk Assessment and Control Matrix" which comprises of top key risks.

5. Risk Mitigation:

Risk mitigation planning is the process involved in creating a system of either preventing or recovering effectively from the potential threats to company. The plan ensures that all assets of the company including people are protected and can function quickly in the event of a disaster. Effective implementation of ERM policy can ensure continuity of business in all adverse scenarios.

6. Risk Control & Monitoring

The Chief Risk Officer shall take lead in risk management process and provide updates to Risk Management committee and Board of Directors as may be necessary. The CRO also provides assurance to the Audit, Finance and Risk committee with regards to financial records, risk management and internal compliance. Risks will be continuously monitored and reviewed; and the effectiveness of the controls in place and the action plan to address risk is assessed to ensure changing circumstances do not alter risk priorities.

Responsibility:

Managing enterprise-wide risks is a collective responsibility of all the employees of the Company. Under effective guidance and oversight of Board, the Risk Management Committee shall ensure the development and implementation of an effective risk management system across the Company through active support and participation of all the employees, including Risk Champions.

Review

The policy shall be reviewed at least annually to ensure effectiveness and its continued application and relevance to the process. Feedback on the implementation and the effectiveness of the policy will be obtained from the risk reporting process, internal audits and other available information.