



V-Guard Industries Limited

Risk Management and ESG Charter

January 2024

V-GUARD INDUSTRIES LIMITED

CIN: L31200KL1996PLC010010

Regd. Office: 42/962, Vennala High School Road, Vennala, Kochi, Kerala – 682 028

P: (+91) 484 200 5000, E: cscompliance@vguard.in, W: www.vguard.in



Current Version	Version 2, January 31, 2024
In charge	Internal Risk Committee – CEO, CFO & Head- CA&G/ Chief Risk Officer (CRO) ESG Steering Committee
Approving Authority	Risk and ESG Committee
Applicability	Applicable to the company and its subsidiaries and associate companies as per the contractual terms with associate companies.
Frequency of review	Once in two years
Confidentiality status	Strictly for internal use only



CONTENTS

1. Introduction	4
2. Mission of Corporate ESG and Risk Management	4
3. Objectives	4
5. Overview of the risk management process	6
5. Risk and ESG Charter Revision History	7



1. Introduction

A key factor for a Company's capacity to create sustainable value is the risks that the Company is willing to take (at strategic and operational levels including ESG strategies) and its ability to manage them effectively. Ability to identify and manage risks promptly is also a critical aspect of corporate governance at any Company.

Many risks exist in a Company's operating environment and continuously emerge on a day-to-day basis. Risk management does not aim at eliminating them, as that would simultaneously eliminate all chances of rewards/ opportunities. Risk Management is instead focused at ensuring that these risks are known and addressed through a pragmatic and effective risk management process.

This Risk Management and ESG charter aims to detail the objectives and principles of risk management at V-Guard Industries Limited (VGIL) along with an overview of the risk management process, ESG strategy and performance and related roles and responsibilities.

2. Mission of Corporate ESG and Risk Management

- a. To sustain a pre-emptive, independent and objective management of VGIL risks that:
 - Supports sustainable execution of strategies
 - Maintaining VGIL entrepreneurial spirit
 - Safeguarding VGIL assets and values.
- b. To maintain high standard of ESG framework and promote sustainable ESG practices.

3. Objectives

The objectives of ESG and Risk management at VGIL are to:

- Understand the Company's risk profile;
- Provide structured risk assessment that facilitates to make informed business decisions;
- Safeguard interest of shareholders
- Improve corporate governance
- Assist the Board in meeting its responsibilities in relation to the Environmental, Social and Governance (ESG) matters arising out of the activities and operations of the Company and its subsidiary companies (the Group) for aiming towards enhanced sustainable development.



4. Risk and ESG Committee

I. Governance

The Board of Directors is responsible for defining and approving the Risk Management and ESG frameworks.

The Board has delegated direct oversight responsibility for the deployment of the Risk and ESG Management process to the Risk and ESG Committee.

The Committee reviews the risk reporting produced by the Internal Risk Committee (CEO, CFO & Head- CA&G/CRO) on a half-yearly basis. It also oversees a formal annual presentation by the Internal Risk Committee on the Risk Management activities at the Company. This includes an annual report of the key risks faced by the Company together with an assessment of the system of risk management.

The Committee shall also review the ESG practices, performance and reporting by the Company.

II. Role of Committee

The primary role of the Risk and ESG Committee ("Committee") of the Company is that of assisting the Board of Directors ("Board"): -

- To formulate a detailed risk management policy which shall include:
 - ✓ A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk.
 - ✓ Measures for risk mitigation including systems and processes for internal control of identified risks.
 - ✓ Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the Risk and ESG Committee
- To guide and set the tone of the sustainability agenda and strategy;
- To review and monitor the operational, regulatory, and reputational risks and impacts of ESG on the Company and provide insight and guidance with respect to the Company's management of such risks and impacts;
- Oversee the Company's ESG framework, policies, practices, performance and reporting with respect to ESG goals.



III. Composition

- The Committee shall be appointed by the Board and may be staffed with directors and/ or executives from the Company.
- The Risk and ESG Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director
- The members of the Committee shall elect a Chairman from amongst themselves.
- The Company Secretary shall act as the Secretary to the Committee Meetings. The Secretary will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting.

IV. Quorum

- The quorum for a meeting of the Risk and ESG Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

V. Meetings

- The Committee shall meet at least twice a year.
- The meetings of the Risk and ESG Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.
- The Committee may invite company executives, as it considers appropriate basis an invite from the Committee Chairman. In case the Chief Risk Officer/ Head-Risk are not members of the Committee then they shall be permanent invitees to the Committee meetings
- Additionally, the Managing Director may also attend and participate at the meetings of the Committee as invitee. While invitees to the Committee shall have a right to be heard in the meetings, they shall not have a right to vote. The right to vote shall vest only with the members of the Committee.

5. Overview of the risk management process

Refer Risk Management Policy

Sudarshan Kasturi – Sr. VP & CFO

Ramachandran Venkataraman – Director & COO



5. Risk and ESG Charter Revision History

Version	Date	Revision Description
1	March 31, 2022	New Risk Charter