

## **GP Petroleums Limited** **"Risk Management Policy"**

### **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 policy and procedures with regard to risk management as defined below. The Board may review and amend this policy from time to time.

### **Definitions**

- **"Audit 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.

### **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 wherever 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.

### **Constitution, Quorum and Meetings 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 quorum for a meeting of the Risk Management 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.

The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

### **Responsibilities of Risk Management Committee**

The role and responsibilities of the Risk Management Committee shall be as specified in Part D of Schedule II of the LODR Regulations, 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 - Considering the nature of the Company's business involving formulation, manufacturing, storage, transportation and marketing of industrial lubricants, automotive lubricants, process oils, transformer oils, greases and trading in bitumen, the Company shall maintain an appropriate Business Continuity Plan ("BCP") to ensure continuity of critical business operations during disruptions arising from operational failures, plant shutdowns, supply chain interruptions, cyber incidents, labour unrest, pandemics, natural calamities, geopolitical events or other unforeseen circumstances.

The BCP framework shall include identification of critical operations and infrastructure, contingency measures, alternate sourcing and logistics arrangements, disaster recovery systems, emergency response procedures, communication protocols and periodic testing/review mechanisms. The Risk Management Committee shall periodically review the adequacy and effectiveness of the Business Continuity Plan and recommend necessary improvements based on operational requirements and emerging risks.

- (d) Force Majeure - The Company recognizes that certain events beyond its reasonable control, including natural calamities, floods, fire, pandemics, war, terrorism, civil unrest, government restrictions, cyber incidents, utility failures, transportation disruptions, supply chain interruptions or other unforeseen events ("Force Majeure Events"), may adversely affect business operations, production, storage, procurement and supply commitments.

In the event of occurrence of any Force Majeure Event, the Company shall take reasonable steps to mitigate operational impact, safeguard employees and assets, activate business continuity measures and maintain appropriate communication with relevant stakeholders, wherever required. The occurrence of a Force Majeure Event shall not by itself constitute failure of operational controls or governance, provided reasonable mitigation and continuity measures have been undertaken by the Company.

- (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 in the activities of such committees, in accordance with the framework laid down by the Board of Directors. Further, the Risk Management Committee shall have the authority to seek information from any employee, obtain outside legal or other professional advice, and secure the attendance of external experts with relevant expertise, wherever considered necessary.

#### **ROLES & RESPONSIBILITIES OF THE BOARD OF DIRECTORS AS PER THE SEBI REGULATIONS**

- (1) The Board of directors of the Company shall also have the following responsibilities with respect to risk management as per Regulation 4 and 17 of the SEBI (LODR) Regulations, 2015:
  - Review of the Risk Policy [Regulation 4 (2) (f) (ii) (1)]
  - Ensure integrity of the Risk Management systems [Regulation 4 (2) (f) (ii) (7)]
  - To ensure that, while encouraging positive thinking, such an approach does not result in over-optimism leading to significant risks remaining unidentified or exposing the listed entity to excessive risk [Regulation 4 (2) (f) (iii) (9)]
- (2) The Company shall lay down procedures to inform members of Board of directors about risk assessment and minimization procedures. [Regulation 17 (9) (a)]
- (3) The Board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. [Regulation 17 (9) (b)]

#### **ROLES & RESPONSIBILITIES OF THE BOARD OF DIRECTORS AS PER THE COMPANIES ACT 2013,**

- (1) The Board's Report shall include a statement indicating the development and implementation of a Risk Management Policy for the Company, including the identification of elements of risk, if any, which, in the opinion of the Board, may threaten the existence of the Company [Section 134 (3) (n)].
- (2) The Independent Directors shall satisfy themselves that the systems of risk management are robust, effective, and defensible [Schedule IV].
- (3) 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 the risk management systems of the Company [Section 177 (4) (vi)].

### **Risk & 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.
16. Supply Chain & Vendor Concentration Risk.
17. ESG & Sustainability Risk.
18. Climate Change & Energy Transition Risk.
19. Product Quality & Product Liability Risk.
20. Cyber Security & Data Privacy Risk.
21. Reputation Risk.
22. Regulatory & Environmental Compliance Monitoring.

### **Process Framework for Risk Identification & Control:**

The Company has established a structured Risk Management Framework to identify, assess, monitor and mitigate risks across all business divisions and operational areas. As part of this framework, the respective Business Heads identify key risks relating to their divisions, operations, processes and business activities and present the same before the Risk Management Committee through a detailed Risk Management Report.

The Risk Management Report, inter alia, includes the nature of risks identified, potential impact on the business, likelihood or probability of occurrence, existing control mechanisms, mitigation strategies being implemented, and action plans proposed for further risk reduction. The assessment of risks is carried out considering the severity of impact and probability of occurrence of such risks.

The Company evaluates risks using a Risk Impact–Probability Matrix, wherein risks are categorised as Minor, Moderate or Significant based on their potential impact and as Low, Medium or High based on their probability of occurrence. Risks falling under higher impact and higher probability categories are treated as critical risks and are prioritised for immediate mitigation and continuous monitoring.

Further, the Company also assesses risks from the perspective of implementation and controllability through a Degree of Difficulty (Non-Manageability) Matrix, which helps in determining the complexity involved in managing or mitigating identified risks. This enables the Company to allocate appropriate resources, define accountability and strengthen internal controls for effective risk management.

The mitigation strategies adopted by the Company may include process improvements, strengthening of internal controls, business continuity measures, insurance coverage, contractual safeguards, diversification strategies, technological enhancements, compliance monitoring and periodic review mechanisms. The Risk Management Committee periodically reviews the Risk Management Reports, evaluates the effectiveness of mitigation measures and provides necessary guidance and recommendations to ensure effective management of risks across the organisation.

### **Accountabilities**

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

- To promote risk management knowledge, awareness, and a strong risk culture across all Strategic business Units.
- To assist the Senior Management, Board, Business Units, and executives in focusing on key risks and their mitigation measures.
- To provide a systematic review mechanism and periodic reports for monitoring progress.
- To facilitate integration of risk management into the decision-making process, including capital allocation, portfolio building, and performance management, with the objective of enhancing shareholder value.

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

The revised Risk Management Policy was approved by the Board on August 12, 2021 and was subsequently reviewed by the Board at its meetings held on May 30, 2023 and May 28, 2025. The Policy was further revised by the Board on May 27, 2026.

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