

# **Bombay Oxygen Corporation Limited**

## **Risk Management Policy**

### **1. Risk Management**

Risk may be caused by the Internal and External factors and the occurrence of certain unforeseen and catastrophic acts. These may impair the assets of the Company which may adversely influence the achievement of organization's strategies, operational & financial objectives, earning capacity & financial position.

Bombay Oxygen Corporation Limited ('The Company') recognizes that enterprise risk management is an integral part of good management practice. The effective risk management involves safeguarding the assets of the Company, achievement of organizational goals and protecting the earning capacity and financial position of the Company.

### **2. Risk Management Philosophy**

The continued successful safeguarding, maintenance and expansion of the Company's businesses requires a comprehensive approach to risk management. It is the policy of the Company to identify, assess, control and monitor all risks that the business may incur or likely to incur to ensure that the risks are commensurate in relation to the scale and nature of the business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance and reputation of the Company.

Fundamental values of the Company have to be trust and respect to all categories of stakeholders and their integrity in everything that the Company does. By acknowledging that risk and their control are part of everyone's job and by incorporating risk management into Company's daily business practices, the Company is better equipped to achieve strategic objectives, whilst maintaining the highest ethical standards. Everyone in the Company is expected to demonstrate the highest ethical standards of behavior in development of strategies and pursuit of objectives, individually and collectively:

- a. Consider all forms of risk in decision making.
- b. Create and evaluate divisional and business unit risk profiles.
- c. Continually monitor and seek ways to improve the risk management framework.
- d. Retain ownership and accountability for risk and risk management at the corporate and units level.

### **3. Risk Appetite**

Risk appetite represents the amount of risk the Company is willing to undertake in the achievement of its strategic and operational objectives. It is inextricably linked to Company's strategic and operational management process.

The company considers one or combination of the following risk options to determine the risk appetite:

- a. Avoidance of the risk
- b. Reduction in the likelihood of the occurrence of risk
- c. Reduce the chances and consequences of the occurrence of risk
- d. Transfer the risk using insurance as a tool
- e. Retention of risk

As an organization that provides products and services that are all essentially of a compliance nature. As a consequence Company will not accept risks which could expose to:

- a. Unacceptable levels of financial loss relative to strategic and operational targets  
Breaches of legislative or regulatory compliance
- b. Damage to its reputation
- c. Unacceptable interruption to the provision of services to customers
- d. Damage to relationships with its customers and key stakeholders
- e. Health and safety metrics below target

#### **4. Risk Management Framework**

The risk management framework of the Company need to encompass the following process:

identify the major risks which may occur due to Internal and External environment causing financial loss to the Company. Assess the risks as to their probability of occurrence and potential & severity of loss on finances, service delivery, people's health & safety, reputation and legal & regulatory implications.

Monitor, review and avoid occurrence of risk on periodical basis by way of continuous watch and vigil on any change both in the internal and external conditions which have an adverse impact on the Company's business, its survival and future growth.

mitigate and control the risks by way of creation and formulation of appropriate policies, strategies, structures, systems & procedures.

The Company has appropriate business, operating and financial policies which provide in its decision making process for consideration of all the business, operating and financial parameters whether relating to location & technology selection, market and people evaluation, legal and regulatory compliances. The Company also follows a policy of transfer of risks through insurance mechanism.

The Company has put in place very strong internal control system by creating appropriate structures with proper delegation of duties and responsibilities of employees at each level, designing & framing appropriate systems, processes and procedures for carrying out various activities which encompass internal checks & balances, reporting system including deployment of preventive measures of safety and security of Company's assets & properties from perils / losses.

#### **5. Risk Management Responsibility**

The Risk Management Committee reviews in detail the establishment & adherence to the Company's enterprise risk management framework and also review the adequacy and efficacy of the risk management system working in the Company.