

## **RISK MANAGEMENT POLICY**

**MEDI ASSIST HEALTHCARE SERVICES LIMITED**



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## Introduction

Risk is an inherent aspect of a dynamic business environment. The Risk Management Policy helps the management and Board of Directors to put in place an effective framework for taking informed decisions about the internal and external risks of Medi Assist Healthcare Services Limited and its subsidiaries, associates and any successor company thereof (collectively, “Medi Assist”). To minimize the adverse consequence of risks on business objectives, the Company has framed this Risk Management Policy (“Policy/RMP”). The Policy provides a route map for risk management, mitigation measures and guidance from the Risk Management Committee and the Board of Directors.

## Importance of Risk Management

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance. The objective of risk management at Medi Assist is to preserve shareholder value to the extent practically feasible by identifying, evaluating and mitigating major business risks. An enterprise-wide risk management framework is applied in a manner such that the effective management of risks at different levels and different functions is an integral part of every employee's job.

## Regulatory Framework

Risk Management Policy is framed as per the Companies Act, 2013 (“the **Act**”) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI LODR**”)

### Framework under the Act

#### **Responsibility of the Board of Directors**

As per Section 134 (3)(n) of the Act, the Board’s report must include a statement indicating development and implementation of a risk management policy for 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 the Board which shall, inter alia, include evaluation of internal financial controls and risk management systems.

#### **Responsibility of the Risk Management Committee**

As per Regulation 21 and Schedule II of Part D of the SEBI LODR, the Risk Management Committee shall formulate a detailed risk management policy and monitor/oversee implementation of the same.

#### **Responsibility of the Independent Directors**

As per Schedule IV [Part II-(4)] of the Act, Independent Directors should satisfy themselves that the financial controls and risk management systems of the Company are robust and defensible.

## Framework under SEBI LODR

Regulation 4(2)(e) and (f):	Regulation 17(9)(b) & Regulation 21(4):	Schedule II Part C	Schedule II Part D
<ul style="list-style-type: none"><li>• <b>Responsibilities of the Board of Directors:</b></li><li>• The Board of Directors shall ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, <b>systems for risk management</b>, financial and operational control, and compliance with the law and relevant standards.</li></ul>	<ul style="list-style-type: none"><li>• <b>The Board of Directors shall be responsible</b> for framing, implementing and monitoring the risk management plan for the Company.</li><li>• The Board of Directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit [such function shall specifically cover cyber security].</li></ul>	<ul style="list-style-type: none"><li>• <b>The role of the Audit Committee</b> includes evaluation of internal financial controls and risk management systems.</li></ul>	<ul style="list-style-type: none"><li>• <b>The role of the Risk Management Committee</b> includes formulating a risk management policy, monitoring and overseeing the implementation of the same, including evaluating the adequacy of the risk management systems.</li></ul>

## Definitions

**Audit Committee:** Means a Committee of the Board of Directors of the Company constituted under the provisions of the Act and the SEBI LODR.

**Board of Directors / Board:** As per Section 2 of the Act in relation to a Company, means collective body of the Directors of the Company.

**Company:** Means Medi Assist Healthcare Services Limited.

**Inherent Risks:** The risk management process focuses on areas of high inherent risks (internal & external), as 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:** Upon implementation of treatments there will still be a degree of residual (or remaining) risk, with the expectation that an unacceptable level of residual risk would remain only in exceptional circumstances.

**Risk:** Risk is an event which can prevent, hinder and fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is the threat that an event or action will adversely affect an enterprise's ability to maximize 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. ***[As defined in Standard of Internal Audit (SIA) 13 issued by the Institute of Chartered Accountants of India]***.

**Risk Appetite:** Risk appetite is the amount of risk, on a broad level, that Medi Assist is willing to accept in pursuit of business objectives. The fundamental determinants of risk appetite are long term strategic considerations, shareholder and investor preferences and expectations, expected business performance (return on capital), necessary capital to support the risk taking and the culture of Medi Assist. The risk appetite is monitored by the management and the Risk Management Committee/Board in light of Medi Assist's actual results in order to determine the suitable level of risk tolerance of Medi Assist, in its entirety.

**Risk Management Committee:** Means a Committee constituted by the Board of Directors of the Company under the provisions of the SEBI LODR.

**Risk Management Policy (RMP):** Risk Management Policy of the Company.

### Types of Risk

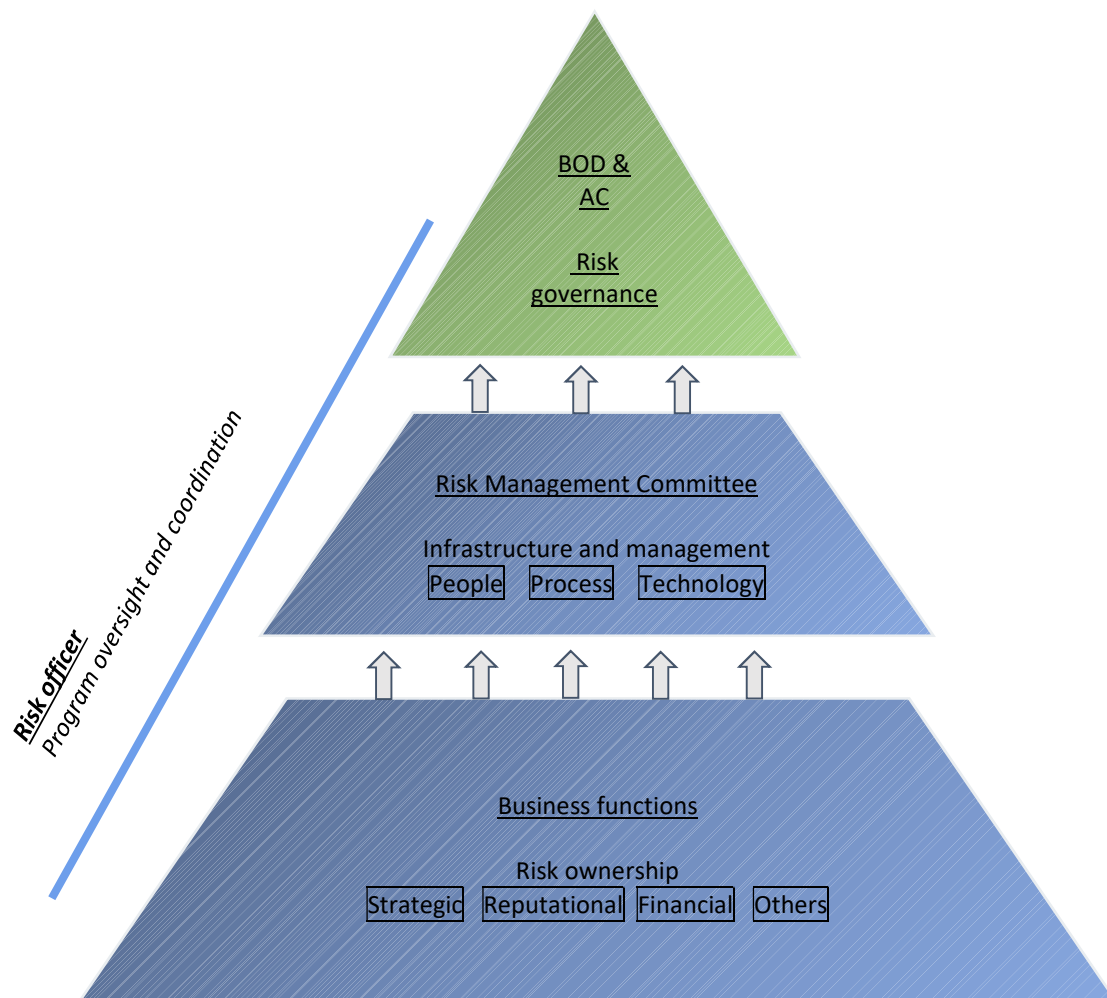
**The risks have been classified as follows. However, this list is only indicative and not exhaustive.**

1. **Operational Risk:** Adverse market conditions, process bottlenecks.
2. **Financial Risk:** Liquidity, credit, currency fluctuation.
3. **Strategic Risk:** Competition, lack of responsiveness to changing economic or market conditions, Mergers & Acquisitions.
4. **Compliance & Regulatory Risk:** Non-compliance to statutes, change of regulations.
5. **Legal Risk:** Intellectual property infringement, inadequate protection of commercial interests by legal agreements.
6. **Human Resources (People Risk):** Health & safety, high attrition rate, inadequate succession planning.
7. **Reputational Risk:** Brand impairment, irresponsible data management/ data breach of sensitive data.
8. **Other risks:** Such as inadequate IT infrastructure, cyber security, potential risk arising from the geo-political or economic situations, ESG (Environmental, Social & Governance) and climate related or any such risk as may be identified by the Management, Board of Directors, the Audit Committee and Risk Management Committee of the Company from time to time.

### Risk Governance Structure

The Company's risk management framework is governed by the Board of Directors ("BOD"), the

Audit Committee (“AC”) and the Risk Management Committee (“RMC”).



### 1) Business Functions- Risk ownership

- Periodic evaluation of types, levels of risk, effectiveness of controls, residual risk by business functions.
- Monthly evaluations of business performance data to ensure risks are controlled.
- Periodic reports to the Risk Management Committee.

### 2) Risk Management Committee- Infrastructure and Management

The role of the RMC in relation to risk management is as defined in this Policy under “Regulatory Framework” and includes the following:

- Set clear expectations and accountability for risk management.
- Monitor internal and external emerging risks, potential threats, and industry best practices.

- Oversight of business units to close risk action items.
- Review the business plan at regular intervals vis-a-vis the Policy and lay down guiding principles on proactive planning for identifying, analyzing and mitigating all material risks, both external and internal.
- Periodic review and evaluation of the Policy, at least once in two years, by considering the changing industry dynamics and evolving complexity.

The RMC shall report to the Board.

### **3) a) Audit Committee**

The role of the AC in relation to risk management is as defined in this Policy under “Regulatory Framework”, including responsibilities in relation to the financial reporting process of Medi Assist, evaluation of internal financial controls and risk management systems.

### **b) Board of Directors**

The role of the Board in relation to risk management is as defined in this Policy under “Regulatory Framework” and includes the following:

- Ensure the existence of an effective risk management framework.
- Approve the risk appetite of Medi Assist.
- Challenge management & ensure accountability.
- Ensure that processes and controls are in place for managing significant risks.
- Participate in major decisions affecting Medi Assist’s risk profile.

The Risk Officer will be responsible for the oversight and coordination pertaining to the risk management programme/approach as outlined herein.

For successful implementation of a risk management framework, it is essential to follow the governance framework and nominate functional heads 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 processes and consistently applied. Senior management involvement will ensure active review and monitoring of risks on a constructive 'no-blame' basis.

## **Risk Management Approach**

Risk management is a continuous process that is accomplished throughout the life cycle of an Organization. It is an organized methodology for continuously identifying and measuring the

unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations; and tracking the implementation to ensure successful risk reduction.

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

**Medi Assist's approach to risk management is summarized as below:**



- 1. Establish the Context:** This involves knowing Medi Assist by identifying its:
  - ✓ Strategic context
  - ✓ Organizational context (reputational/financial)
  - ✓ Operational context
- 2. Risk Identification:** This step involves identification of potential risks by identifying the:
  - ✓ Areas of impact
  - ✓ What is the risk (strategic, operational, financial, reputational, others)
  - ✓ Details of the risk such as:
    - a. How will the risk arise? (Is it external or internal?)
    - b. Why is it a risk and why would it have an impact on Medi Assist?

**Risk Consequence: Possible consequences being:**

- a. Operational
- b. Financial
- c. Reputational
- d. Human



**3. Risk Analysis & scoring:** This involves differentiating the risk into major, moderate and minor risks based on the following aspects:

- ✓ Likelihood of risk occurring within a defined period (probability).
- ✓ Consequences of the risk (measured through financial impact and impact score).
- ✓ The level of risk (high, medium & low) by creating a risk level matrix determined on the basis of probability and impact (Heat Map).

**4. Risk Evaluation:** This involves determining whether or not the risks are acceptable and to prioritize them for treatment.

**5. Risk Treatment & Mitigation:** Risk mitigation options are considered in determining the suitable risk treatment strategy. For the risk mitigation steps, the cost benefit analysis needs to be evaluated on the basis of the impact score. Action plans supporting the strategy are recorded in a risk register along with the timelines for implementation.

- ✓ Risk treatment involves mitigation measures i.e. determining the actions that Medi Assist can take to reduce the impact of business risks. However, it does not necessarily mean risk elimination. Few of the mitigation measures are:
  - Improving technology, operational initiatives and driving innovation in operations.
  - Strengthening review processes, internal framework and monitoring mechanisms.
  - Tightening of internal controls, especially with regards to data and cyber security.
  - Improving governance framework, conducting timely audits and assessments.

These measures will enable Medi Assist to:

- a. **Manage risk** through controls and procedures.
- b. **Avoid/Eliminate risk** through specific risk mitigations measures, tightening of internal controls.
- c. **Reduce risk** through the required control measures/training.
- d. **Transferring risk** through outsourcing and insurance.

## **6. Monitoring and reviewing**

This involves maintaining a RMP which is relevant to Medi Assist and prevailing conditions. The RMP must be dynamic and shall be revisited periodically.

## 7. Communication and consultation

This involves effective implementation of the RMP throughout Medi Assist by ensuring it is understood at all functional levels.

### Penalty for Non-Adherence

Non – Adherence to any of the Clauses as mentioned in this Policy will attract a penalty of One lakh rupees which may extend to One crore rupees as prescribed under Section 15 HB of SEBI Act, 1992.

### Amendment

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

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***This policy is approved by the Board of Directors of the Company on May 08, 2021 and amended on July 21, 2023.***