SHOPPERS STOP

RISK MANAGEMENT POLICY

OF

SHOPPERS STOP LIMITED

1. Objective of the Shoppers Stop - Risk Management Policy

The Board of Directors of Shoppers Stop Limited has adopted the Shoppers Stop - Risk Management Policy ("the Policy") in accordance with the requirements of the Companies Act, 2013 and the Rules framed thereunder (collectively "the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations").

In terms of the Act and the Regulations, the objective of this Policy is to frame, implement and monitor the risk management plan for Shoppers Stop Limited; for ensuring that appropriate systems for risk management are in place and that there is oversight on significant risk that is being exposed to the listed entity. The Policy will provide the overarching principles and guidance in the development and implementation of the Risk Management Systems in the entity for identification, evaluation and control of risk.

2. Definitions

Unless the context otherwise provides, the following terms used in the Policy, shall have the meaning specified herein below :

2.1. "Action Owners" shall mean the managers to whom the Risk Owner has delegated responsibility for the on-going control, monitoring and status reporting in accordance with the internal arrangements.

2.2. "Chief Risk Officer" shall mean an officer appointed as the chief risk officer in terms of the Act and the Regulations by the Board of Directors, in consultation with the Risk Management Committee.

2.3. "Operational Risk" shall mean any risk that impacts on the achievement of operational or divisional objectives and impacts on a discrete part of the organisation.

2.4. "Risk" shall mean the possibility of undesirable events occurring that might prevent or impact upon the achievement of a business objectives. The impact can be a threat to the delivery of the objectives or a missed opportunity.

2.5. "Risk Owners" shall mean the HODs/Functional Heads are responsible for the area that the risk will impact on most or that has been assigned the responsibility for the risk by their Managing Director.

2.6. "Risk Council" shall mean the internal team (if any) appointed by the Risk Management Committee.

2.7. "Risk Register" shall mean a composite, prioritized, list of the identified and evaluated risks outlining their likelihood and potential impact, and will include an action plan to manage or contain a risk to acceptable levels.

2.8. "Risk Management", shall mean the logical and systematic method of identifying, analyzing, evaluating, treating and monitoring risks in a way that will enable the organisation to meet its objectives and minimize losses and maximize opportunities.

2.9. "Strategic Risk" shall mean any risk which has a direct impact on the achievement of the overall objectives of the organization or which cuts across operational/divisional boundaries as opposed to risks that impact on any discrete part of the organisation.

3. **Risk Management at Shoppers Stop**

The management of risk will extend to cover strategic, operational and compliance risks that may have an impact on any of the business activities and objectives set by the organization, including setting out the requirements, to be met by Departments in the development and implementation of management systems for the purpose of the identification, evaluation and control of risk.

Risk is managed though the identification, evaluation of severity, by checking it though Risk Map and Risk Rating in terms of its probability of occurrence and the impact and the decisions of management and controlling the process through 4 Ts – Treat, Transfer, Tolerate or Terminate. Periodical reviews conducted through by risk committee meetings at various levels and through either Internal Auditing or Continuous Monitoring.

4. **Risk Strategy**

Shoppers Stop recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner.

The Company believes that the Risk cannot be eliminated. However, it can be:
- Transferred to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
- Reduced, by having good internal controls;
- Avoided, by not entering into risky businesses;
- Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
- Shared, by following a middle path between retaining and transferring risk.

HODs/Functional Heads are accountable for their Department and for its risk management; however, a framework of senior level delegation is essential if risk management is to be effective. The most effective risk management emerges when ownership of any key risk is allocated to a senior manager, the Risk Owner. Without ownership being assigned at an appropriate level, responsibility and authority for implementing control actions will not be clear.

The respective departmental heads shall provide inputs from time to time as and when needed, on the emerging risks (if any) that they envisage which could act like a hindrance in achieving their individual departmental and/ or company goals;

For Legal Compliance risk will require Departmental Heads to provide on an annual basis, a statement for legal compliance; and collectively those statements will provide an assurance or otherwise to the Chief Financial Officer / Legal Compliance Officer who will provide a consolidated statement on behalf of company. Risk Management must be included as an integral component of the Business Planning and Performance Management process.

The common risks inter alia fall under various aspects impacting the business space in which the corporate functions including – Macro /Micro Economic scenario, Legal Compliance Regulations, Competition, Business Continuity risk, Sustainability, ESG Risk (Environmental, Social & Corporate Governance), Technology obsolescence Risk, Cybersecurity, Investment Risk, retention of talent & Risk of Store expansion. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, Internal Control failure risks, Fraud Risks etc.

Risk management is an integral part of the management process and needs to be embedded in the

culture of every function, integrated into job descriptions, performance objectives, and all aspects of strategic and operational activities. It is essential that all members of staff are aware of their role in the management of risk to an acceptable level. In addressing issues relating to risk, Departments need to be transparent and open and seek to identify and address all areas where there is need for improvement in risk management.

5. **Risk Management System**

The Board shall constitute a Risk Management Committee in accordance with the Act and the Regulations. The Risk Management Committee shall discharge the functions and exercise the powers, as may be mandated under the Act and the Regulations, or as may be assigned by the Board, from time to time.

The Board may subject to the terms of the Act and the Regulations also appoint a Chief Risk Officer. 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 may also set up an internal committee ("Risk Council") to identify and minimize the risks through review, update and making execution plans. The internal committee so set-up will submit periodic reports to the Risk Management Committee.

The responsibility for the application of the structured approach and delivery of the effective management of strategic and operational risk lies with the Functional Heads, the Chief Risk Officer and Managing Director, jointly as well as severally.

The Managing Director and the Chief Risk Officer (if any), shall be jointly and severally have the overall responsibility for delivering an effective risk management strategy. To this end they should ensure that the Company shall:-
- Develop and maintain a Risk Management System
- Review and monitor identified risks with nominated Risk Owners and Action Owners.
- Provide general risk awareness including any mentoring that may be required.
- Oversee the operation of this Policy and ensure it is up to date by regular review.
- Ensure that all staff are involved in the risk management process. The Policy will apply to all staff and must be included in staff induction material and training. Staff more directly involved in the risk management process by virtue of their job role will have responsibility for managing individual risks allocated to them.
- Their risk management responsibilities will be included in their job descriptions and performance objectives.

6. **Risk Management Framework**

The company considers activities at all levels of the organization in the risk management framework. All these components are interrelated and drive the Enterprise Wide Risk Management with focus on three key elements, viz.,

(1) Risk Assessment
(2) Risk Management
(3) Risk Monitoring

7.1. Identification

Departments must develop strategic and operational risk registers to provide input to the Chief Risk Officer (in the absence of the Chief Risk Officer, to such other officer or internal committee, as may be appointed by the Risk Management Committee for that purpose), which cover areas of risk such as: -

- Anything that could impact on the reputation of the Organization and could undermine stakeholder's confidence in it.
- Any influence, external or internal to the organisation, that poses a threat to the achievement of corporate or departmental objectives.
- An inability to respond to or to manage changed circumstances in a way that prevents or minimizes adverse effects on the delivery of objectives.
- Failure to take opportunities to deliver better and more effective services, programmes or projects.
- Failure to comply with legislative requirements covering employment, health and safety and the environment.
- Failure to guard against impropriety, malpractice, waste or poor value for money.
- Failure to develop and manage human resources to meet changing corporate and departmental objectives.

7.2. Evaluation

The identification of risk needs to be followed by an evaluation of the impact that risk may have on the delivery of objectives. It is therefore important to use a process that measures impact and likelihood consistently and enables the development of a hierarchy of risk for the registers.

The adoption of the model given below will enable the consistent evaluation of risk, for the purposes of the registers.

Risk Evaluation Matrix

Impact Severity	Multiplier					
Critical	5	5	10	15	20	25
Major	4	4	8	12	16	20
Moderate	3	3	6	9	12	15
Minor	2	2	4	6	8	10
Insignificant	1	1	2	3	4	5
	Multiplier	1	2	3	4	5
Likelihood		Remote	Unlikely	Possible	Likely	Very likely

Management Action Guide

Overall Risk Rating	Key	Management Action
High Risk – Severe	**20-25**	Unacceptable level of risk exposure which requires immediate corrective action to be taken
High Risk – Major	**11-19**	Unacceptable level of risk exposure which requires constant active monitoring and measures to be put in place to reduce exposure
Medium Risk – Moderate	**5-10**	Acceptable level of risk exposure subject to regular active monitoring measures
Low Risk – Minor	**3-4**	Acceptable level of risk exposure subject to regular passive monitoring measures
Low Risk – Insignificant	**1-2**	Acceptable level of risk exposure subject to periodic passive monitoring measures

7.3. Managing and Controlling Risk

Having identified and evaluated the risks, and documented them on the risk registers for strategic and operational risks, the arrangements for managing the risks need to be in place. These arrangements cover the allocation of duties and responsibilities for the management of the risks to key personnel as well as taking the management actions to control the specific risks.

In broad terms the actions taken to control risk fall into four categories which are classified as treat, tolerate, terminate or transfer.

The categories for controlling risk are explained as:-

Treat   involves taking action to reduce the risk by lessening the impact. This can involve improved procedures or training, investing in new equipment, changing legislation, etc.

Tolerate   involves accepting the risk and its impact as it stands, that is self insure or decide to cover any losses. Risks we have failed to identify are classed as being tolerated without knowledge.

Transfer   involves deciding to pass the risk or costs of the impact outside the organisation, that is contract out the risk or take out insurance to cover the costs of the impact.

Terminate   involves deciding to eliminate the risk by ceasing the activity or the pursuance of the objective that presents the risk.

Allocation of duties and responsibilities to key personnel and an awareness of all staff within the organisation is important in ensuring the risk management process is followed and becomes part of the overall performance management and business continuity arrangements. This needs to cascade throughout the organisation and have appropriate reporting mechanisms for use within departments and across management.

The above arrangements are the minimum standards for compliance with Corporate Governance requirements but departments may need to extend these duties and responsibilities to meet their internal needs.

7. Conclusion
The Chief Risk Officer (if any)/ Risk Council (if any)/ Managing Director will be responsible, to jointly and severally deliver and maintain a Risk Management System in accordance with this Policy,

Approved by the Board of Directors on May 21, 2021