

# Nangia Andersen LLP

---



## **Risk Management Policy**

This policy sets out the basic principles and processes of Risk Management for Nangia Andersen LLP (“*the firm*”)

**A. Purpose**

- To enhance the system of quality control of *the firm* by identifying, assessing, mitigating, monitoring and reporting of risks.
- To ensure unhindered achievement of objectives along with improvement in financial sustainability of *the firm*.

**B. Scope**

This Policy is applicable to all the functions, departments and geographical locations of *the firm*. It forms part of the governance framework of *the firm*, covering all the events within and outside *the firm* which have a bearing on *the firm’s* business.

**C. Risk Management Framework**

- The Managing Partner shall assume ultimate responsibility for *the firm’s* system of quality control.
  
- A Chief Risk Officer (CRO) shall be nominated with appropriate experience and ability, with the following responsibilities:
  - a. The CRO shall conduct the process of Risk Assessment and Risk Treatment against the risks faced by *the firm*;
  - b. The CRO shall formulate and implement risk management policy and procedure of *the firm*, ensure their compliance by all members of *the firm*;
  - c. The CRO shall promote a culture of risk awareness and consultation throughout *the firm* by being the primary point of contact for risk management within *the firm*.
  
- A Risk Management Committee (RMC) shall be formed, headed by the Managing Partner, which will include the CRO, respective partners and representatives of office locations of *the firm*, with the following responsibilities:
  - a. The RMC shall periodically review and monitor the Risk Assessment and Treatment processes;
  - b. The RMC shall formulate a business disruption strategy and plan, and periodically revise it;
  - c. The RMC shall provide guidance for fulfilling the objectives of the *firm*, protecting its employees and business assets, and for ensuring its financial stability.

The number of members in the RMC shall be decided and nominated by the Managing Partner from time to time, as per the requirement of the *firm*.

**D. Risk Assessment**

To conduct a comprehensive assessment of the risks faced by *the firm*, the CRO shall undertake the following steps:

**1. Risk Identification**

A comprehensive list of risks and events that may impact the fulfilment of *the firm’s* objectives shall be identified and collated.

## 2. Risk Categorization

Risks identified and collated shall be categorized under Internal and External Risks as follows:

### Internal risk

- a. Strategic Risk will include Competition related risks, high dependence on a single client etc.
- b. Business and Finance Risk will include Project viability, process or method risk, rapid technological changes, potential liquidity crunch, currency fluctuation etc.
- c. Operational, Personnel and Reputation Risk will include process bottlenecks, health & safety, disrepute towards *the firm* etc.
- d. Regulatory and Environmental Risk will include Non-compliance to relevant statutes, environmental provisions etc.
- e. Information and Cyber Security Risk will include Cyber threats and attacks, Data privacy vulnerabilities etc.

External risk will include major macroeconomic and geopolitical changes, natural disasters or pandemics etc.

## 3. Risk Analysis and Evaluation

A root cause analysis of the risks faced by *the firm* shall be made to identify and understand the reasons and drivers of risk elements, followed by a thorough evaluation of the consequences and likelihood of *the firm* facing such risks.

## 4. Risk Prioritization

Risks faced by *the firm* shall be further categorized on the basis of its severity, as per the analysis and evaluation made. Factors affecting the risk prioritization will include risk appetite, resource availability, risk threshold and its manageability etc.

## E. Risk Treatment

Upon successful assessment of the risk, the CRO shall select and implement all or any of the following methods for risk treatment as found appropriate under prevailing circumstances:

1. **Risk Mitigation:** all appropriate steps must be taken on a regular basis to minimise or limit the negative effects of threats and damages faced by *the firm*.
2. **Risk Avoidance:** where risk is analysed to be significant enough to avoid, action that would create exposure to it must be avoided.
3. **Retaining Risk:** where potential loss is caused by a special risk, such as precipitous high-risk delivery, such risk is to be accepted along with the formulation of a plan to recover the potential financial cost of accepting such risk.
4. **Risk Transfer:** where it is recognized that performance of an obligation cannot be completed without assuming some risk, such risk is to be transferred to a third party such as transfer of risk to an insurance company.

## F. Risk Monitoring

The RMC shall regularly track the risks incurred by *the firm*, and, periodically conduct an evaluation of the steps taken by the CRO to counter such risks. It will also include reviewing the effect of

reduced risk on costs, schedules, business etc. Additional risks that may arise during risk treatment or as a consequence to it, must also be monitored and addressed with appropriate response.

#### G. **Business disruption**

In addition to the process of Risk Treatment, *the firm* shall also adopt a business disruption strategy and plan for any event that could adversely affect the business operations of *the firm*. Such business disruption strategy and plan shall be formulated by the RMC and will include the following measures:

- Conduct an extensive analysis to recognize critical business functions and processes along with the means to support them;
- Implement appropriate steps to recover such critical business functions and processes;
- Organize a business continuity team and conduct extensive training for such team.

#### H. **Risk Reporting**

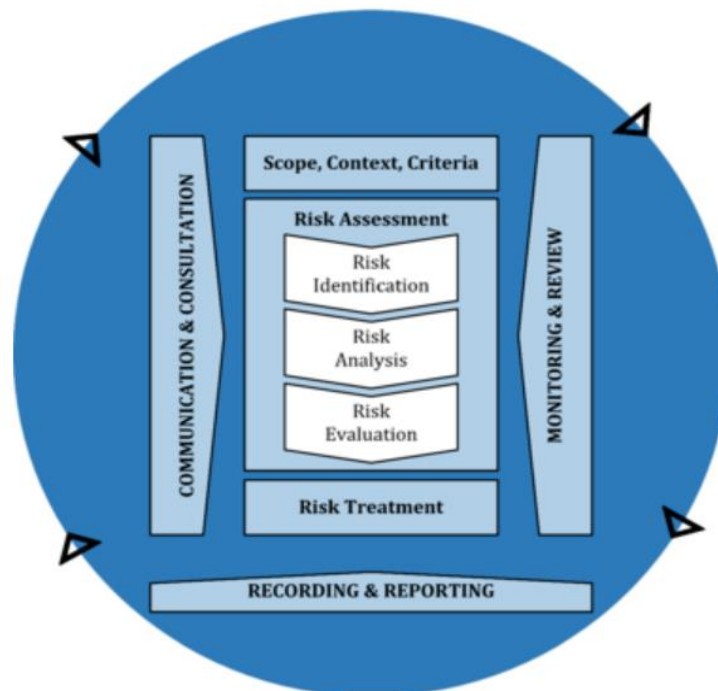
The purpose of risk reporting is to create awareness about key risks, improve accountability and to ensure timely completion of risk treatment.

Any significant risk, recognized by any member of *the firm*, shall duly report it to the CRO at the earliest, and the CRO shall subsequent to receiving information about such risk, assess and mitigate it appropriately.

#### I. **Communication and Consultation**

In the context of risk management, Communication promotes understanding of risk and awareness whereas consultation promotes deliberation and feedback. Collation of different views and areas of expertise assist in providing adequate information to facilitate risk oversight.

Hence, both communication and consultation is encouraged by *the firm* on a regular basis with relevant stakeholders (both internal and external) along every step of the risk management process.



*Risk management process (ISO 31000:2018 Guidelines)*

## **OUR OFFICES**

### **NOIDA**

(Delhi NCR - Corporate Office)  
A-109, Sector - 136,  
Noida - 201304  
T: +91 120 5123000

### **DELHI**

(Registered Office)  
B-27, Soami Nagar,  
New Delhi - 110017  
T: +91 0120 5123000

### **GURUGRAM**

812-814, Tower B, Emaar Digital  
Greens, Sector-61, Gurugram,  
Haryana - 122102  
T: +91 0124 430 1551

### **MUMBAI**

11<sup>th</sup> Floor, B Wing, Peninsula Business  
Park, Ganpatrao Kadam Marg, Lower  
Parel, Mumbai - 400013, India  
T: +91 22 61737000

### **CHENNAI**

Prestige Palladium Bayan,  
Level 5, 129-140, Greams Road,  
Thousand Lights, Chennai - 600006  
T: +91 44 46549201

### **BENGALURU**

Prestige Obelisk, Level 4  
No. 3 Kasturba Road,  
Bengaluru – 560 001, Karnataka, India  
T: +91 80 2228 0999

### **PUNE**

3<sup>rd</sup> Floor, Park Plaza, CTS 1085,  
Ganeshkhind Road, Next to Pune  
Central Mall, Shivajinagar,  
Pune - 411005

### **DEHRADUN**

1<sup>st</sup> Floor, "IDA" 46 E.C. Road,  
Dehradun - 248001, Uttarakhand  
T: +91 135 271 6300

**[www.nangia-andersen.com](http://www.nangia-andersen.com) | [query@nangia-andersen.com](mailto:query@nangia-andersen.com)**

Copyright © 2022, Nangia Andersen LLP All rights reserved. The Information provided in this document is provided for information purpose only. This Policy is not intended to establish the legal or professional standard of due care, nor is it possible for this guidance to specify the conduct appropriate for every situation. *The Firm* expressly disclaims all liability in respect to actions taken or not taken based on any or all the contents of this document.