

JHS SVENDGAARD RETAIL VENTURES LIMITED

(CIN: L52100HR2007PLC093324)

Registered Office: 5th Floor, Plot No. 107, Sector-44, Institutional Area, Gurugram, Haryana-122001

Listed on BSE (Scrip Code: 544197) and NSE (Symbol: RETAIL)

RISK MANAGEMENT POLICY

Retail Business Operations

Document Owner	Risk Management Committee
Approving Authority	Board of Directors
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Next Scheduled Review	Within two (2) years from Effective Date, or earlier as decided by the RMC/Board
Applicable Regulation	Regulation 17(9), 21 and Schedule II Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and Section 134(3)(n) of the Companies Act, 2013

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1. Preamble and Objective

JHS Svendgaard Retail Ventures Limited ("the Company") is engaged in the retail business, operating stores across diverse product categories in various sales formats, including locations such as airports, shopping malls and standalone stores across India. The Company recognises that the retail sector is inherently exposed to a dynamic combination of financial, operational, sectoral, technological, sustainability and reputational risks arising from rapidly evolving consumer preferences, supply chain complexity, seasonality, competitive intensity and regulatory change.

This Risk Management Policy ("the Policy") has been framed pursuant to Regulation 17(9) and Regulation 21 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR Regulations"), and Section 134(3)(n) of the Companies Act, 2013. The objective of this Policy is to:

- establish a structured and disciplined approach to identifying, assessing, mitigating, monitoring and reporting risks across the Company's retail operations;
- safeguard the Company's assets, brand reputation, customers, employees and shareholder value;
- integrate risk management into strategic planning, budgeting and day-to-day business decisions;
- ensure business continuity and resilience in the event of disruptive events; and
- ensure compliance with applicable laws, regulations and good corporate governance practices.

2. Applicability

This Policy applies to the Company and all its business verticals, including retail stores, warehouses and distribution centres, e-commerce and omni-channel operations, private-label and sourcing functions, corporate and support functions, and, to the extent applicable, its subsidiaries and joint ventures engaged in retail-related activities.

3. Definitions

- "Board" means the Board of Directors of the Company.
- "Committee" or "RMC" means the Risk Management Committee constituted by the Board under Regulation 21 of the SEBI LODR Regulations.
- "Risk" means the effect of uncertainty on the Company's objectives, whether financial, operational, strategic, reputational, compliance-related or otherwise, and includes both threats and opportunities.
- "Risk Appetite" means the level and type of risk the Company is willing to accept in pursuit of its business objectives.
- "Risk Register" means the consolidated document maintained by the Company recording identified risks, their assessment, ownership and mitigation status.
- "CRO" means the Chief Risk Officer, if and when appointed by the Company.
- "ESG" means Environmental, Social and Governance factors relevant to sustainability risk.

4. Risk Management Philosophy

The Company adopts a proactive, integrated and continuous approach to risk management, wherein risk identification and mitigation are embedded into ordinary business processes at the store, warehouse, category, and corporate levels, rather than being treated as a periodic compliance exercise. The Company follows a three-lines model: (i) business and function heads who own and manage risk in daily operations; (ii) risk management, compliance and internal control functions that facilitate and monitor the framework; and (iii) internal audit, which provides independent assurance to the Audit Committee and the Board.

5. Risk Governance Structure

5.1 Constitution of the Risk Management Committee

The Board has constituted a Risk Management Committee in accordance with Regulation 21 of the SEBI LODR Regulations. The composition, quorum, meeting frequency and terms of reference of the Committee shall be as prescribed under the SEBI LODR Regulations and as set out in the Committee's charter approved by the Board.

5.2 Role of the Risk Management Committee

The role of the Committee shall, inter alia, include the following:

1. To formulate a detailed risk management policy which shall include:
 - a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly ESG-related risks), information and cyber security risks, or any other risk as may be determined by the Committee;
 - measures for risk mitigation, including systems and processes for internal control of identified risks;
 - a Business Continuity Plan.
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 of the retail business.
5. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken.
6. To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

The Committee shall coordinate its activities with other Committees of the Board, including the Audit Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, in instances where there is an overlap with the activities of such committees, as per the framework laid down by the Board.

5.3 Roles and Responsibilities

Role	Key Responsibilities
Board of Directors	Approves the Risk Management Policy and any amendments thereto; oversees the overall risk governance framework; ensures the Risk Management Committee has the necessary resources; reviews the Company's risk profile and mitigation status periodically.
Risk Management Committee (RMC)	Formulates, reviews and recommends the Risk Management Policy; monitors and oversees implementation; reviews the risk register and heat map; evaluates adequacy of risk management systems; reviews the Business Continuity Plan; keeps the Board informed of its discussions and recommendations; reviews appointment, removal and remuneration terms of the Chief Risk Officer, if appointed.
Chief Risk Officer (CRO) / Risk Management Function	Where appointed, drives day-to-day implementation of the policy; consolidates risk inputs from business/function heads; maintains the enterprise risk register; reports to the RMC and, where required, to the Audit Committee/Board.
Business & Function Heads (Risk Owners)	Identify and assess risks within their respective areas (e.g., stores, supply chain, e-commerce, HR, IT, finance); implement mitigation actions and controls; report risk incidents and near-misses on a timely basis.
Internal Audit	Independently reviews the effectiveness of risk management and internal control systems; reports significant control gaps to the Audit Committee and RMC.

Role	Key Responsibilities
Audit Committee	Reviews financial and internal-control risks; coordinates with the RMC on matters of overlap such as internal financial controls and fraud risk.

6. Risk Management Framework

6.1 Risk Identification

Risks shall be identified at the enterprise, business-vertical and functional/store level through a combination of management workshops, incident and audit reports, customer and vendor feedback, industry benchmarking and macro-economic/regulatory scanning. Given the nature of the Company's retail business, the following categories of risk shall, at a minimum, be considered:

Risk Category	Illustrative Risk Elements Relevant to Retail Operations
Strategic & Sectoral	Changing consumer preferences and shopping behaviour, competition from e-commerce and quick-commerce players, format and location obsolescence, failure to adapt omni-channel strategy, economic slowdown affecting discretionary spend.
Financial	Working capital and liquidity risk, foreign exchange risk on imported merchandise, interest rate risk, credit risk on franchisee/wholesale receivables, inventory financing costs.
Operational	Inventory obsolescence, shrinkage and pilferage, stock-out or overstock situations, seasonal and festive demand volatility, store operations and footfall management, quality control failures, private-label/vendor quality issues.
Supply Chain & Vendor	Vendor concentration and single-source dependency, supply chain and logistics disruption, raw material and commodity price volatility, last-mile delivery failures, warehousing and distribution bottlenecks.
Information & Cyber Security	Customer data privacy breaches, payment gateway and POS system failures, e-commerce platform downtime, ransomware/malware attacks, non-compliance with data protection laws.
Human Resources	High attrition among store and warehouse staff, seasonal labour availability, talent retention at leadership levels, workplace safety, unionisation and industrial relations.
Legal, Regulatory & Compliance	Non-compliance with consumer protection, labelling, weights & measures and FSSAI (where applicable) regulations, lease and real estate disputes, licensing delays, litigation from consumers, employees or vendors.
Reputational	Product recalls, counterfeit or sub-standard merchandise, adverse social media/customer sentiment, data breach fallout, negative publicity from labour or vendor practices.
Sustainability / ESG	Packaging waste and plastic usage, carbon footprint of logistics and stores, energy consumption, supply chain labour practices, climate-related disruption to sourcing regions.
Fraud & Business Continuity	Billing and cash-handling fraud, employee or vendor collusion, disruption from natural calamities, fire, pandemics or civil unrest affecting store/warehouse operations.

This list is illustrative and not exhaustive. The Committee may identify and add any other risk relevant to the Company's business from time to time.

6.2 Risk Assessment and Evaluation

Each identified risk shall be assessed on the basis of its likelihood of occurrence and potential impact on the Company's operations, financial performance, reputation, customers, employees and compliance standing, using a standard 5x5 risk rating matrix as illustrated below. Risks rated "High" or "Critical" shall be escalated to the Committee and, where necessary, to the Board.

Likelihood \ Impact	Insignificant	Minor	Moderate	Major	Severe
Rare	1 (Low)	2 (Low)	3 (Low)	4 (Low)	5 (Low)
Unlikely	2 (Low)	4 (Low)	6 (Medium)	8 (Medium)	10 (Medium)
Possible	3 (Low)	6 (Medium)	9 (Medium)	12 (Medium)	15 (High)
Likely	4 (Low)	8 (Medium)	12 (Medium)	16 (High)	20 (Critical)
Almost Certain	5 (Low)	10 (Medium)	15 (High)	20 (Critical)	25 (Critical)

6.3 Risk Mitigation and Internal Controls

For each material risk, the relevant risk owner shall define and implement mitigation measures and internal controls appropriate to the nature of the risk. Illustrative mitigation measures for the Company's retail operations include:

- diversification of the vendor and supplier base and periodic vendor audits to reduce concentration and quality risk;
- inventory planning, demand forecasting and category management systems to minimise stock-outs, overstocking and obsolescence;
- robust point-of-sale, e-commerce platform and payment-gateway security controls, including periodic VAPT (vulnerability assessment and penetration testing) and data-privacy compliance reviews;
- insurance cover for stores, warehouses, inventory, cash-in-transit and cyber risk, as appropriate;
- standard operating procedures, loss-prevention measures and CCTV/surveillance systems at stores and warehouses to control shrinkage and fraud;
- structured lease management and diversified store locations to mitigate real-estate concentration risk;
- employee engagement, training and succession planning to manage attrition and talent risk;
- compliance monitoring calendars covering consumer protection, labelling, data protection, labour and other applicable laws; and
- sustainability initiatives addressing packaging, waste management and energy efficiency to mitigate ESG-related risk.

6.4 Business Continuity Plan

The Company shall maintain a Business Continuity Plan ("BCP") designed to ensure continuity of critical retail operations - including store operations, e-commerce fulfilment, supply chain and IT systems - in the event of disruptive events such as fire, natural calamity, pandemic, civil unrest, cyber incident or major IT outage. The BCP shall, at a minimum, provide for:

- identification of critical business processes and acceptable downtime for each;
- data back-up, IT disaster-recovery arrangements and alternate site/vendor arrangements;
- crisis communication protocols for employees, customers, vendors and regulators; and
- periodic testing and updating of the BCP, with outcomes reported to the Committee.

6.5 Monitoring, Review and Reporting

The risk register shall be reviewed by respective risk owners on an ongoing basis and consolidated for review by the Committee at each of its meetings. The Committee shall review the adequacy and effectiveness of the risk management systems and internal controls, track the status of mitigation actions, and report its discussions, recommendations and actions taken to the Board. Significant or emerging risks shall be reported to the Board on a timely basis, outside the normal reporting cycle where warranted.

7. Chief Risk Officer

The Company may, at its discretion or as may become mandatory under applicable law, appoint a Chief Risk Officer. The appointment, removal and terms of remuneration of the Chief Risk Officer, if appointed, shall be placed before the Committee for its review, prior to being actioned by the Company.

8. Coordination with Other Committees

Where the Committee's activities overlap with those of the Audit Committee (e.g., internal financial controls, fraud risk), the Stakeholders Relationship Committee (e.g., customer grievance trends) or the Corporate Social Responsibility Committee (e.g., ESG and sustainability risk), the Committee shall coordinate with such Committees as per the framework laid down by the Board, including through cross-attendance at meetings, joint agenda items or information sharing, as considered appropriate by the Board.

9. Disclosure

The Company shall make disclosures regarding its risk management framework and the Committee in its Annual Report and on its website, to the extent required under the SEBI LODR Regulations and the Companies Act, 2013.

10. Review and Amendment of the Policy

This Policy shall be reviewed by the Committee and the Board at least once in every two years, or earlier if warranted by changes in industry dynamics, business complexity, regulatory requirements, or at the recommendation of the Committee. Any amendment to this Policy shall be approved by the Board.

11. Interpretation

In case of any conflict between this Policy and applicable law, including the SEBI LODR Regulations and the Companies Act, 2013, the provisions of applicable law shall prevail. Any matter not covered under this Policy, or requiring clarification, shall be referred to the Committee, whose decision, subject to Board approval where required, shall be final.