Policy Domain	**IT Risk Management Policy**	**Creation Date**	10th Feb 2021
		Classification	Internal
		Version	1.1
		Doc. Owner	IT Head

Document Control			
Prepared By **Vineet Kumar Chawla** **(Sr. Consultant IT)**	**Reviewed By** **Maruti Divekar** **(IT Head)**	**Checked By** **B P Rauka** **(CFO)**	**Approved By** **Mukund Kabra** **(Director)**

Document Modification History

SR #	Document	Version No.	Reviewed On	Checked On	Approved On	Effective Date	Authorized Signatory
1.	IT Risk Management Policy	1.0	05TH Mar 21	10th Mar 21	10th Mar 21	11th Mar 21	
2.	IT Risk Management Policy	1.1	05TH Apr 22	05th Apr 22	12th Apr 22	12th Apr 22	
3.							

Document Control

- This document is subject to version control and shall be managed by IT Head. Any request for amending this document shall be approved by Director. The IT Head shall review this document at least once in a year and/or when there is a significant change in technology adopted, business objectives, identified threats, legal environment, social climate and business processes.

- The document is available on Helpdesk Portal under Announcement and Server shared folder under AETL Policies and provided with HR Joining Kit, in non-editable pdf format and all the employees are expected to read and adhere to it. The approved and signed copies are available with IT Team, which can be used for audit purpose only. IT Team is responsible for maintaining updated copy of this document and its effective communication within Advanced Enzymes (AETL).

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1. Overview

The Company presently has a Risk Management Policy. Based on the periodic review the said Policy is hereby substituted by this Risk Assessment & Management Policy.

2. Purpose

This policy establishes the philosophy of Advanced Enzyme Technologies Limited (Company), towards risk identification, analysis & prioritisation of risks, development of risk mitigation plans & reporting on the risk environment of the Company.

3. Objective

The objective of this policy is to manage the risks involved in all activities of the Company to maximize opportunities and minimize adversity. This policy is intended to assist in decision making processes that will minimize potential losses, improve the management of uncertainty and the approach to new opportunities, thereby helping the Company to achieve its objectives.

The key objectives of this policy are:

- Safeguard the Company assets / property, interests, and interest of all stakeholders.
- Lay down a framework for identification, measurement, evaluation, mitigation & reporting of various risks.
- Evolve the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects, which the business and operations of the Company are exposed to.
- Balance between the cost of managing risk and the anticipated benefits.
- Create awareness among the employees to assess risks on a continuous basis & develop risk mitigation plans in the interest of the Company. Provide a system for setting of priorities when there are competing demands on limited resources.

4. Policy

Key Definitions Risk
The chance of something happening that will have an impact on the achievement of the Company's objectives. Risk is measured in terms of consequences and likelihood.

Risk Assessment
The overall process of risk identification, analysis and evaluation.

Risk Management

The culture, processes and structures that are directed towards the effective management of potential threats and adverse effects.

Risk Management Process

The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analyzing, evaluating, treating, monitoring and communicating risk.

Roles and Responsibilities

General

Every employee of the Company is responsible for the effective management of risks including the identification of potential risks. The Top Management is responsible for the development of risk mitigation plans and the implementation of risk mitigation strategies.

Risk Management Committee (RMC)

The RMC comprise such members as may be appointed by the Board of Directors of the Company, from time to time. RMC is overall responsible for framing and reviewing the Risk Management Framework for the company which includes:

- Framing the Risk Policy / Risk Charter and updation thereof.
- Review of the risk register.
- Co-ordinating and organizing meetings with the Risk Champion (RC) and Risk Owner (RO) to identify the risks.
- Conduct Regular Review Meetings.
- Assessment of the Mitigation plans to establish their feasibility.
- Ensure that the Mitigation plans are actually implemented on the action dates.
- Present the Risk Outcome to the Audit Committee / Board on a Periodic Basis.

Chief Risk Officer (CRO)

CFO of the company shall remain as the Chief Risk Officer (CRO), who is primarily responsible for the implementation of the policy and giving timely MIS for review and monitoring purpose to the RMC.

Risk Owner (RO)

RO under the guidance of the CRO is responsible for:

- Identifying, evaluating and monitoring the risks.
- Full ownership of risks within their department.
- Identifying the risk mitigation actions, with defined timelines and responsibilities.
- Helping/ assisting other employees/ members of the department to become aware of these risks and training them to manage the same.

- Detection of emerging risks and ensuring communication of these through appropriate channels.
- Detailed process of Risk identification is given in Annexure-2.
- According to the current organizational structure the RO will include Functional/ Departmental heads.
- RO (Operational/ Departmental heads) will be closely working with the CRO for Risk Management, hence; will have a dotted line relationship with the CRO for this purpose.

Risk Champion (RC)

RC is a catalyst to effective Risk Management. RC is responsible for:

- Reporting and escalating issues to RO one a periodic basis.
- Capturing all the information and the risk incidents.

RC must have good communication skills, must be action orientated and solution driven to help the Risk Management function to be more effective and play a pivotal role in carrying out this risk mandate effectively. RC will be a team member identified from the department itself by the RO.

Audit Committee

The Audit Committee of the Board of the Company will be responsible for the monitoring of the risk management plan, overview of the processes for identification and assessment of the risks, reviewing the outcomes of risk management processes, and for advising the Company as necessary. See Annexure-1

Auditors

Internal & external auditors are responsible to review and report on the adequacy of implementation of risk management processes by the Company and compliance of the statutory requirements.

Approach to Risk Management

The following methodology should be adopted by every department to identify and mitigate risks to which they are subjected.

Identification of Risks: This would envisage identification of the potential list of events/perils/risks/factors that could have an adverse impact on the achievement of business objectives viz. business goals/operating plants, long term business strategies, etc. Risks can be identified under the following broad categories. This is an illustrative list and not necessarily an exhaustive classification.

- Strategic Risk
  - > Competition, inadequate capacity, high dependence on a single customer/vendor
- Business Risk
  - > Project viability, Process risk, development of alternative products
- Finance Risk
  - > Liquidity, credit, currency fluctuation

- Environment/Safety Risk
  - Non-compliances to environmental regulations, risk of health to people at large
- People Risk
  - High attrition rate, incompetence
- Operational Risk
  - Process bottlenecks, non-adherence to process parameters/pre-defined rules
- Reputation Risk
  - Brand impairment, product liabilities
- Regulatory Risk
  - Non-compliance to statutes, change of regulations
- Technology Risk
  - Innovation, obsolescence
- Political Risk
  - Changes in the political environment, regulation/deregulation due to changes in political environment

Analyze Risks: This is the determination of existing controls and the analysis of risks in terms of the consequence and likelihood in the context of those controls. The analysis should consider the range of potential consequences and whether these consequences are likely to occur. Consequence and likelihood are reviewed to produce an estimate of the level of risk.

Inherent and Residual Risks: Risks are assessed before and after the current control activities the assessment of risks at the inherent level (before considering the current control activities) facilitates prioritization of risks. The assessment of risks at the residual level (risk that remains after considering control activities) helps determine whether the current risk level is acceptable or requires further mitigation plan. All risks are assessed at the inherent and residual levels.

Current control activities: Current Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives. Control activities, whether automated or manual, have various objectives and are applied at various organizational and functional levels. Generally, control activities that may be relevant to an audit may be categorized as policies and procedures that pertain to Performance reviews, Information processing and Physical controls.

Evaluate & Prioritize Risks: This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritized. The risks can be evaluated by plotting them on the Risk Map (Annexure 3).

- Occurrence and impact of the risk will be evaluated on a yearly basis.

- The result of this evaluation should be mapped in the Risk Map, which should depict the probable impact of the risk on the Y- axis on a scale of 1-5 and the likelihood of occurrence of the risk on the X-axis on a scale of 1- 5.
- The risk impact will be measured in terms of the value at risk. Following guidelines could be used:

Severity Range	**Rank**	**Description**					
		Quantitative	**Qualitative**				
		Range	**Goal Achievement**	**Reputation**	**Operational**	**People**	**Regulatory Compliance**
Catastrophic	5	Financial loss of more than Rs. 10 crores	Impacts organization's long term strategic imperative achievement; game changing loss of market share	International long-term negative media coverage	Catastrophic impact on the Company's operational performance	Multiple senior leaders leave	Significant prosecution and fines, litigation including class actions, incarceration of leadership
Major	4	Financial loss between Rs. 5 crore - Rs. 10 crores	Impacts organization's Strategic imperative achievement; significant loss of market share	National long-term negative media coverage	Sever impact on the Company's operational performance	Some senior managers leave, high turnover of experienced staff, not perceived as employer of choice	Report to regulator requiring major project for corrective action
Significant	2	Financial loss between Rs. 75 lakh - Rs. 2.5 crore	Impacts Line of Business short terms goal achievement	Local Reputational damage	Risk may require careful management attention and result in some damage at an individual customer/stakeholder level.	General staff morale problems and increase in turnover	Reportable incident to regulator, no follow up
Insignificant	1	Financial loss less than Rs. 75 lakhs	Impacts Line of Business immediate goal achievement	Local media attention quickly remedied	Impact of the risk area may be noticeable but easily manageable	Isolated staff dissatisfaction	Not reportable to regulator

- Likelihood of occurrence of the risk will be measured based on the frequency of the occurrence of the event.

Rating	Annual frequency		Probability	
	Descriptor	**Definition**	**Descriptor**	**Definition**
5	Frequent	Up to once in a month	Almost certain	90% or greater chance of occurrence over life of asset or project
4	Likely	Once in two - six months	Likely	65% up to 90% chance of occurrence over life of asset or project
3	Possible	Once in six months up to once in a year	Possible	35% up to 65% chance of occurrence over life of asset or project
2	Unlikely	Once in 1 year up to once in 2 years	Unlikely	10% up to 35% chance or occurrence over life of asset or project
1	Rare	Once in more than 2 years	Rare	<10% chance of occurrence over life of asset or project

- Thus, based on the results of the Risk Management study and the judgment of the Risk Management Team each risk should be mapped in the Risk Map. The, risk map highlights the 'Risk Score' (from 1 to 25) for each risk identified in the function/department. The risk score is the product of risk impact (on a scale of 1 to 5) and probability of occurrence (on a scale of 1 to 5)

- Based on the risk score the risks can be classified in the following severity:

Risk Severity	Risk Scores
Critical	>15 points
High	10-15 points
Medium	5-9 points
Low	<5 points

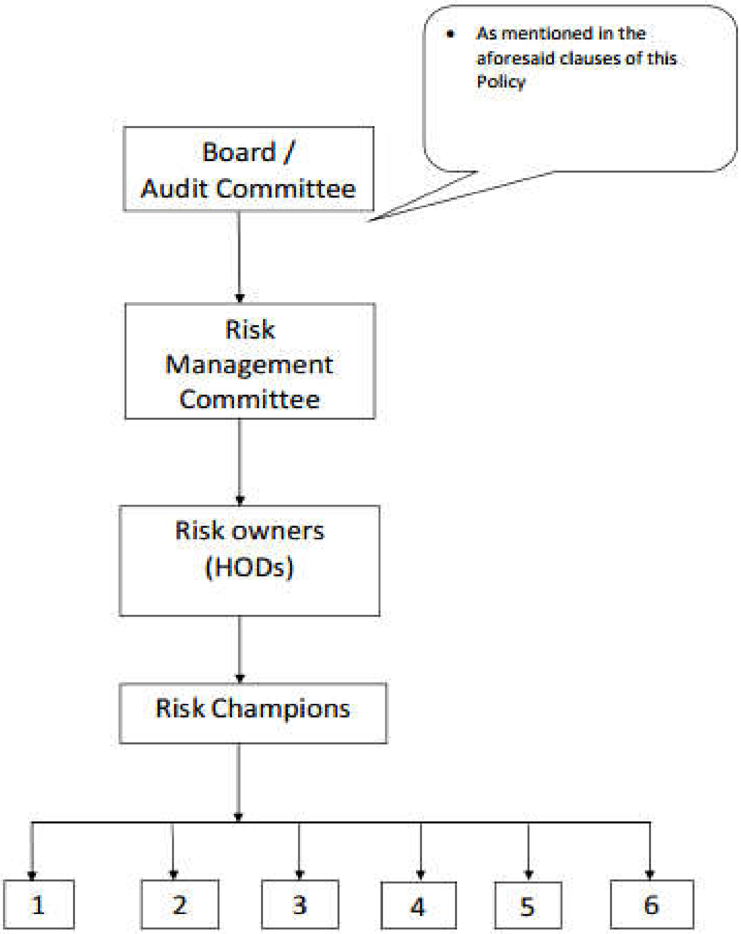
Note : Risk Appetite and threshold could be consider as per above Risk Severity/Scores table.

Treat Risks: For Critical & High severity risks, the RMC in consultation with CRO and management should develop and implement specific risk management/mitigation plans. Medium & Low severity risks may be accepted and monitored. The CRO should evaluate avoiding risk or eliminating or radically reducing the risk by considering alternatives to current or proposed activities. The CRO should ensure approval of the control measures to be initiated against the identified risks from the designated personnel after analyzing cost v/s benefits.

Risk Register: The CRO should ensure compilation of a Risk Register in the specified format. The following should be included in the Risk Register.

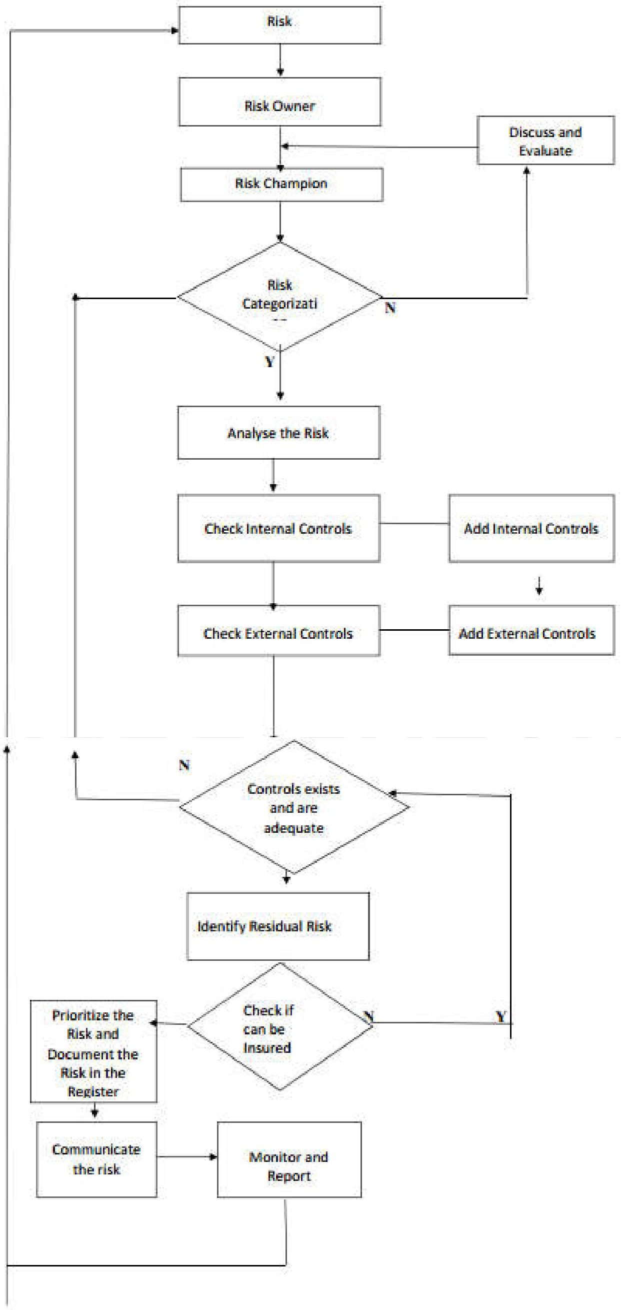
- Name of the Division/department
- Risk description i.e. nature of risk
- Risk indicators
- Risk drivers - source of risk
- Current Control Activities
- Mitigation Plans
- Risk ownership
- Risk score & risk category
- Risk severity

Annexure - 1

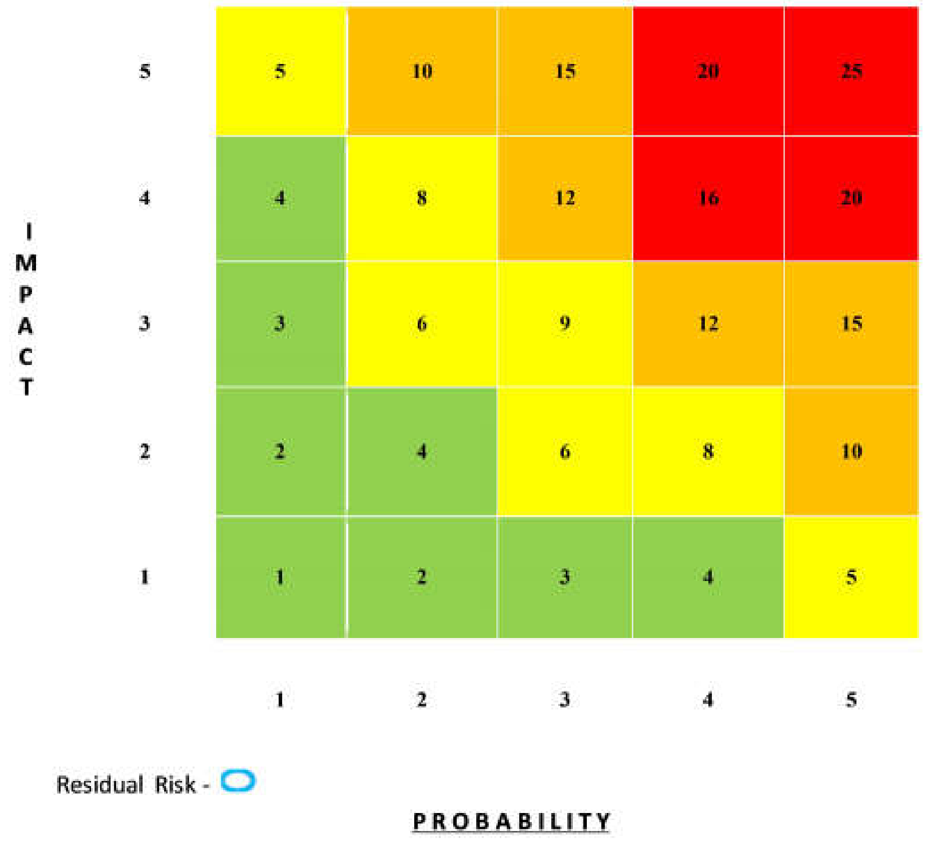

As mentioned in the aforesaid clauses of this Policy
Board / Audit Committee
Risk Management Committee
Risk owners (HODs)
Risk Champions
1
2
3
4
5
6

Annexure-2

Process of Risk Identification



Annexure-3



IMPACT

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5

Residual Risk - ○

PROBABILITY

5. Roles & Responsibility Matrix (RACI)

Role Activity	IT Head	ISMS Steering Committee	Internal Users	External Users	Exempted
Authoring of this document	RA	RA	-	-	-
Approval of this document	I	CI	-	-	-
Sign-off of this document	CI	CI	-	-	-
Application of this document	RA	RA	RA	RA	-

R	Responsible
A	Accountable
C	Consulted
I	Informed

6. Policy Review

The policy will be reviewed every year or if there is any major change in IT Infrastructure to incorporate changes if any.

IT Head will be responsible for reviewing the policy and communicating the changes made therein.

7. ISMS Steering Committee Members

1. Mukund Kabra (Director)
2. B. P. Rauka (CFO)
3. Maruti Divekar (IT Head)

8. AETL IT Helpdesk Contact Details

- Logging an online support request: https://192.168.2.7:8080
- Email: it.helpdesk@advancedenzymes.com
- Telephone: **022 41703234**