



RISK MANAGEMENT POLICY

INTRODUCTION AND PURPOSE

Carlsberg India Private Limited (“CIPL”/”Company”) together with any subsidiary of CIPL from time to time (“CIPL Group”) are part of the Carlsberg Group and have adopted this Risk Management Policy of the Carlsberg Group.

The Carlsberg Group is committed to implementing appropriate processes that identify, analyse and manage the risks associated with the Group's activities as a means of managing the impact of unwanted and unexpected events in order to achieve objectives and add shareholder value to the Group. The Risk Management Policy supports the Carlsberg’s Group strategy because risk taking and managing appropriate levels of risk are an integral part of business activities, operations and strategy execution.

The purpose of the Risk Management Policy is to describe the organisation, operation and governance of risk management in the Carlsberg Group. The policy defines the roles and responsibilities for risk management and outlines the processes and reporting that are to be used by the Group’s employees, management and risk officers.

SCOPE

This policy applies globally to the management, employees and contract workers of all entities in the Carlsberg Group.

REQUIREMENTS

1. IMPLEMENTATION

The Carlsberg Group is required to demonstrate successful implementation of risk management. Furthermore, risk management must support business decisions and add shareholder value. Implementation will be evaluated based on the following:

- 1.1. The risk management process identifies risks and threats to the achievement of business objectives.
- 1.2. Risk assessments are conducted at appropriate organizational levels.
- 1.3. Risk mitigation actions are agreed, implemented and followed up on.
- 1.4. Review of key risks and actions plans is embedded in management meetings.
- 1.5. High risks that threaten Group objectives are escalated and reported to ExCom.
- 1.6. ExCom regularly reviews the key risks and risk action plans of the Group.
- 1.7. Risk officers are instructed and trained in risk management.

2. PROCESS

- 2.1. Risk identification within the Carlsberg Group is founded on a combined top-down/bottom-up and functional approach in order to identify potential risks at both strategic Group level and local entity level.
- 2.2. In order to identify the risks associated with the business, risk workshops must be held at appropriate intervals, and as a minimum on an annual basis, at Group (ExCom), functional, regional and local entity level.

2.3. At each level, risks must be identified and assessed, utilising the appropriate qualitative or quantitative tools, and grouped according to their likelihood and impact on a heat map. An action plan must be developed for all high risks identified; this plan must include a description of risk responsible individuals, risk owners and risk-reducing activities assigned to measure and monitor the risks.

2.4. Regular reviews of risks and risk-mitigating activities must be embedded in management meetings and business reviews.

3. REPORTING

3.1. All risk reporting must be timely, accurate, action oriented and in line with the risk management reporting detailed below.

3.2. Risk reporting must be integrated in management meetings and business reviews, and must be based on heat-mapping sessions conducted each autumn leading up to budgets and business reviews.

3.3. Risk monitoring at Group level must be a combination of ongoing risk reviews embedded in business processes and semi-annual risk updates at Group and regional level.

Timing*)	Step	Description
June/July	Functional risk workshops	<ul style="list-style-type: none"> • Functions and functional companies perform annual risk workshops to identify functional risks of Group, regional or country significance. • The risk register is reviewed and revised accordingly. • The risk workshop outcome and revised risk register are reported to Group Risk Management.
August	Risk register update	<ul style="list-style-type: none"> • Group Risk Management notifies risk officers of the risk register and specific functional risks to be considered.
Sept./Oct.	Annual risk workshop	<ul style="list-style-type: none"> • Preparation and undertaking of risk management workshops at local entity and regional level. • Following the risk management workshops, the local entity-wide heat map and action plans for the coming year are reported to the regional risk officer. • The regional risk officer facilitates the regional risk management workshop and reports the regional heat map and action plans for the coming year to Group Risk Management.
Nov.	Business reviews	<ul style="list-style-type: none"> • Risk assessments to be integrated and embedded in business review and mitigation plans/approval of risk levels.
Nov./Dec.	ExCom	<ul style="list-style-type: none"> • ExCom meeting – full review of the heat map for the year and action plans for top 10-20 risks.
Dec.	AC	<ul style="list-style-type: none"> • Oversight of risk management, review of top 10 risks and mitigation plans.
Jan/Feb	Quarterly update (business process, no Group risk reporting)	<ul style="list-style-type: none"> • The risk owner must review the risks for which they are responsible, explain the status of risk-reducing activities and verify that they are on track to meet the set deadlines. • The risk owner must ensure that activities are acceptable for mitigating the risks identified. The risk owner reports to the risk responsible individual. • Any new risks or risks with revised higher status at regional or functional level must be reported to Group Risk Management.
April/May	Quarterly update (business reviews)	<ul style="list-style-type: none"> • The risk owner must review the risks for which they are responsible, explain the status of risk-reducing activities and verify that they are on track to meet the set deadlines. • The risk owner must ensure that activities are acceptable for mitigating the risks identified. The risk owner reports to the risk responsible individual. The risk responsible individual signs off to local

		<p>management, regional management or functional management responsible for the risk.</p> <ul style="list-style-type: none"> • Any new risks or risks with revised higher status at regional or functional level must be reported to Group Risk Management. • Business reviews taking place during April-May must reflect the status of risk-reducing activities for high risks at local entity or regional level. • Regional and functional risk reviews are reported to Group Risk Management. Group Risk Management follows up on Group risks with the risk responsible individual and ensures that the status of action plans is included in ExCom's semi-annual review of key risks.
May	ExCom semi-annual review	<ul style="list-style-type: none"> • ExCom reviews key risks and risk reporting from regions and functions. • It reviews the status of action plans for key Group risks and carries out a risk review, including updating the Group heat map.
May	AC	<ul style="list-style-type: none"> • Oversight of risk management, review of top 10 risks and mitigation plans.
July/Aug	Quarterly update (business process, no Group risk reporting)	<ul style="list-style-type: none"> • The risk owner must review the risks for which they are responsible, explain the status of risk-reducing activities and verify that they are on track to meet the set deadlines. • The risk owner must ensure that activities are acceptable for mitigating the risks identified. The risk owner reports to the risk responsible individual. The risk responsible individual signs off to local management, regional management or functional management responsible for the risk. • Any new risks or risks with revised higher status at regional or functional level must be reported to Group Risk Management.

*) A specific plan for a given year will follow management reporting and will be issued and made available on the Carlsberg intranet via the Finance portal.

ROLES AND RESPONSIBILITIES

Body/function/individuals	Roles and responsibilities
Supervisory Board (via the Audit Committee)	Responsible for overseeing the effectiveness of risk management within the Carlsberg Group.
ExCom	Responsible for policy approval, risk management processes and key Group risks at Carlsberg Group Level.
CIPL Board of Directors (BoDs)	Responsible for policy approval, risk management processes and key risks at CIPL Group Level.
Group Treasury & Risk Management	Policy owner with overall responsibility to ExCom for the Group risk management process and for ensuring that material risks in the Group are duly attended to and communicated to ExCom/the Audit Committee as relevant.
Regional and local management/ country managing directors	Responsible for ensuring that this policy is implemented and adhered to, and that all relevant employees are made aware of the policy and its requirements. Management is responsible for identifying and communicating risk management awareness and requirements.
Management, employees and contract workers of all entities in the Carlsberg Group	Responsible for adhering to this policy. Awareness and management of risk at all levels will enable the Carlsberg Group to achieve its business objectives. It is the personal responsibility of employees to find out which risk management obligations impact their day-to-day business activities and to make sure they understand and meet them.
CIPL Managing Director, CIPL Functional Heads	To the extent this policy requires notification and/or escalation to a representative of the Carlsberg Group outside of the CIPL Group, a representative nominated by CSAPL (Singapore) Holdings Pte. Ltd. shall be copied in such notification and/or escalation.

For a detailed overview of roles and responsibilities, see Appendix A.

GLOSSARY

Functions

Group functions in Carlsberg Breweries, including, but not limited to, Group Legal, Group Compliance, Group HR, Corporate Affairs, Group Financial Services, Group Tax, Group Treasury & Risk Management, Group Commercial, Group Strategy, M&A, and functional companies such as Carlsberg Supply Chain AG (CSC) and Global Business Services (GBS).

Management

The joint leadership team or management team of each entity, whether at country, regional, functional or Group level.

Regions

Western Europe, Eastern Europe and Asia. Each region comprises a number of countries and local entities.

Risk

The product of likelihood and impact of an event that, if it occurred, could have an impact on the Group's ability to achieve defined objectives.

Risk assessment

The systematic three-step process of risk identification, risk analysis and risk evaluation within the operational, financial, compliance and strategic areas of the business.

Risk management

A systematic process that protects business resources and income against losses, making the objectives of the Group achievable without unnecessary interruption.

Risk officers

Named Carlsberg employees who assume responsibility for implementing this policy in the local entities for which they are appointed, whether at regional,

country or functional level. The Regional VP Finance is the regional risk officer, while the local Head of Finance is the local entity risk officer.

DEVIATIONS

No exemptions from this policy can be granted unless there are exceptional circumstances or the policy is obviously not applicable. All requests for exemptions must be made in writing to the policy owner and CIPL BoDs. The policy owner and CIPL BoDs must assess and decide on each request individually. Exemptions must be duly logged and documented.

POLICY REVISION

This policy must be reviewed and approved at least every two years. It may be amended at any time with the approval of CIPL BoDs and ExCom. In the event of any discrepancy between the English version of this policy and a translated version, the English version will be binding.

ASSOCIATED POLICIES AND MANUALS

- Risk Management Manual

CONTACT

For more information, please contact the Head of Group Risk Management and/or VP Group Treasury & Risk Management.

GOVERNING LAWS

This policy shall be subject to applicable Indian Law(s).

APPENDIX A

Body/function/individuals	Roles and responsibilities
Supervisory Board (via the AC) ExCom	<ul style="list-style-type: none"> • Monitors the effectiveness of risk management within the Carlsberg Group. • Monitors the effectiveness of risk management arrangements based on regular reports on risk management that include the actions taken to manage risks. • Ensures that the Risk Management Policy provides a structured basis for protecting shareholder investments and the Group's assets. • Ensures ongoing development and review of the Group's risk management strategy and methodology. • Reviews and approves any changes to the Risk Management Policy at least every two years. • Identifies strategic risks at Group level and develops action plans to effectively mitigate those risks. • Regularly reviews new and emerging risks at ExCom level and addresses risks escalated according to escalation procedures. • Delegates operational responsibility for monitoring & controlling the risk to a risk owner, who then assumes ownership, prepares action plans and is accountable to ExCom for managing and reporting the risk.
Risk responsible individual Risk owner	<ul style="list-style-type: none"> • A member of ExCom, regional or local management who is responsible for ensuring that risk-reducing activities have been implemented to a satisfactory level. • Has operational responsibility for monitoring and controlling the risk. This person assumes ownership and is accountable for the management and reporting of the risk..
Management of local entity and Group functions Risk officer in local entities (Head of Finance)	<ul style="list-style-type: none"> • Identifies, evaluates, qualifies, records and reports the management of risk at local entity and functional level. • Appoints a risk officer as the individual responsible for undertaking the tasks described below. • Organises the annual risk management workshop to ensure identification, evaluation, qualification, recording and reporting of risk for the entity, including ensuring that appropriate risk mitigation plans are agreed. • Embeds risk reviews in management meetings and business reviews. • Acts as advisor to local departments on how to embed risk management in reporting, business reviews and operational procedures. • Assumes ownership and is accountable for the reporting of the risk and following up on risk owners. • Provides training and advice on risk management. • Advises the regional risk officer/local and regional management of new high risks and emerging risks at local level.
Regional risk officer (Regional VP Finance)	<ul style="list-style-type: none"> • Organises the annual regional risk management workshop with functional representation to ensure identification, evaluation, qualification, recording and reporting of risk for the entity, including ensuring that appropriate risk mitigation plans are agreed. • Embeds risk reviews in management meetings, business reviews and operational procedures. • Acts as advisor to regional departments on how to embed risk management in reporting, business reviews and operational procedures. • Assumes ownership and is accountable for the reporting of the risk and following up on risk owners. • Advises Group Risk Management and regional management of new high risks and emerging risks at local level. • Reports on risk management to Group Risk Management.
Risk officers in Group functions, including Group functional companies	<ul style="list-style-type: none"> • Organise annual functional risk management workshops to ensure identification, evaluation, qualification, recording and reporting of risk for the entity, including ensuring that appropriate risk mitigation plans are agreed. • Embed risk reviews in management meetings, business reviews and operational procedures. • Review reporting of risks from regions for risk within area of responsibility for adequacy and relevance. • Coordinate functional representation and/or input at regional risk workshops and identify, evaluate, quantify and aggregate functional risks across local entities and regions. • Initiate and/or align mitigation and risk-reducing activities across the Group. • Align and share best practice for mitigation of functional risk with regions and countries.
Regional EVP	<ul style="list-style-type: none"> • Monitors the effectiveness of regional risk management arrangements based on regular reports on regional risk management that include actions taken to manage risks. • Makes sure that the Risk Management Policy is implemented in local entities within the region. • Reviews and approves any changes made to regional risk management procedures and identifies strategic risks at regional level and develops action plans to effectively mitigate those risks • Delegates operational responsibility for monitoring and controlling the risk to a risk owner at regional level, who then assumes ownership, prepares action plans and is accountable to the Regional EVP for the management and reporting of the risk. • Reports new and emerging risks to Group Risk Management (escalation procedures).
Group Risk Management (HQ)	<ul style="list-style-type: none"> • Assists and supports ExCom in fulfilling its duties relating to risk management. • Continuously develops risk management and updates the Risk Management Manual and Guidelines. • Collects and aggregates risks identified at Group, regional and functional level, and reports to ExCom and the Audit Committee. • Participates in annual risk workshops at regional and functional level. • Identifies and delegates risks of a Group nature to risk owners to ensure alignment in risk mitigation across entities. • Identifies key Group business processes and works with business process owners to ensure that risk identification, assessment and management are incorporated in these processes. • Facilitates semi-annual risk reviews in ExCom and provide reports to ExCom and the Audit Committee. • Facilitates knowledge sharing between risk officers and provides them with instruction on tools, techniques and mitigating activities. • Acts as an advisor on specific risk issues of Group relevance.
Group Internal Audit	<ul style="list-style-type: none"> • Responsible for auditing the risk management process, including ensuring that the risk identification process (heat mapping) takes place annually at local entity level, regional level, in Group functions and in ExCom, that risk actions are in place, and that assigned risk owners are fulfilling their obligations. • Audits the regional risk management process on a regular basis and selected key local entities based on individual assessments. • Integrates identified high risks in the audit plans.

ENGLISH



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