

**COLGATE-PALMOLIVE (INDIA) LIMITED**  
**RISK MANAGEMENT POLICY**

**Introduction**

This document provides the Policy framework for Corporate Risk Assessment and Management (hereinafter referred to as ‘Policy’) for Colgate-Palmolive (India) Limited (hereinafter referred to as ‘the Company’). Risks are inherent in any business activities of the Company. The purpose of timely risk assessment is to identify the strategic threats, operational issues, compliance with laws and disclosure obligations.

Thus, in order to deliver value to our customers, distributors, employees, communities, shareholders and other stakeholders , it is inevitable to understand and manage the risks faced by the Company. Also, risk assessment is a legal requirement under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI Listing Regulations). Moreover, the said SEBI Listing Regulations, mandates for the constitution of the Risk Management Committee for the Listed Companies.

In view of the above mentioned legal as well as business requirements for risk assessment and management, this policy provides a detailed procedure on the same.

## **Approach**

The approach towards Risk Management is to understand the risks associated with the business of the Company and to deal with:

- Risk Assessment procedure
- Identifying the impact of such risks
- Identifying existing controls in place to mitigate the risks
- Identifying additional control measures, if required
- Developing and implementing action plans
- Reviewing the action plans at periodic intervals
- Evaluation

## **Risk Management Process**

Risk Management process is a common framework applied to identify potential events that may affect the Company and its businesses, to manage the associated risks and opportunities and provide reasonable assurance that our objectives are achieved in a convincing manner.

Through this framework we need to:

- Identify risks to operations;
- Quantify and prioritize risks;
- Ensure implementation of loss prevention measures;
- Secure business recovery plans; and
- Assure adequate insurance and prompt claims recovery.

## **Strategy & Philosophy**

Below mentioned strategy and philosophy is a suggestive guiding process to take in control the Company risks:

### Identification:

- Identify the risks of the Company and categorize them into Business/Strategic Risks, Operational Risks, Compliance Risks, and Financial Risks.

#### Assessment and Prioritization:

- Assess and quantify the identified risks and develop loss prevention measures;
- Prioritize the identified risks into High Alert, Medium Alert and Low Alert category.

#### Suggested loss prevention measures:

- Purchase all necessary insurance programs to protect human and physical assets and control costs wherever practical.

#### Other Measures:

- Foster local risk management practices in line with CP global practices;
- Leverage market partnerships and capacity;
- Tailor universal terms, conditions and program services to local needs;
- Conduct awareness and training sessions on the importance of Risk Management, Ethics, Compliance & FCPA, across all managerial cadres;
- Conduct periodic internal & external audits and report the observations;
- Ensure strict adherence to the Code of Conduct of the Company; and
- Frame and update the policies, process and best practices in all the areas in line with global CP standards.

### **Risk Management Committee**

The Risk Management Committee was constituted by the Board of Directors at their meeting convened on May 23, 2014.

The primary objective for constitution of this Committee was:

- To identify, assess, monitor and manage risks of the Company;
- To review, evaluate and make recommendations to the Board in respect of financial and non-financial risks faced by the Company;
- To review sectoral and sustainability related risks and impact specifically environmental, social & Governance related;
- To function as per the role and responsibilities, prescribed in SEBI Listing Regulations and other applicable laws, if any.

**Constitution:**

The Committee shall consist of at least Three (3) Directors of which not less than one shall be an Independent Director or as may be prescribed in the SEBI Listing Regulations. The Chairperson of the Committee shall be an Independent Director. The Committee may include such a number of members from the Leadership Team (Senior Management) of the Company as may be deemed necessary by the Board.

The Company Secretary of the Company shall act as Secretary of the Committee.

**Sponsor(s):**

For better governance of high alert risks, the Committee identifies following leaders as the 'Sponsors' in driving the risk mitigation plans:

Business / Strategic/ Sustainability Risks	- Managing Director
Operational Risks	- Plant Head/ HR Head
Compliance Risks	- Whole-Time Director & CS
Financial Risks	- Whole-Time Director & CFO

**Operation:**

The Committee shall be operated in a manner consistent with the SEBI Listing Regulations, as may be amended from time to time, SEBI Corporate Governance Principles, Code of Conduct of the Company and the Global Risk Management Policy of Colgate-Palmolive.

**Quorum:**

The quorum necessary for transacting business at a meeting of the Committee shall be two members (or) one-third of the members of the Risk Management Committee whichever is greater or as may be prescribed under the SEBI Listing Regulations.

**Meetings:**

The Committee will meet periodically or at such intervals as deemed fit by it. Further, the minimum number of meetings of the Risk Management Committee in a year would be as prescribed under the SEBI Listing Regulations.

**Scope/Functions/Terms of Reference:**

- To identify, assess and mitigate the existing as well as potential risks to the Company and to recommend the strategies to the Board to overcome them;
- Developing and implementing action plans to mitigate the risks;

- To oversee at such intervals as may be necessary, the adequacy of Company's resources to perform its risk management responsibilities and achieve its objectives;
- To appoint sub-committee(s) comprising of members from various functions like Finance, Human Resources, Legal, Regulatory, Customer Development, etc. which shall be responsible for coordinating and updating the Risk Management Committee;
- To periodically review the Company's performance against the identified risks of the Company;
- To formulate the strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the Risk Management Policy;
- Regularly review the risk management framework for the operations of the Company that are deemed necessary;
- To monitor & review Cyber Security;
- To review Disaster Management;
- To review systems of internal Controls and business contingency plans;
- To seek information from employees, outsiders and professionals having expertise in relevant areas;
- Perform such other activities related to this Policy as requested by the Board of Directors or to address issues related to any significant subject within its term of reference; and
- Perform such other roles and responsibilities as prescribed under the SEBI Listing Regulations from time to time.

### **Authority:**

The Committee shall have free access to management and management information (including but not limited to business operations and financial information). The Committee may seek the advice of outside experts or consultants at the Company's expense wherever judged necessary, to discharge its duties and responsibilities. The Committee may invite to its meetings such officials of the Company as may be necessary to seek their views and advice, if deemed necessary.

### **Reporting:**

The Committee shall report to the Board of Directors of the Company as and when the meeting is convened, unless it is determined by the Chairman of the Committee that the nature of the Committee's business was routine and did not warrant the attention of the Board of Directors.

**Review:**

Subject to the applicable provisions of the SEBI Listing Regulations, the adequacy of this Policy shall be reviewed and reassessed by the Committee at such intervals as the Committee deems appropriate and recommendations, if any, shall be made to the Board for approval.

*Signature of the Company Secretary : Sd/-*

*Date of Approval by the Board of Directors : March 22, 2021*