

ADITYA BIRLA SUN LIFE PENSION MANAGEMENT LTD

RISK MANAGEMENT POLICY

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	2 of 28
Document Title: Risk Management Policy				

Document Version Control

Version	Owner of the Document	Date of Approval by RMC	Date of Approval by Board	Revised Policy Effective from	Nature of Change
1.0	Risk & Compliance	27/07/2016	27/07/2016	27/07/2016	New Policy
1.1	Risk & Compliance	24/10/2017	24/10/2017	24/10/2017	Revised
1.2	Risk & Compliance	14/01/2019	14/01/2019	14/01/2019	No change
1.3	Risk & Compliance	23/04/2019	23/04/2019	23/04/2019	Formatting changes
1.4	Risk & Compliance	18/10/2019	18/10/2019	18/10/2019	Change in frequency of review Introduction of alternate arrangement for the offices of key Officials of the Company
1.5	Risk & Compliance	20/07/2021	20/07/2021	20/07/2021	Included the Stress Test to Monitor Short Term Risk of Investment Portfolios'
2.0	Risk Management	18/04/2024	18/04/2024	18/04/2024	Re-structuring

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	3 of 28
Document Title: Risk Management Policy				

Table of Contents

Policy Objective:	4
Overview on Risk Management:.....	4
Risk Management Definition:	4
Objective of ERM framework:.....	5
Benefits of ERM:	6
Fundamental concepts of ERM:	7
Enterprise Risk Management Framework:.....	8
Corporate Risk Philosophy:.....	8
Risk culture:	8
Creating and Implementing an ERM framework:	11
Mandate and Commitment:	12
Designing an ERM Framework:.....	12
Implementing an ERM Framework:	12
Monitoring and review of the framework:.....	12
Continual Improvement of framework.....	12
Roles and responsibilities in an ERM framework:.....	12
ERM Framework Structure:.....	13
The phased approach of ERM:.....	13
Critical Success Factors:.....	14
Risk management framework review and approval:	14
Annexure A: Enterprise Risk Management framework – Process and Procedures:.....	14
Annexure B: Risk Category Definition	15
Annexure C: COSO Framework	16
Annexure D: Stress Test of Investment Portfolio	18
Business Continuity Plan: `	20

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 4 of 28	
Document Title: Risk Management Policy					

Preamble:

Aditya Birla Sun Life Pension Management Limited (ABSLPML) is engaged in the business of investment management of the pension corpus received from NPS Trust and regulated by the Pension Fund Regulatory and Development Authority (PFRDA).

In terms of the Investment Management Agreement (IMA) entered into with the NPS Trust, the Company is required to have a Risk Management Policy duly approved by the Board of Directors.

Policy Objective:

The objective of this document is to formulate the Risk Management Framework in Company, which will help to govern the risk identification, assessment, measurement and reporting process of all risks. The documents aim to ensure that all material risks can be identified and managed in a timely and structured manner.

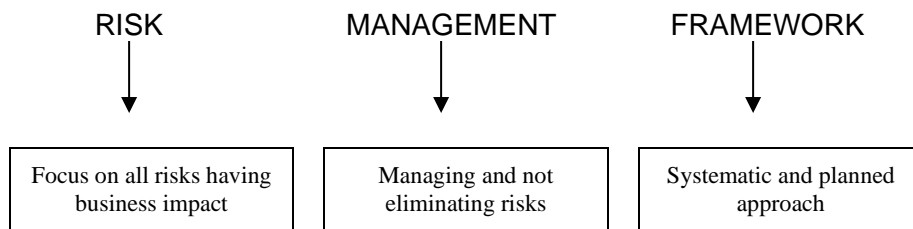
Business managers make decisions every day about which risks to accept and which to avoid leading to Risk Management on daily basis. An Risk Management framework helps to build a structured process that ensures all material risks are identified and understood by senior management.

Overview on Risk Management:

The evident benefits of risk management are that it helps manage functions well and plan for robust strategies for risk mitigation. Similarly with the changing dynamics in the Industry, risks are becoming more diverse. For interested parties outside the organization monitoring the business performance (Investors, rating agencies, securities analysts, and regulators), risk management is becoming a much critical agenda item.

Risk Management mainly focuses on unexpected losses, which generally arise through lower than expected returns from assets or higher than expected costs for liabilities (including expenses) or operational failures. It is usually unexpected loss that leads to severe volatility in the earnings of a company ranging from lower profits to losses.

Risk Management Definition:



			Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 5 of 28
Document Title: Risk Management Policy				

Business risk exposure would mean a possibility of deviation from the expected results. The expected result can be business strategy, investment return, expected profitability, a level of cash flow etc.

“As per the Committee of Sponsoring Organizations (COSO) of the Treadway Commission - Enterprise Risk Management (ERM) is a process, effected by senior management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

In other words “Risk management is a systematic approach to identify, assess, quantify and build mitigation strategies for every material business risk exposure”.

Objective of ERM framework:

The Objective of building an Risk Management (ERM) framework is to facilitate business management in:

← **Understand and manage risks and not eliminate risks**

The objective of ERM is to manage risks. In any environment (especially a dynamic business requirement), risks cannot be avoided or eliminated. They can only be managed efficiently and on a timely basis and ERM aims to achieve the same.

← **Aligning risk appetite and strategy**

Business risks cannot be identified and managed in isolation of the risk appetite and the business strategy. Risk appetite is the combined levels of overall business risks that a company is willing to take. In other words, risk appetite is the level of aggregate risks that the company can undertake and successfully manage over an extended period of time. Business strategy is the operating plan that the business has developed for the forthcoming years.

← **Enhancing risk response decisions**

ERM aims to have a consolidated risk database, which facilitates a speedy risk response thus supporting the functions in case the risk manifests.

← **Reducing operational surprises and losses**

An effective ERM framework can assist business management to reduce the operational surprises and losses by framing mitigation strategy for key business risks so that the same can be implemented in a timely and efficient manner

← **Seizing new business opportunities**

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 6 of 28	
Document Title: Risk Management Policy					

ERM facilitates business management to evaluate new opportunities as a risk mitigation technique. Through ERM, the management can evaluate new business proposal and products. For example, a risk management strategy to diversify business share would be evaluating and carrying research on new products across industry.

← **Improving deployment of capital**

Obtaining robust risk information allows management to effectively assess overall capital needs and enhance capital allocation.

Benefits of ERM:

ERM can support and assist the business management in:

← **Improved understanding of risks and their true costs to the organization**

ERM will provide an overall database of risks, their associated control cost and clarity on the risk response. By risk measurement and assessment the true cost of the mitigating or avoiding the risks will be pertinent. ERM also ensures the ability to aggregate business unit risks across an enterprise enabling better understanding of risk across functions and business units.

← **Enhancing Shareholders and NPS subscriber value**

Shareholders and NPS subscriber expect business value and appreciation out of their investments. ERM helps generate the business value through a management framework governed and assessed by senior management. ERM also helps build investor confidence.

← **A company culture enhanced by a greater awareness of risks**

Senior management drives ERM. Hence the drive on managing business risks and creating a risk culture efficiently is to be generated by senior management. This top down approach helps develop greater awareness of risk.

← **Definition and application of risk appetite**

ERM helps in defining every risk as well as helps in assessing risk appetite of the company. This way all senior management is aware and aligned on the overall risk appetite of the company, which helps them in the risk response decision. This approach helps management with informed decision-making.

← **Efficient allocation of funds and management resources within the company**

ERM, through investment risk management ensures efficient allocation of funds for higher profitability. ERM also provides an objective base for allocating resources.

← **Improving capital efficiency and earning stability**

			Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 7 of 28
Document Title: Risk Management Policy				

Risk management improves capital efficiency and costs savings through more effective management of internal resources and capital as well as providing protection against earnings related surprises. Since the risk management framework focuses on avoiding surprises it also improves the stability of the earning.

Fundamental concepts of ERM:

The fundamental concepts of ERM are as follows:

← **A process, ongoing and flowing across an entity.**

Unlike traditional risk management, ERM is not a one-time activity or a project. ERM is an ongoing process within the organisation. All the elements especially the risk identification and assessment will have to be an ongoing process to manage the expected and unexpected risks efficiently.

← **Effected by people at every level of an organization.**

ERM is not only a responsibility of the risk management team or senior management. Responsibility to manage risk and driving the ERM forward is eventually to be effected by people at every level in the organisation. "Risk management is everybody's job. Everybody who does anything in the company is a risk manager to some extent."

← **Applied in strategy setting and across the enterprise, at every level and unit, and includes taking an entity level portfolio view of risk.**

Unlike traditional risk management, in ERM risk identification and mitigation process would not be an isolated process. ERM would start with a holistic review of the risk database across all units and levels of the company. ERM facilitates and supports the short term and long term strategy development.

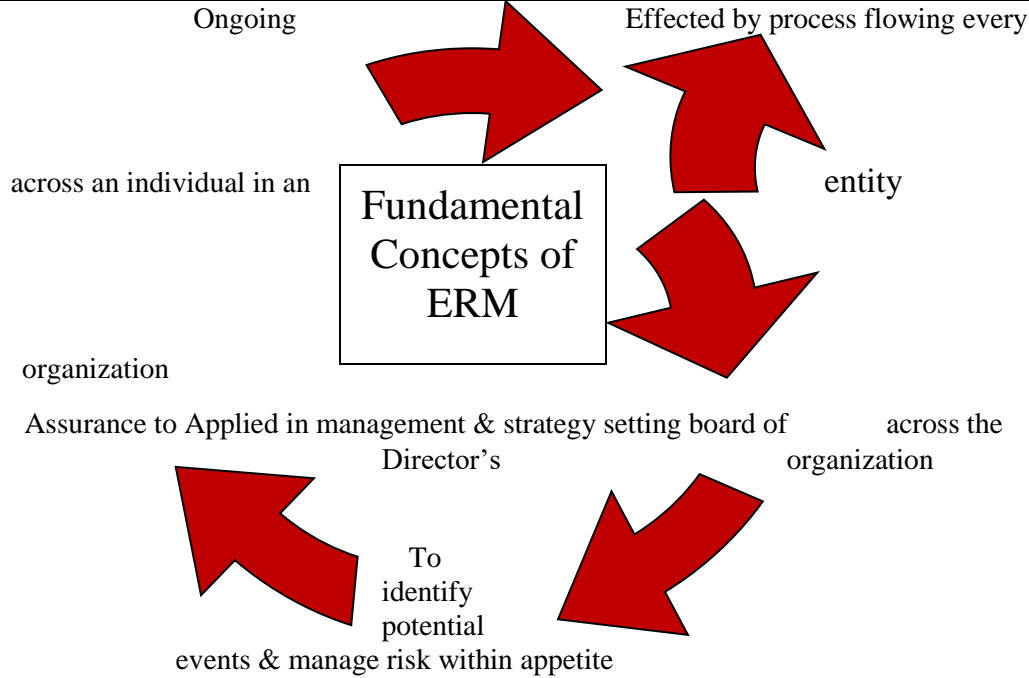
← **Designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite.**

ERM would primarily focus on risks that if occur will affect the entity. The risk tolerance limits would set the tone for the risk impact and ensure through informed decision making that the risk response decision timeframe is reduced to a minimum.

← **Able to provide reasonable assurance to an entity's management and board of directors**

An ERM framework provides assurance to the management, shareholders, board of directors as well as the policyholders that the business risks are actively identified and managed.

ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 8 of 28
Document Title: Risk Management Policy				



Enterprise Risk Management Framework:

Corporate Risk Philosophy:

In conducting its business activities, company is driven by shareholder and policyholder expectations, external ratings and its positioning in the marketplace, will take on those risks that meet the objectives of the organization. Risk management should be aligned with the corporate vision and strategy, and needs to be embedded within the overall business management practices.

The Risk management approach is being developed by taking into account the organizations overall governance, management, reporting process, policies, philosophy, culture & regulatory architecture.

Company has in place Operational Risk Management Framework that supports excellence in business processes, systems including Business Continuity & Disaster Recovery framework to ensure resumption of time sensitive activities within defined timeframe at defined levels. One of the risk mitigation strategy for managing operational risk that company has includes ensuring at all point of time to have adequate insurance cover for all resources including assets.

Risk culture:

Risk Management is most effective when employees at all levels of an organization share a common philosophy and set of principles regarding risk. The Company's risk culture has to be determined and

Security Classification:				
CONFIDENTIAL				
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 9 of 28
Document Title: Risk Management Policy				

demonstrated from the top, must be clearly articulated, and must align with the company's strategic vision, its core values, and other elements of corporate culture if they are to enhance organizational effectiveness.

Risk management enhances shareholder value. The company can more effectively compete and win through superior execution of the risk management function throughout all levels of the organization.

To ensure that the company achieves and maintains a strong risk culture, every employee must feel accountable for achieving the best results for his or her business unit and for the company as a whole. Business decisions are made at all levels of the organization, and every employee has a role in identifying exposures, communicating concerns, and escalating risk issues as appropriate.

The following fundamental principles are required in an effective risk management program:

► **Acting with Integrity**

Acting with integrity is one of Company's core values, and goes hand-in-hand with effective risk management. This means that we make the right decisions for the right reasons, even when it is difficult to do so or may mean the loss of business.

► **Customer Alignment**

The company accepts risk from and shares risks with customers. This requires that the company proactively and clearly communicate to customers the nature of the risks that are being shared. It also means that the company must fully understand the risks it has acquired from customers, and understand the value of the management of those risks on behalf of the customer.

► **Discipline**

This requires discipline through the development of sound business practices, attention to established processes, a clear delineation of accountabilities, and adherence to company policies. Discipline is also achieved through commitment to a strong control environment to forge an appropriate balance between stewardship and entrepreneurship

► **Embedding Risk Management**

Effective risk management requires that risk management be embedded into the business so that individuals making business decisions do so with full awareness of the risks inherent in the products or activities being managed or considered. In order to make appropriate risk/reward tradeoffs, we must ensure that we have the capability throughout the organization to undertake rigorous, unbiased identification and assessment of risk. Investment must be made in risk management infrastructure to support this effort.

► **Promotion of Full and Transparent Communication**

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 10 of 28	
Document Title: Risk Management Policy					

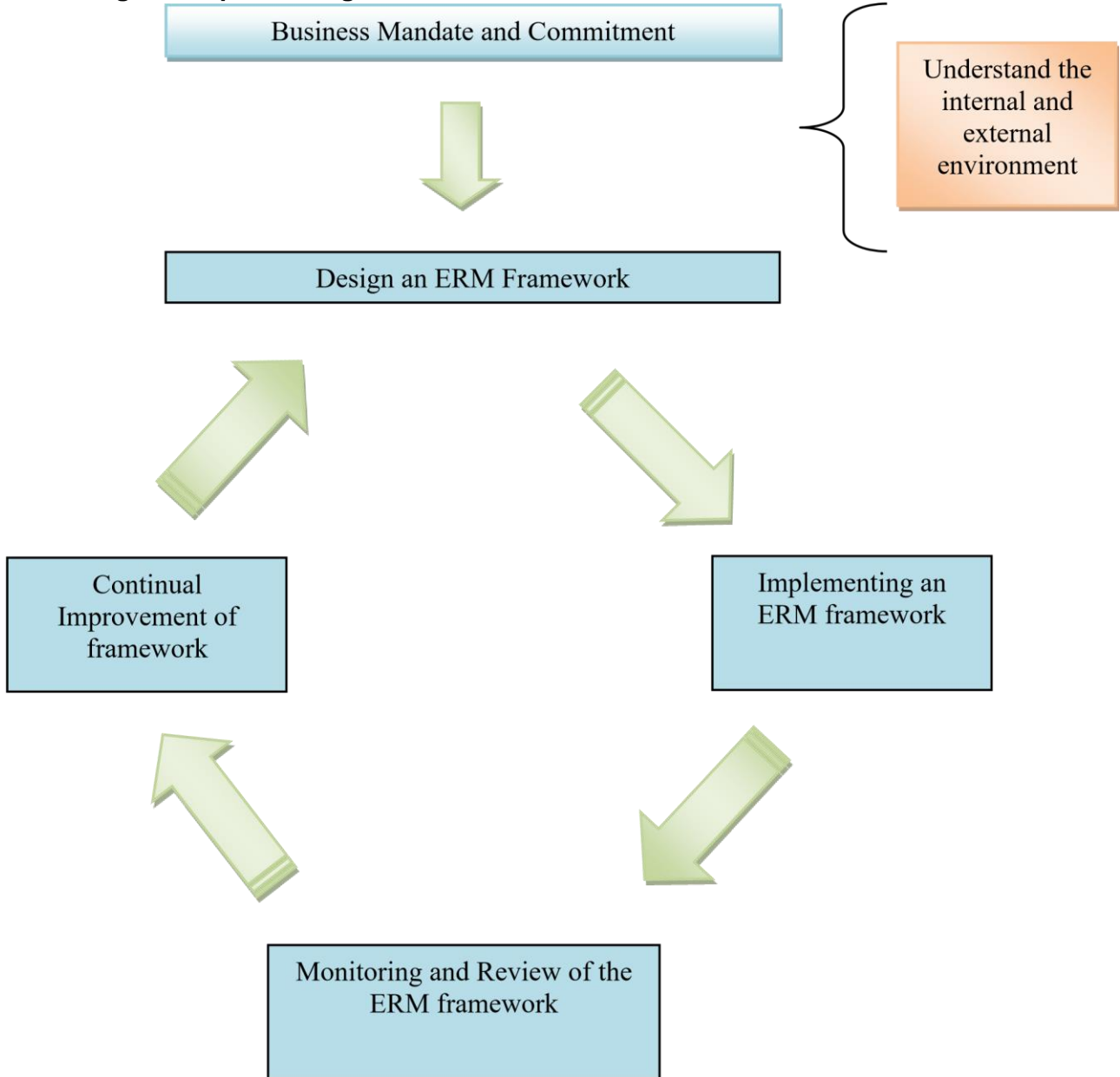
Effective risk management is a cross-disciplinary exercise involving employees throughout the organization that relies upon clear channels of communication -- up, down and across the organization. Emerging risk issues must be escalated to the appropriate levels of senior management. Transparency in our risk management program requires that we are able to communicate the risk profile of the organization to our stakeholders.

► **Collaboration**

Collaboration creates value – that the whole is greater than the sum of its parts – and strives to share and leverage our tools, processes and experience across the organization.

ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 11 of 28
Document Title: Risk Management Policy				

Creating and Implementing an ERM framework:



ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 12 of 28
Document Title: Risk Management Policy				

Mandate and Commitment:

Management should:

- Articulate and endorse the risk management policy
- Communicate the benefit of risk management to all stakeholders
- Ensure that necessary resources are allocated to risk management

Designing an ERM Framework:

- Understand the organization and its environment
- Clear the framework objectives
- Integrate into organizational processes
- Specify accountability and resources
- Establish internal/external communication and reporting mechanisms.

Implementing an ERM Framework:

- Developing a plan for implementation
- Implementing the framework (phased approach mentioned below)

Monitoring and review of the framework:

- Periodically measure progress against risk management plan
- Continuous review of the framework
- Review effectiveness of risk management process.

Continual Improvement of framework

- Based on the review of the framework, the framework should be updated to make the organizational risk management process more robust.

Roles and responsibilities in an ERM framework:

Everyone in an entity has responsibility towards risk management.

- ▶ The Chief Executive Officer is ultimately responsible and would assume ownership for an effective risk management framework.
- ▶ Leadership team members and Functional Heads usually have key support responsibilities in managing the overall ERM framework by guiding the risk management team in carrying out the ERM framework.
- ▶ The Risk management team is responsible to support the management in implementing the overall ERM framework.

			Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 13 of 28
Document Title: Risk Management Policy				

- ▶ Functional managers support the entity’s risk management philosophy, promote compliance with its risk appetite, and manage risks within their spheres of responsibility consistent with risk appetite.
- ▶ Other entity personnel are responsible for executing enterprise risk management in accordance with established directives and protocols.
- ▶ The Risk Management Committee provides important oversight to enterprise risk management, and is aware of and concurs with the entity’s risk appetite. The Risk Management Committee composition and charter has been separately listed.
- ▶ A number of external parties, such as customers, vendors, business partners, external auditors, regulators, and financial analysts often provide information useful in effecting enterprise risk management, but they are not responsible for the effectiveness of, nor are they a part of, the entity’s enterprise risk management.
- ▶ Internal Audit will review the risk management practices within the department on a regular basis and report as appropriate on issues arising from these reviews.
- ▶ All employees will actively support and contribute to risk management initiatives and maintain an awareness of risks (current and potential) that relate to their area of responsibility

ERM Framework Structure:

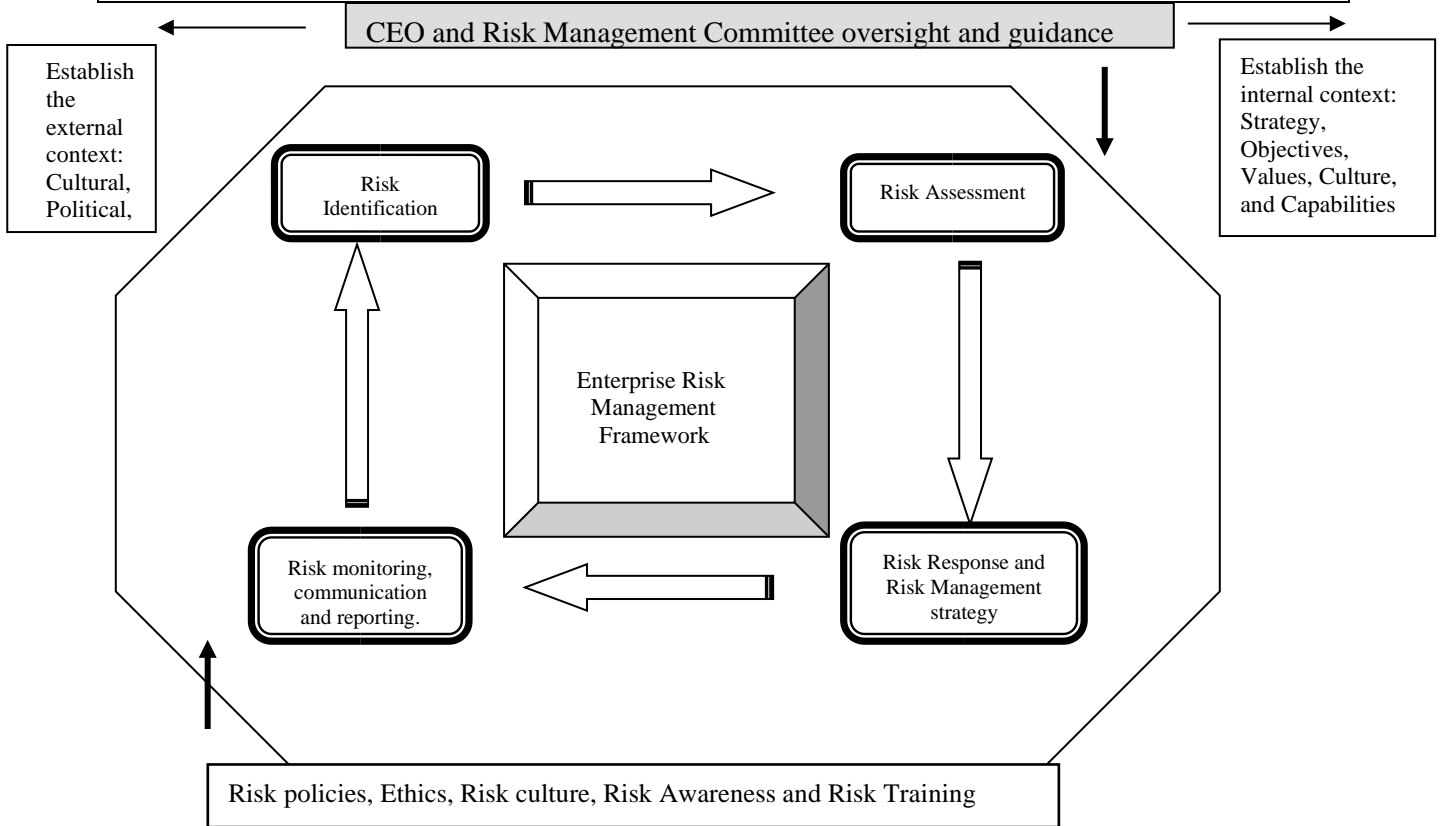
ERM framework at Company is in line with the phased approach proposed by COSO (Committee of Sponsoring Organisation), which has provided guidance on developing models on integrated risk management. The risk management framework as designed by COSO will be integrated with the ERM framework in Company apart from the best practices for the risk management in the industry. The four phases are listed as follows:

- ← Risk identification;
- ← Risk Assessment;
- ← Risk Response and Risk Management strategy; and ← Risk monitoring, communication and reporting.

Each of these phases is explained in detail in this document. All the phases would be jointly required to be carried on by the functional heads and the risk management team. The Risk Management Committee would closely monitor the overall process. ERM is not a one-time project but an ongoing practice. All the above phases are to be operative on a continuous basis. Other critical elements such as Risk Review Committee oversight, efficient risk management policies, risk management committee charter etc also play an important part in the overall ERM framework.

The phased approach of ERM:

ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 14 of 28
Document Title: Risk Management Policy				



Critical Success Factors:

- ▶ Senior Management Commitment in implementation of the Risk Management framework
- ▶ Complete support from Functional heads and risk champions in implementation of the framework
- ▶ Free access to records, information and personnel throughout Company in order to identify and address potential risk management issues
- ▶ Authority to carry out its mandate and to follow up on issues identified and recommendations made related to the critical business risks.

Risk management framework review and approval:

The risk management team will review the risk management framework on a half yearly basis.

Annexure A: Enterprise Risk Management framework – Process and Procedures:

Risk Management framework

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 15 of 28	
Document Title: Risk Management Policy					

The Company has an Enterprise Risk Management (ERM) framework covering procedures to identify, assess and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including reputation risk, operational risks, regulatory risks, insurance risks, people risks and market risks.

Below are key points of framework:

- ▶ Risk Management team conducts an exercise annually for identification of key business risks and relevant mitigation strategies
- ▶ The functional RSCAs and the internal audit reports will also govern the risk framework for Company.
- ▶ Identified risks would be suitably categorized
- ▶ Identification of Key Risk Parameters and Key Risk Drivers
- ▶ Key risk metrics would then be presented to the Risk Management Committee
- ▶ Risk Management will seek periodical status updates for all Top business risks as identified and review the risk metric as well.
- ▶ The key risk updates will be quarterly updated to the Risk Management Committee

Annexure B: Risk Category Definition

In order to facilitate discussions and identification of risks and exposures, the matrix of risk categories have been developed. Utilization of common risk categories and an understanding of the sources and consequences of risk events will allow for consistency in reporting, facilitation of aggregation and contribute to the enterprise risk management framework.

In addition, we need to understand all of the potential aspects of risks, which will help in risk assessment. In order to provide a framework for that understanding, we have developed a matrix of risk categorization, which is structured as follows:

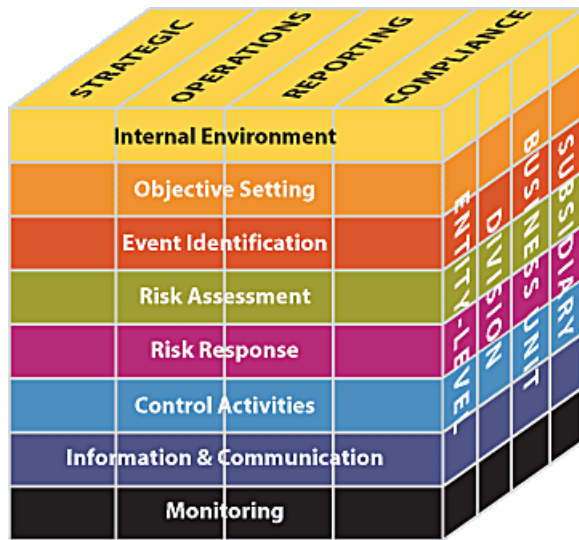
- ▶ **Risks Drivers**
In order to manage risk effectively, risks need to be specifically defined so that appropriate action plans can be developed. This section provides further breakdown of risks within the main categories.
- ▶ **Source**
This column identifies the key activities, which create an exposure to the company within the specific risk categories.
- ▶ **Exposure Triggers**
Exposure triggers are the actual events that need to occur before a risk manifests itself into a situation that requires specific management actions and impacts the organization.
- ▶ **Direct Consequences**

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	16 of 28
Document Title: Risk Management Policy				

Consequences are both financial and non-financial impacts to the organization as a result of a risk event.

Annexure C: COSO Framework

COSO (Committee of Sponsoring organisations) Framework



COSO is an International voluntary private organisation dedicating to improve the quality of financial reporting through corporate governance, business ethics and effective internal control. The COSO framework talks about an eight-step approach towards building an effective enterprise risk management strategy. The eight-step approach is spread over the entire departments on an organization to meet the overall strategic, operations, reporting and compliance requirement of an organization.

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	17 of 28
Document Title: Risk Management Policy				

Annexure C – (a) - Methodology for Risk Assessment as per RCSA

Risk Measure as per RCSA

Risks have been rated in terms of probability and impact. The scale is defined as under:

Probability of Occurrence	Weight (A)	Impact on Occurrence	Weight (B)	Risk Measure(A*B=C)
0-6 Months	5	Very High	5	1 to 5 – Low Risk
6 months - 2 years	4	High	4	6 to 15 – Medium risk
2-5 years	3	Moderate	3	16 – 25 – High Risk
5-10 years	2	Low	2	
10 & above	1	Minimal	1	

Control Measure Scale as per RCSA

Automation	Maker/Checker	Frequency	Preventive/Reactive	Score
A	Y	S	P	25
A	Y	S	R	24
A	Y	E	P	23
A	Y	E	R	22
M	Y	S	P	21
M	Y	S	R	20
A	N	S	P	19
A	N	S	R	18
M	Y	E	P	17
M	Y	E	R	16
A	N	E	P	15
A	N	E	R	14
M	N	S	P	13
M	N	S	R	12
M	N	E	P	11
M	N	E	R	10
No Control				0

Level of Automation	Manual (M)	Automated (A)
----------------------------	------------	---------------

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	18 of 28
Document Title: Risk Management Policy				
Maker/Checker Control		Yes (Y)	No (N)	
Frequency of Control		Event Based (E)	Set Frequency (S)	
Preventive/Reactive		Preventive (P)	Reactive (R)	

Annexure D: Stress Test of Investment Portfolio

The Short-Term volatility in the market adversely impact the performance of the fund. In case of equity fund, the short-term movement of the benchmark index is highly co-related to the sentiment of the market whereas the actual equity portfolio is built keeping in the long-term strategy to create wealth. Similarly, in case of debt fund, the short-term movement of the interest rate impact the overall term structure of the yield curve, because the movement of the interest rate sometime happens on the shorter end of the yield curve and sometimes it happens on the longer end of the yield curve. In both ways, the actual performance of the debt funds gets impacted.

To measure such type of the Short-Term Risk, a suitable stress test scenario is required to be implemented and monitored on every quarter-end so that the Risk Management Committee and Board will be apprised about the potential risk under such circumstances and the likely drop in the value of the portfolio in terms of Mark-To-Market losses.

The Format to measure the Stress Test: -

Name of the Portfolio	Initial Market Value	Equity Market Fall 5%		Equity Market Fall 10%		Equity Market Fall 20%	
		Final Market Value	MTM Loss	Final Market Value	MTM Loss	Final Market Value	MTM Loss
E1							
E2							
Name of the Portfolio	Initial Market Value	Yield Curve Move up 50 bps		Yield Curve Move up 100 bps		Yield Curve Move up 200 bps	
		Final Market Value	MTM Loss	Final Market Value	MTM Loss	Final Market Value	MTM Loss
G1							
G2							
Name of the	Initial Market	Yield Curve Move up 50 bps		Yield Curve Move up 100 bps		Yield Curve Move up 200 bps	

ABSLPM	Enterprise Risk Management	Version 2.1	Date:	Page
			19/07/2024	19 of 28
Document Title: Risk Management Policy				

Portfolio	Value	Final Market Value	MTM Loss	Final Market Value	MTM Loss	Final Market Value	MTM Loss
C1							
C2							

ABSLPM	Enterprise Risk Management	Version 2.1	Date:	Page
			19/07/2024	20 of 28
Document Title: Risk Management Policy				

Business Continuity Plan:**Table of Contents**

1.0 Background:	18
2.0 Business Continuity Planning Objectives:	19
2.1 Scope:	19
2.2 Assumptions:	19
2.3 Limitations & Exclusions:	20
3.0 Requirements.....	20
3.1 Risk Assessment:	20
3.2 BCP/DR Plans:	21
3.3 BCP/DR Plans:	21
3.4 Testing:	21
3.5 Change Management:	22
3.6 Contact List / Call Tree:	22
3.7 Annual Certification:	22
3.9 Incident Reporting:	23
4.0 Training & Awareness:	23
5.0 Critical Service Provider/Vendor Requirements:	23
6.0 Waivers / Exception:	23
7.0 Provision of Resources	24
7.1 Competency	24
7.2 Roles & Responsibilities	24
7.3 Outsourcing:	25
8.0 Internal Audits:	25
9.0 Review:	26
Appendix A	26

1.0 Background:

Companies face myriad risks from threats such as natural disasters, operational breakdowns, hostile political situations, employee malevolence, and damage to critical information technology and telecommunications systems etc. These threats can result in lost profits, injuries, loss of life, damage to a company's reputation, or, in extreme cases, the demise of the organization.

Business Continuity Planning is the ability and readiness to manage business interruptions in order to provide continuity of services at a minimum acceptable level and to safeguard the financial and competitive position in the short and the longer term. Companies that develop and maintain Business Continuity Plan ('BCP' or 'the plan'), reap enormous benefits such as improved levels of safety, marketplace advantages, enhanced reputation for reliability and most important of all, the maximum potential to resume their business operations in the event of a disaster.

Aditya Birla Sun Life Pension Management Company Limited ('ABSLPML') actively supports the development and implementation of a comprehensive BCP focusing on the timely recovery of critical business processes and information technology systems at the Head Office at One India bulls Centre.

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 21 of 28	
Document Title: Risk Management Policy					

2.0 Business Continuity Planning Objectives:

1. Ensuring a proactive response to any contingency
2. Protecting the safety of ABSLPML Employees & Visitors
3. Ensuring Recovery of identified Critical activities within an agreed timeframe; and
4. Ensuring that we adhere to our Client, Contractual, Legal & Regulatory requirements.

Policy statement

To have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimizing the potential business impact to ABSLPML. Additionally, to create a system that fosters continuous improvement of business continuity management.

Scope:

The scope of the policy covers recovering critical business processes as identified in the Business Impact Analysis in the event of any one of the contingency impacting Operations at One India bulls centre but not limited to only the following specific disaster scenarios: □ Earthquake;

- Fire;
- Bomb Blast;
- Floods;
- Terrorism and civil unrest;
- Information Technology failure; and
- Any other scenario as identified in the Annual Risk Assessment process.

Assumptions:

The assumptions are:

- The probability of a disaster impacting the entire country is remote and not taken into consideration while preparing the plan; and
- The mobility of the Emergency Response Team & Individual Function Recovery Team personnel is not impacted due to any State/Government directive surpassing the Logistic Support Team's action plan.

Limitations & Exclusions:

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 22 of 28	
Document Title: Risk Management Policy					

The Risks accepted by ABSLPML Management during the Annual Risk Assessment exercise are not covered as a part of this Policy.

3.0 Requirements

3.1 Risk Assessment

Risk Assessment is the process of identifying the risks that can adversely affect an organization and its facilities during a time of disruption or disaster. Risk assessment at ABSLPML is done **annually** and must identify organizational risks in the following areas i.e. environmental, facilities and technologies. The consolidated risk assessment report is prepared and signed off by Chief Finance Officer and Compliance Officer.

The components of a Risk Assessment are:

- Use of a standard methodology to determine the events and environmental conditions that can adversely affect the organization;
- Determination of the damage such events can cause, and the controls needed to prevent or minimize the potential loss;
- Identify the effectiveness of the Current Risk Management strategies in place; and
- Provision of a cost effective analysis to justify any additional mitigating controls to be put in place.

3.2 Business Impact Analysis

The Business Impact Analysis (BIA) is the process of identifying financial and non-financial impact in the event a particular process is disrupted. It helps in assessing the functions necessary for an organization to continue business operations, defining the controls in place to reduce organization exposure, and evaluating the cost for such controls. Once business functions are identified, the amount of time the business function can be interrupted must be determined. This will help in determining the Recovery Time Objective (RTO) for the processes the order of priority for re-establishment of the business function. The BIA is performed at least **annually** and the BIA report for each function is reviewed and approved by functional head/Unit Head.

- The Business Unit is accountable for ensuring that its BIA is completed & kept up-to-date and the Business Continuity Planning Team (Chief Finance Officer and Compliance Officer.) is updated of all the changes.
- The Business Continuity Planning Team (Chief Finance Officer and Compliance Officer.) is responsible for reviewing all BIAs for consistency, accuracy and comprehensiveness and mapping the requirements to other plans and policies.
- The Function Head/Unit Head must sign-off the BIA's.

3.2.1 Recovery Rating:

Based on the RTO chosen by the Unit each process is assigned a Recovery rating. The rating structure is as per Appendix A.

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	23 of 28
Document Title: Risk Management Policy				

3.3**BCP/DR Plans:****3.3.1 Business Continuity Plan:**

The Business Continuity Plan will include all critical functions identified through the Business Impact Analysis. Each of the processes would have a Recovery Procedure to ensure that recovery happens within a stipulated timeframe as determined by the RTO (Recovery Time Objective). There would be critical staff identified who would be recovering the critical business processes from an Alternate Site. The plan is reviewed annually & approved by Chief Finance Officer and Compliance Officer.

The Pandemic plan outlines the plan of Action in case of a Pandemic outbreak. The plan is reviewed annually & approved by Chief Finance Officer and Compliance Officer.

3.3.2 Disaster Recovery Plan:

IT Team maintains a Disaster Recovery Plan to recover all its Critical systems & applications in case of any Outage /incident s impacting the IT Infrastructure at our primary data centre. The plan is reviewed and approved annually

3.3.5 Alternate Site Plan:

ABSLPML has an Alternate Site Recovery Plan to recover its critical Plans from an alternate site in case of a localized or Regional disaster. The plan is reviewed annually & approved by Chief Finance Officer and Compliance Officer.

3.4 Testing:

To ensure that plans and the Standard Operating procedures are viable & operational Business Continuity Plans and Disaster Recovery Plan are tested as per the Recovery Rating. Disaster Recovery tests will involve the recovery of appropriate systems applications and infrastructure to support the critical business functions.

3.4.1 Desk Check:

The objective of the exercise is to review the contents of the plan.

3.4.2. Table Top Simulation:

This is an Extended Desk Check exercise to check the interaction and the roles of the participants.

3.4.3 Operational:

This involves one or a sample of Functional Recovery team members moving to and recovering the process from an alternative site.

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date:		Page
			19/07/2024		24 of 28
Document Title: Risk Management Policy					

The Business Continuity, Disaster Recovery & Alternate Site would be tested annually. The functions/processes would be selected as per their criticality rating & frequency as defined in the table below:

Recovery Rating	Testing Methodology	Frequency
V1	Operational	Annually
V2	Operational	Annually
V3	Operational	Annually
V4	Operational	Annually
V5	Table Top Simulation	Once in Two Years
V6	Table Top Simulation	Once in Two Years

Besides this the following would be tested as per the frequency mentioned in the table below:

Activity	Frequency
Call Tree Testing	Annually
Evacuation Drill	Annually

3.5 Change Management:

1. All applicable changes pertaining to the organization, processes and technology must be reflected in the Business Impact Analysis in the annual revision cycle or as and when deemed necessary.
2. All system and application changes or new system implementations in the production environment must be made on the Disaster Recovery site depending on the criticality.

3.6 Contact List / Call Tree:

Contact List/Call Tree prepared need to be updated quarterly & tested annually.

3.7 Annual Certification:

Annual certification needs to be provided confirming the implementation and effectiveness of BSPM's Business Continuity Management System Framework. The Attestation is provided by Chief Finance Officer and Compliance Officer.

The overall objective is to have an up-to-date:

Business Impact Analysis of all business functions;

- a. Business Continuity and Disaster Recovery Plans for all functions; and

				Security Classification: CONFIDENTIAL	
ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 25 of 28	
Document Title: Risk Management Policy					

b. Complete testing of the recovery process for all the business functions and applications.

3.8 Resource requirement:

Adequate resources in terms of funding and manpower will be allotted to Business Continuity Planning Team so that the requirements under this policy are met. Functional areas will allocate appropriate staff when required for maintenance of their Business Impact Analysis, Business Continuity Plan, training and testing's.

3.9 Incident Reporting:

All employees to report any untoward incident with a potential to disrupt normal operations at ABSLPML on the Incident reporting ID i.e. Sandhya.upadhyay@adityabirlacapital.com & abslpm.riskmanagement@adityabirlacapital.com

4.0 Training & Awareness:

All employees should be aware of their roles and responsibilities under a BCP Scenario. The awareness training should be provided to all employees. BCP Team (Chief Finance Officer and Compliance Officer) to conduct training sessions for all Emergency Response Teams & Individual Function Recovery Team members through Mailers or Workshops or Screensaver or Risk Awareness Quiz.

5.0 Critical Service Provider/Vendor Requirements:

ABSLPML Functions must ensure that any Critical Service Provider contracted to perform a service within ABSLPML has Business Continuity and Disaster Recovery plans that support the functional recovery plan.

6.0 Waivers / Exception:

In case of technical or business reasons it is not possible to comply with this Standard, a waiver must be requested. The waiver needs to be approved by the Functional Head and Chief Finance Officer and Compliance Officer.

7.0 Provision of Resources:

7.1 Competency

The organization shall appoint a person with appropriate seniority and authority to be accountable for Business Continuity Planning policy implementation.

7.2 Roles & Responsibilities

7.2.1 Risk Management

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	26 of 28
Document Title: Risk Management Policy				

The Chief Finance Officer and Compliance Officer are responsible for coordinating & managing the overall BCP program. Working with the functional areas and their service providers, the BCP Team (Chief Finance Officer and Compliance Officer) facilitates the program by:

1. Facilitating periodic Business Impact Analysis (BIA) discussions with the functional areas.
2. Document all changes to Business Continuity Plan documentation periodically.
3. Organize periodic Business Continuity Planning testing exercises.
4. Review the need for building evacuation and Business Continuity plans for branches.
5. Evaluate the adequacy and implementation of the Business Continuity Planning procedures at least on an annual basis.

7.2.2 Business Functional Areas

The functional areas identified as Critical as per the BIA are ultimately **owners** of their processes including the supporting applications and data. The functional areas identify their critical processes; the vulnerabilities that threaten them and the planning required to keep them operational or recoverable in a timely manner.

1. Identified Functional area will designate an IFRT leader as the BCP contact. This person is the point of contact though functional heads are still the owners for their plans and processes.
2. Identified Functional areas will ensure that the recovery strategy is communicated to all employees within their function.
3. The respective Individual Function Recovery Team Leader & Emergency Response Team Leader shall intimate BCP Team (Chief Finance Officer and Compliance Officer) of any changes in the process, system & people for their team.
4. Identified Functional areas will keep Business Continuity planning in mind while developing any strategic plans or changes in business (so that recoverability is not affected).
5. The alternative arrangement for the office of the officers are as under:

Officers	Alternative arrangement
CEO and Principal Officer	Any Director or Principal officer appointed by the Board of Directors.
CFO & Operation Manager	Senior Manager- Operation
CIO	Fund Manager
Fund Manager	CIO

ABSLPM	Enterprise Risk Management	Version	Date:	Page
		2.1	19/07/2024	27 of 28
Document Title: Risk Management Policy				

7.2.3 Business Support Functions:

IT is the custodian of the information technology systems in the company and is responsible for maintaining and testing the Disaster Recovery Plans for applications and systems for each critical function.

Administration function is responsible for the overall management & maintenance of the facility.

Risk Management & Internal Audit is responsible for auditing and reviewing Business Continuity program for compliance with this policy.

7.2.4 Employees

All Employees need to be aware of the Initial Response Team (IRT) and Personnel Support Team (PST) member on their floors. They need to be well versed with the Do's and Don'ts in any contingency the Assembly Point for their facility and communications sent by BCP Team (Chief Finance Officer and Compliance Officer) on a periodic basis.

7.3 Outsourcing:

All outsourcing contracts will include an annexure on vendor BCP preparedness that will have to be completed by vendors entering a contract for providing services.

8.0 Internal Audits:

All the functions supporting ABSLPML's key products and services shall be subjected to an Internal Audit as per the defined frequency below:

Recovery Rating	Frequency
V1	Annually
V2	Annually
V3	Annually
V4	Annually
V5	Annually
V6	Annually

9.0 Review:

The Policy shall be reviewed at least quarterly or as and when significant changes occur within ABSLPML or the environment in which it operates.

Appendix A

Recovery Rating	Definition	Minimum Business Continuity Strategy
------------------------	-------------------	---

ABSLPM	Enterprise Risk Management	Version 2.1	Date: 19/07/2024	Page 28 of 28
Document Title: Risk Management Policy				

V1	The business functions & applications are vital to successful business performance & must be restored to an acceptable level of capability within no more than 4 hours.	Formal Business Continuity Plans are required. Alternate Site Planning requires a pre designated recovery site where the function can be recovered. All the applications requiring local installation should be installed at the Alternate Site.
V2	The business functions & applications are essential to successful business performance & must be restored to an acceptable level of capability within no more than 24 hours.	Formal Business Continuity Plans are required. Alternate Site Planning requires a pre designated recovery site where the function can be recovered. All the applications requiring local installation should be installed at the Alternate Site.
V3	The business functions & applications are essential to the successful business performance & must be restored to an acceptable level of capability within no more than 48 hours.	Formal Business Continuity Plans are required. Alternate Site Planning requires a pre designated recovery site where the function can be recovered.
V4	The business functions & applications are essential to successful business performance & must be restored to an acceptable level of capability within no more than 72 hours.	Formal Business Continuity Plans are required. Alternate Site Planning requires a pre designated recovery site where the function can be recovered.
Recovery Rating	Definition	Minimum Business Continuity Strategy
V5	The business functions & applications are desirable for efficient business performance; however restoration may be delayed up to two weeks.	Formal Business Continuity Plans are required.
V6	The business functions & applications are not critical to successful business performance and restoration may be delayed for more than two weeks.	Formal Business Continuity Plans are required.