
	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

Contents

1.0	OBJECTIVES	1
2.0	APPLICABILITY	1
3.0	THE ERM POLICY	2
4.0	RISK MANAGEMENT ORGANIZATION STRUCTURE	3
4.1	Roles & Responsibilities of Risk Management Organization	4
4.1.1	Role of the Board of Directors ('the Board'):	4
4.1.2	Constitution of Risk Management Committee ('RMC'):	4
4.1.3	Roles and functions of RMC:	5
4.1.4	Role and functions of Designated Chief Risk Officer (CRO):	6
4.1.5	Departmental Risk Unit Owners:	6
4.1.6	Role and function of the Internal Auditor:	6
5.0	RISK MANAGEMENT PROCESS	7
5.1	Risk Identification.....	7
5.2	Risk Analysis	8
5.3	Risk Prioritization	8
5.4	Risk Mitigation	8
5.5	Risk Monitoring, Review and Reporting.....	9
5.6	Risk Management Activity Calendar	9
6.0	AMENDMENT, CONFLICTS AND SEVERABILITY.....	10
7.0	LIMITATIONS	10
	GLOSSARY OF TERMS.....	11
	RISK RATING CRITERIA	12

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

1.0 OBJECTIVES

Enterprise Risk Management (ERM) is about establishing the oversight, control and discipline to drive continuous improvement of an entity’s risk management capabilities in ever changing business environment.


ERM aims to advance and enhance maturity of an enterprise’s risk management capabilities around managing its risks, including prioritized or key risks. Organizations achieve this by implementing a robust and comprehensive ERM Policy.

The specific objectives of this ERM Policy are to:

- Create a comprehensive Risk Management framework for the Company.
- Evaluate potential risks in order to take preventive/mitigating actions.
- Create organizational culture of risk awareness and its ownership in order to maximize risk free work environment.
- Improve business productivity and performance.
- Ensure sustainable business growth with stability and promoting a pro-active approach in reporting, evaluating and resolving risks associated with the business;
- Strengthen stakeholder relationships and reputation, by maximizing risk free business performance.
- Facilitate regulatory compliance and adherence to best possible risk management practices.

2.0 APPLICABILITY

This ERM Policy applies to the whole of the Inbrew Beverages Private Limited, and includes all its businesses and functions.

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee


3.0 THE ERM POLICY

The ERM Policy comprise of:

3.1 **Risk Management Organization structure** which shall enable implementation and effective functioning of the Risk Management Process.

3.2 **Risk Management Process** which lays down the overall governance process for the Risk Management at an entity level, inter-alia;

- Identification of external and internal risks via structured workshops, occurrence of a loss or near miss events, review of existing documents including policies and reports etc.;
- Risk Analysis comprising identification of risk drivers, likelihood, potential impact, and control measures in place to mitigate the Risks;
- Risk Evaluation for prioritization of risks as high, medium or low (risk rating) based on likelihood and impact score;
- Risk Mitigation for development and implementation of Risk Response plans;
- Risk monitoring and reporting comprising continuous risk monitoring and reporting on key risk and mitigation plans to the Risk Management Committee.

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

4.0 RISK MANAGEMENT ORGANIZATION STRUCTURE

The ERM Policy shall be implemented through the establishment of a Risk organization structure. The Risk Management functions, governance and oversight shall be managed by establishing an RMC.

Following figure describes the proposed Risk Management organization structure at the Company:

RISK MANAGEMENT ORGANIZATION STRUCTURE

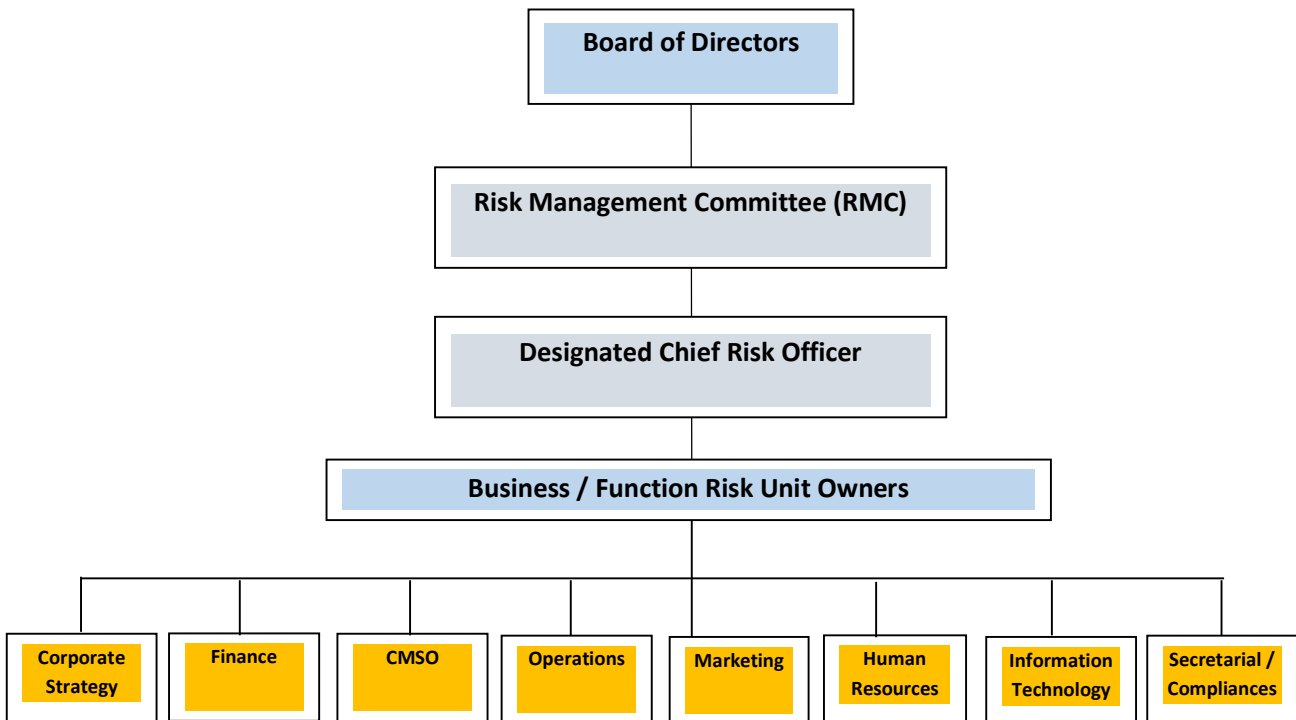



Figure: Risk Management Organization Structure

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee


4.1 Roles & Responsibilities of Risk Management Organization

4.1.1 Role of the Board of Directors ('the Board'):

- The Board shall Constitute the Risk Management Committee (RMC) and appoint its Chairman;
- The Board shall define the role and responsibility of the RMC and may delegate monitoring and reviewing of the Risk Management plan to the committee and such other related functions as it may deem fit;
- Review, consider and approve Risk Management reports;
- Ensure the inclusion of a statement indicating development and implementation of the ERM Policy for the Company, including identification therein of critical elements of risks in the Board's Annual Report.

4.1.2 Constitution of Risk Management Committee ('RMC'):


- RMC shall have minimum three members with majority of them being members of the Board, including at least one independent director.
- RMC shall meet at least twice in a year.
- Quorum for a meeting of RMC shall be either two members or one third of the members of RMC, whichever is higher, including at least one member of the Board in attendance.
- The meetings of RMC shall be conducted in such a manner that on a continuous basis not more than 180 (one hundred and eighty) days shall elapse between any two consecutive meetings.
- The Company Secretary shall act as Secretary to the Committee.
- RMC shall apprise the Audit Committee and Board on the risk profile of the Company at least twice in every financial year.

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

4.1.3 Roles and functions of RMC:

The terms of reference of risk management Committee (the “Risk Management Committee”) of Inbrew Beverages Private Limited (“Inbrew” or the “Company”) is formulated under the requirements of applicable laws, including the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“Listing Regulations”), including (Second Amendment) Regulations, 2021. Specifically, RMC shall:

- Carry out responsibilities as assigned by the Board.
- Recommend the Risk Management Policy to the Board for their approval.
- Formulate a detailed Risk Management policy which shall include:
 - (a) A policy 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.
 - (d) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
 - e) Monitor and oversee implementation of the Risk Management policy, including evaluating the adequacy of Risk Management systems;
 - f) Periodically review the Risk Management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
 - g) Keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
 - h) The appointment and removal of the Designated Chief Risk Officer (CRO) shall be subject to review by the RMC;
 - i) The RMC shall coordinate 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;

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

j) Review risk management policy at least once in 2 (two) years or as frequently as the RMC deems fit and proper considering industry dynamics and evolving complexity.

4.1.4 Role and functions of Designated Chief Risk Officer (CRO):


- The designated CRO of the Company shall serve as the Secretary to the Committee;
- Ensure periodic RMC meetings;
- Report to the RMC on the Risk Management activities.
- Coordinate and work within the organization for the implementation of the Risk Management Policy

4.1.5 Departmental Risk Unit Owners:

- Responsible for identifying Risks for their Department / Function;
- Responsible for reassessing Risks on a periodic basis;
- Responsible for preparing Risk Register and documenting mitigation plan in Risk profile for approval from RMC;
- Responsible for managing Risk by implementing mitigation plans and reporting on the Risk Management activities to the RMC through the CRO;
- Communicate risks, including critical Risks and near miss incidents, to RMC through the Risk Coordinator; along with suggestions for their prevention/mitigation.
- Ensure that the Risk Register is reviewed and updated periodically for any new Risks and / or changes in existing Risks:
- Inculcate the risk awareness culture at all levels of the Company.

4.1.6 Role and function of the Internal Auditor:

- Audit the overall ERM Policy compliance processes.
- Internal audit resources shall be directed at those areas, which are key and/or significant as brought out periodically through the Risk Management process.

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

5.0 RISK MANAGEMENT PROCESS

At the entity level, the risk management process shall comprise:

- Risk Identification
- Risk Analysis
- Risk Prioritization
- Risk Mitigation and
- Risk Monitoring, review and reporting

5.1 Risk Identification


- Risk identification process shall include understanding of potential external and internal risks which may have an adverse impact on achievement of Company's goals and objectives;

External Risks are events that are beyond Company's control and are difficult to predict. These factors can include, but are not limited to

- Government Acts, Regulations and Policies (e.g., Excise Policies)
- Market Risks – Business Development, Competition;
- External events, such as COVID-19 pandemic;
- Cyber Risks;
- Terrorism, extremism, mob violence etc.

The **Internal Risks** are events that arise due to failure of people, process and systems / technology. These factors can include, but are not limited to:

- Lack of Governance, organizational structure, defined roles and accountabilities, policies and procedures;
 - Non availability of Resources, Labour etc.;
 - Customer dissatisfaction, Poor Quality;
 - Non-compliance with Environment, Health & Safety norms;
 - Fire / explosion;
 - Failure of critical equipments / IT systems, loss of sensitive data etc.
- Each Functional / Business Head and Department Risk Unit Owners must identify the Risks within their function.
 - Risk identification can be carried out by conducting structured workshops, review of existing documents, including audit reports, risk registers etc. and any past occurrence of a loss or near miss event;

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

- All identified Risks should be documented and reviewed, at least on an annual basis by Each Functional / Business Head and Department Risk Unit Owners to ensure pertinence of the Risks listed. Risks that would have ceased should also be closed appropriately. Risks which may be faced by the Company can broadly be classified into following categories:
 - Strategic Risk
 - Operational Risk
 - Financial Risk
 - Compliance Risk

5.2 Risk Analysis

The analysis of Risks shall cover identification of:

- Identification of Risk factors that would lead to the occurrence of the Risks – e.g., lack of resources;
- Likelihood of occurrence (probability) – e.g. a defective equipment is more likely to fail;
- Consequences of the Risk, the potential monetary Impact or the severity – e.g., major financial loss as a result of operational disruption;
- Effectiveness of control measures in place to mitigate the Risks.


5.3 Risk Prioritization

- Risk prioritization shall be carried out based on mapping of Impact and likelihood criteria (on a 5-point scale) to arrive at a risk score. Risk Rating criteria has been defined in Appendix-I.
- Based on risk score, risks shall be prioritized as:
 - High Risk – Where the risk score is 12 or where Impact is very high (5). Such risks shall require immediate action plans to close any significant control gap.
 - Medium Risk - Where the risk score is in the range of 8 to 12, except where Impact is very high (5). Action steps to develop or enhance existing controls is needed.
 - Low Risk – Where the risk score is less than 8, except where Impact is very high (5). These are considered “acceptable” or “low” in control.

[Risk rating criteria definitions required for analyzing Risk Impact and likelihood have been detailed in Appendix I]

5.4 Risk Mitigation

- The Risk Management Committee shall ensure that formal risk mitigation strategy is in place and reviewed for High Risks. Risk mitigation measures shall be defined for each risk.
- The Business / Function heads and Department Risk Unit Owners shall ensure implementation and periodic review of the risk mitigation plans.

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee


5.5 Risk Monitoring, Review and Reporting

- Risk monitoring process shall comprise monitoring of risk drivers / factors on a periodic basis.
- The Designated Chief Risk Officer shall report to and update the RMC on the Risk Management activities, including prioritized risks, key metrics, potential impact (as applicable) and action taken to mitigate the risks.
- The RMC shall review the Risk Report and provide its inputs for reporting twice a year to the Board.
- The Risk Report shall be included in the half yearly and annual submissions made by the Committee to the Board.

A Risk Management Activity calendar has been detailed below.

5.6 Risk Management Activity Calendar

Activity	Timelines
Risk Management Committee (RMC) meeting to review the Corporate Key Risks/ reports from various Business / Functions.	At least twice in a year.
Board meeting to review development and implementation of ERM Policy including identification of risk elements	As per determined frequency
Meeting of Risk Coordinators / Risk Refresh Risk Register Review report to be submitted by Business / Function Risk Unit Owners	Annual
Review of Risk Management (ERM) Policy	At least once in two years

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee


6.0 AMENDMENT, CONFLICTS AND SEVERABILITY

The Board has the right to amend or modify this policy in whole or in part, at any time without assigning any reason, whatsoever. In the event of conflict between this policy and any applicable laws, applicable laws shall prevail and the part(s) so repugnant shall be deemed to sever from this policy and rest of the policy shall remain in force.

In any circumstance, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and shall be deemed to be incorporated in this Policy until this Policy is amended to conform to the law, rule, regulation or standard.


7.0 LIMITATIONS

This ERM Policy does not intend to provide complete assurance against failures to achieve business objectives, nor does it provide full assurance against material misstatements, losses, frauds, human errors, misjudgments in decision-making and violations of legislation and regulations.

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

GLOSSARY OF TERMS

TERM	DESCRIPTION
Risk	Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative Impact on the achievement of the Company's business objectives. The exposure to the Consequences of uncertainty constitutes a risk.
Risk Management/ Risk Management Process	Identification, assessment, and prioritization of Risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or Impact of unfortunate events or to maximize the realization of opportunities.
Risk Tolerance	Risk tolerance indicates the maximum quantum of Risk which the company is willing to take as determined from time to time.
Risk Register	A prioritized risk register highlighting the Key Risks for the unit
Key Risk	A Risk, if occurs, there is a reasonable likelihood of an unforeseen event exposing the Company to losses and / or has a harmful or negative Impact on the achievement of the Company's business objectives.
Risk Drivers	Events or conditions that could lead to the Risk.
Impact	The degree of Consequences to the Company should the event occur.
Likelihood	The likelihood of the event occurring expressed as an indicative annual frequency
Risk Source	Element which alone or in combination has the intrinsic potential to give rise to Risk
Risk Rating	The relative rating determined from the risk score derived from qualitative analysis of Impact and likelihood. Categorized as high, medium or low.
Risk Coordinator	Person responsible for coordination, collection and consolidation and communication of all Risk related data and information from Business / Function risk coordinators.
BoD / Board	Board of Directors of Inbrew Beverages Private Limited
ERM	Enterprise Risk Management
RMC	Risk Management Committee

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

APPENDIX I

RISK RATING CRITERIA


The Risk Rating Criteria, a key element of the ERM Policy seeks to establish the standard for prioritizing the Risk based on the assessment of the following:

- Impact of the Risk on the stated objectives and goals: The degree of Consequences to the Company should the event occur
- Likelihood of occurrence of the risk: The likelihood of the event occurring expressed as an indicative annual frequency

IMPACT CRITERIA DEFINITIONS

Impact**	PAT Impact	Health and Safety	Reputation	Legal/Compliance
1 - Very Low	Nil	No medical treatment required	Minor, adverse local public and media attention	Minor legal issues
2 - Low	< 1 %	Objective but reversible disability requiring hospitalization	Attention from media; heightened concern by local community	Non compliances and breaches of regulation
3 - Moderate	1 % - 3 %	Moderate irreversible disability or impairment to one or more persons	Criticism by national government	Serious breach of regulation with investigation or report to authority with prosecution or moderate fine possible
4 - High	3 % - 5 %	Single fatality or severe, irreversible disability to one or more persons, but less than 5 persons	Significant adverse national media or public or national government attention	Major breach of regulation; major litigation
5 - Very High	> 5 %	Single fatality or severe, irreversible disability to more than 5 persons	Serious public or media outcry; international coverage	Significant prosecution and fines; very serious litigations


** Based on estimation and judgement

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
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LIKELIHOOD CRITERIA DEFINITIONS

Likelihood	Probability Descriptions**		
	Occurrence in future	% Chance	Occurrence in past
1 – Very Low	Not likely, almost impossible to occur between 1 (from now) to 5 years.	< 1%	Similar instances have never occurred in the past.
2 – Low	May occur once or twice between two (from now) to five years.	2 to 9%	Though not routinely but there have been instances in the last 2 to 5 years.
3 - Moderate	May occur once or twice between 1 (from now) to 5 years.	1 to 9%	Though not routinely but there have been instances in the last 1 to 5 years.
4 – High	Possible, may arise once or twice within the next year.	10 to 49%	There have been one or two similar instances in the past year
5 - Very High	High, may arise several times within the next year.	50 to 80%	Similar instances have occurred several times in the past year

** Based on estimation and judgement

	Policy Title:	Enterprise Risk Management Policy
	Policy Approver:	Board of Directors
	Effective/Revision Date:	01.04.2023
	Policy Owner	Risk Management Committee

RISK MAP

Likelihood	Impact				
	1 - Very Low	2 - Low	3 - Moderate	4 - High	5 - Very High
1 – Very Low	Low	Low	Low	Low	High
2 – Low	Low	Low	Low	Medium	High
3 - Moderate	Low	Low	Medium	High	High
4 – High	Low	Medium	High	High	High
5 - Very High	Low	Medium	High	High	High

RISK RATING

Level of Risk	Description	Rating (Impact * Likelihood)
HIGH	High risk. Senior management attention needed to develop and initiate mitigation plans immediately / in the near future	> 12 or where Impact = 5
MEDIUM	Moderate Risk. Functional Heads attention required	Between 8 to 12 (except where Impact = 5)
LOW	Low Risk. Manage by routine procedure	< 8 (Except where impact = 5)