

# Mitigating risks with prudence

Since we operate globally and in a dynamic external environment, our business is exposed to various risks. To proactively identify and manage key risks, while achieving our strategic goals, we have a multi-layered risk management system as well as a governance and internal control framework in place.

We have a well-designed methodology for identifying risks at the individual business level, both for existing operations and ongoing projects. Each week, we hold business-level review meetings to review the risks identified, their impact on operations, and the mitigation measures that need to be taken. Each business division of the Group has developed its own risk management procedure, which is reviewed by the Risk Management Committee.

## Risk management framework

Our risk management architecture is designed to provide a simple, consistent and clear framework for managing and reporting risks from the Group's operations to the Board. It allows us to identify risks in important areas, such as operational, regulatory, business, commercial, financial, people and so on, thereby enabling us to effectively manage different risks.

Additionally, we identify opportunities within the identified risks and allocate resources to effectively take advantage of these opportunities. Using this framework, we strive to achieve our strategic objectives, while maintaining a competitive advantage.



## Board Level

With the assistance of our Risk Management Committee and Audit Committee, our Board devises a risk-specific strategy and outlines risk-mitigation measures considering potential risk sources. The two committees support the Board in risk management by identifying and assessing changes in risk exposure, reviewing risk-control measures, and authorising appropriate corrective actions.

### Audit Committee

The Audit Committee is made up of Directors with diverse backgrounds, who oversee the risk management procedures and the internal control systems. The Audit Committee reviews the risk management procedures periodically, during the evaluation of the Company's quarterly financial results. The Audit Committee contributes to the overall evaluation of the risk management plan, considering the Group's strategic, legal, ethical, financial, and operational objectives.

### Risk Management Committee

To deal with the various risks that the Company faces in its day-to-day operations, the Risk Management Committee (RMC) formulated a Risk Management Policy. Every week, business-segment CEOs attend business-level review meetings to discuss risks identified, mitigation measures taken, and the status of the measures deployed.

In addition to identifying crucial risks across the organisation, RMC plans mitigation measures that are appropriate and reliable. The Committee takes responsibility for frequent updates on certain identified risks, depending on their nature, significance, and likely impact on the business. The Committee also reviews the risk communication process from time to time as well as the Risk Management Policy, based on the changing industry dynamics and complexity.

## Management and operation-level team

The department heads are responsible for risk management within their departments. The key risks to the Group are recognised, and a response strategy is developed and reported to the RMC. Senior managers establish clear roles and responsibilities from the beginning. A weekly meeting is held with all ground-level workers, including legal, sales, distribution, procurement, logistics, and networks, to proactively identify any internal or external risks and discuss mitigation strategies.

RMC reviews its Risk Management Policy on a regular basis to keep up with changing industry dynamics and rising complexity. The RMC oversees assessing the duties and responsibilities of the risk officers and risk champions.

## Internal Control Systems

Our risk management framework is built on efficient internal control and governance systems. The controls are designed in such a way that any risk discovered anywhere in the world is promptly conveyed to risk champions and department heads.

The internal control framework strives to provide a comprehensive and coordinated approach to evaluating and managing risks to create long-term value. The financial internal controls have been documented, embedded, and digitised in our SAP system.

The internal auditors at RAIN constantly review the internal control systems and flow of risk communication and improve the systems when needed. Risk assessment monitoring is included in the Company's annual internal-audit programme and reviewed by the Audit Committee every quarter. The combination of independent governance, assurance and oversight structures, combined with automated risk management, controls and compliance monitoring, ensures integrity of financial reporting, management of internal controls and ensures compliance with statutory laws, regulations and the Company's policies. These provide a foundation that enables the optimal use and protection of assets and facilitates the accurate and timely compilation of financial statements and management reports.

## Key risks and our response

Risk type	Our response	Stakeholders impacted
<b>Strategic risks</b>		
<b>Inability to sell higher volumes</b>	<ul style="list-style-type: none"> <li>– Expand market share and ensure customer retention</li> <li>– Leverage channel financing to provide additional liquidity</li> <li>– Consistent focus on cost across cycles</li> <li>– Ensure access to critical facilities, which secure market penetration</li> <li>– Shift and adapt with customer requirements</li> </ul>	<ul style="list-style-type: none"> <li>– Customers</li> <li>– Suppliers</li> <li>– Investors</li> </ul>
<b>Fluctuation in exchange and interest rates</b>	<ul style="list-style-type: none"> <li>– Board-approved foreign-exchange policy</li> <li>– Monitor the foreign-exchange open exposure and cover the open exposure, if any, from time to time to mitigate the foreign-exchange risk</li> <li>– Ensure the borrowings are naturally hedged to mitigate the foreign-exchange risk</li> </ul>	<ul style="list-style-type: none"> <li>– Regulatory authorities</li> <li>– Investors</li> </ul>
<b>Operational risks</b>		
<b>Environment protection</b>	<ul style="list-style-type: none"> <li>– Comply with all applicable norms using the best-in-class technology</li> <li>– Enhance readiness to comply with future norms</li> <li>– Embed the concept of a circular economy in operations</li> <li>– Develop products that are safe and have better environmental performance throughout their lifecycle</li> </ul>	<ul style="list-style-type: none"> <li>– Communities</li> <li>– Society</li> <li>– Suppliers</li> <li>– Customers</li> </ul>
<b>Contamination of GPC and CPC during stevedoring, transit and storage</b>	<ul style="list-style-type: none"> <li>– Visit refineries, study logistic chains and storage places</li> <li>– Initiate measures with Indian refineries and stevedores to minimise contamination at load port/rake loading</li> <li>– Standardise operating procedures and pre-inspection prior to transit and storage</li> <li>– Monitor the load port</li> <li>– Appoint independent surveyors and train them to take preventive measures, especially for GPC</li> <li>– Change CPC-loading mechanism from coir-mat sling to bin-and-grab</li> <li>– Ensure that the workforce is trained and supervised by the surveyors</li> </ul>	<ul style="list-style-type: none"> <li>– Customers</li> <li>– Suppliers</li> </ul>
<b>Decarbonisation policies/threats</b>	<ul style="list-style-type: none"> <li>– Continue business diversification into areas, such as electric vehicles and upcycling or recycling</li> <li>– Continue to monitor carbon capture, usage and storage development and partnership opportunities</li> <li>– Continue to evaluate and develop more substantial greenhouse gas-reduction strategies</li> </ul>	<ul style="list-style-type: none"> <li>– Investors</li> <li>– Employees</li> </ul>
<b>Talent management</b>	<ul style="list-style-type: none"> <li>– Continue people-friendly policies to become a preferred employer</li> <li>– Provide better and more flexible compensation for deserving candidates</li> <li>– Offer opportunities for skill enhancement and career development at all levels</li> <li>– Enhance gender diversity</li> <li>– Deliver platforms for greater interaction between employees and senior leaders</li> <li>– Develop multiple sources of recruitment methods for identifying and selecting right candidates</li> <li>– Focus on long-term succession planning</li> <li>– Create a positive working environment</li> </ul>	<ul style="list-style-type: none"> <li>– Employees</li> </ul>

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<b>Information technology</b>	<ul style="list-style-type: none"> <li>– Secure SAP application with a disaster-recovery site with a recovery-point objective of an hour and recovery-time objective of two hours</li> <li>– Follow a stringent change-management procedure to make configuration changes for hardware and software</li> <li>– Ensure that authorisations to perform transactions and view reports are governed by the principle of 'Need to Know' and 'Segregation of Duty'</li> <li>– Equip all the network infrastructure at all locations with redundancies in case of local failure(s)</li> <li>– Conduct half-yearly review of authorisations by the business team to ensure that sanctity of authorisations is maintained</li> <li>– Utilise the implemented multi-factor authentication to improve access security, mandatory employee cyber training, and centralised security-software updating as well as reduce access points and enhance global cyber-insurance coverage to avoid hacking attacks</li> <li>– Use the change-management policy to govern the creation of and changes to the authorisations</li> </ul>	<ul style="list-style-type: none"> <li>– Investors</li> <li>– Employees</li> </ul>
<b>Compliance risks</b>		
<b>Occupational health and safety</b>	<ul style="list-style-type: none"> <li>– Achieve incident-free safety performance based on detailed action plan initiated under the STOP™ programme of DuPont Sustainable Solutions (DSS) and our new Life-Saving Rules initiative</li> <li>– Train employees by DSS-approved trainers</li> <li>– Provide medical facilities and health insurance for all employees</li> <li>– Ensure compliance with all legal and regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>– Employees</li> </ul>
<b>Process safety</b>	<ul style="list-style-type: none"> <li>– Ensure that all process-related risks are well described and mitigation activities are implemented and continued</li> <li>– Emphasise proper maintenance to ensure facilities are compliant with the right-to-operate requirements</li> </ul>	<ul style="list-style-type: none"> <li>– Employees</li> </ul>
<b>Regulatory compliance risk</b>	<ul style="list-style-type: none"> <li>– Communicate key statutory and regulatory developments as well as key judicial rulings affecting interpretation of important laws to the Board on an ongoing basis</li> <li>– Ensure periodic monitoring of segment-wise compliance</li> <li>– Circulate a compliance calendar</li> <li>– Align corporate performance objectives with regulatory-compliance requirements</li> </ul>	<ul style="list-style-type: none"> <li>– Government</li> <li>– Regulatory authorities</li> </ul>