

## GP PETROLEUMS LIMITED

### "RISK MANAGEMENT POLICY"

#### A. INTRODUCTION

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

The Board of Directors of GP Petroleums Limited ('GPPL') has adopted the following policy and procedures with regard to risk management as defined below. The Board may review and amend this policy from time to time.

#### B. DEFINITIONS

"**Risk Management Committee**" means Committee of Board of Directors of the Company constituted under the provisions of the Companies Act, 2013 and the Listing agreement.

"**Board of Directors**" or "**Board**" in relation to a Company, means the collective body of Directors of the Company. [Section 2(10) of the Companies Act, 2013].

"**Policy**" means the Risk Management Policy.

"**Risk Management**" is the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects within the corporate environment. It is the systematic way of protecting business resources and income against losses so that the objectives of the Group can be achieved without interruption.

#### C. PURPOSE

Effective risk management is central to the continued growth and success of GPPL. This Risk Management Policy ensures that:

- Appropriate systems are in place to identify, to the extent reasonably practicable, each material risk that the Company faces in conducting its business;
- The potential consequences and likelihood of each identified risk are understood and appropriate limits are set to assist in managing exposure to risks;
- Responsibility is delegated to manage each identified risk and mitigate that risk where ever possible;
- Assurance is provided as to the effectiveness of the risk management system and risk controls; and
- The risk management system is regularly reviewed to determine whether adequate control measures are in place.

**D. CONSTITUTION OF RISK MANAGEMENT COMMITTEE**

Risk Management Committee shall be constituted by the Board; consisting of minimum three members with majority being members of the board including at least one independent director.

The Board shall define the Responsibilities & Duties of the Risk Management Committee & may delegate monitoring & reviewing of the risk management plan to the Committee & such other functions as it may deem fit.

The role and responsibilities of the Risk Management Committee shall be as specified in Part D of Schedule II of the LODR Regulations.

**E. RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE**

The role and responsibilities of the Risk Management Committee shall be as follows:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability, 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.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee 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 of directors.

Risk Management Committee Meetings shall be held as required under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**F. RISKS & RISK CONTROLS**

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

Risks specific to the Company are listed below:

1. Raw Material Price Volatility Risk
2. Currency Volatility Risk
3. Lube industry - discontinuity risk
4. Network Risk- Automotive
5. Cordial relations with key business partners
6. inventory Risk
7. Commercial Risk / Credit Risk
8. Technological Obsolescence Risk
9. Liquidity Risks
10. Human Resource Risks
11. Industrial relations risk
12. Pandemic & Disaster Risks
13. System Risks, cyber security
14. Legal & regulatory Risks
15. Health, Safety & Environment Risk

**G. PROCESS FRAMEWORK FOR RISK IDENTIFICATION AND CONTROL:**

Risk Identification & communication is an integral part of the risk management process. It's an interactive process for exchanging information and opinions with risk managers. Timely identification and communication of risks are vital for controlling the risk and deploy mitigation measures. To achieve the expected outcome from Risk Management, involvement-of risk identification-by and communication-from all employees are very essential.

Risk management Policy and Guidelines will be shared with all employees. Risk registers needs to be maintained at all identified locations. Any and all risk incidences needs to be entered in Risk Register and needs to be promptly communicated to Chief Risk Officer (currently CFO). Consolidated Risk Incidences will be provided to Risk Management Committee for their review.

**H. ACCOUNTABILITIES**

The Board of Directors has delegated the task of overseeing the deployment of Risk Management Framework to the Risk Management Committee.

**I. DISCLOSURE IN THE BOARD'S REPORT**

The Board of Directors shall include a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

**J. INTENDED BENEFITS**

- Spread risk management knowledge and awareness, risk culture across SBU's.
- Helps Senior Management, Board, SBU's, executives to focus on main risk and mitigation.
- Provides systematic review, quarterly reports to monitor progress.
- Can be integrated into decision making process (capital allocation, portfolio building, performance management), in order to increase shareholder values.

In case of any inconsistency between the terms of this policy and the Companies Act, 2013 / applicable SEBI Regulations for the time being in force, the applicable Act/ regulations shall take precedence over this policy.

The revised Risk Management Policy was adopted by the Board on August 12, 2021.