



**RISK MANAGEMENT  
CHARTER  
OF  
ARTEMIS MEDICARE SERVICES  
LIMITED**

*(approved by the Board of Directors on August 5, 2021)*

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## **INTRODUCTION**

Artemis Medicare Services Limited (“the “Company”) considers ongoing risk management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risk is central to achieving its Hospital objectives.

The Company’s Risk Management Policy (“the Policy”) outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

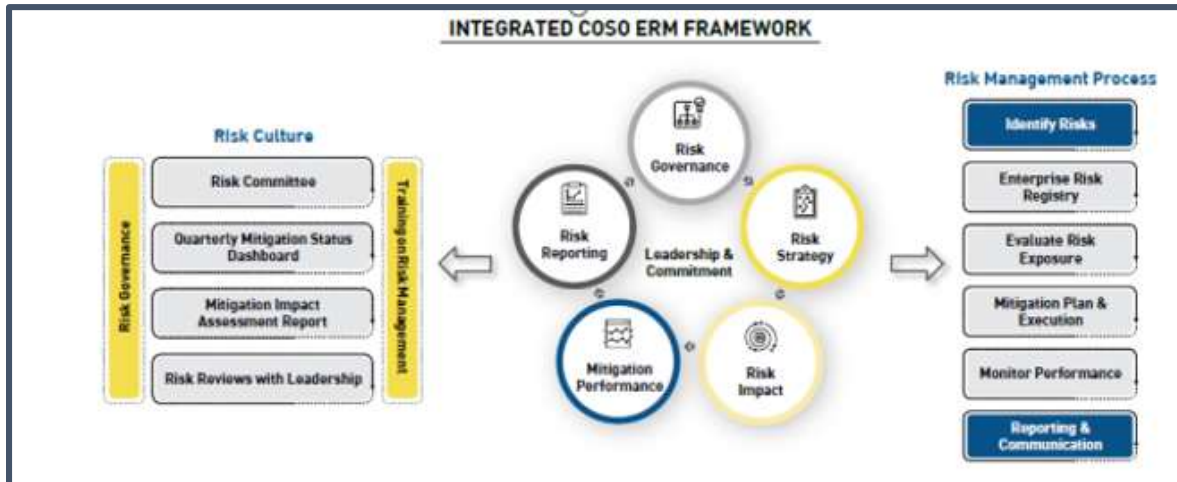
The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

## **OBJECTIVE**

The main objective of the policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business and its ancillary operation. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

The specific objectives of the Risk Management Policy are:

1. To ensure all current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed effectively.
2. To establish a risk management framework for the company and ensure its implementation.
3. To enable compliance with applicable regulations, through adoption of best practices.
4. To assure financial stability in business.
5. To ensure integration in reporting, controlling and planning procedures, centralized risk coordination, development of risk behavior, continuous risk assessment and responsiveness to changes.



## **RISK MANAGEMENT FRAMEWORK**

The Company's risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile. To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors ("the Board"), to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program. The key elements of the Company's risk management program are set out below.

A framework for identification of internal and external risks faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee shall be prepared.

### **STEPS IN RISK MANAGEMENT**

1. Risk Identification
2. Risk Assessment
3. Risk Analysis
4. Risk Treatment - Mitigation
6. Risk - Control and Monitoring legal/regulatory risks.

## **1. RISK IDENTIFICATION**

This involves continuous identification of events that may have negative impact on the operations of the hospital and its ability to achieve its milestone(s). Processes to be identified by the Company and their key activities to be selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are to be defined on the basis of discussion amongst the Committee members with the help of secondary analysis of related data, previous internal audit reports, past occurrences of such events etc.

## **2. RISK ASSESSMENT**

Risk assessment is the process of risk prioritization. Likelihood and Impact of risk events has to be assessed for the purpose of analyzing the criticality. The potential impact may include:

- A. On a periodic basis risk, external and internal risk factors to be assess by responsible heads of the hospital. The identified risks to be formally reported to Managing Director, who inturn shall communicate said identified risk to the Committee.

### **Some of the Common identified external risks factors:**

- Economic Environment
- Political Environment
- Competition
- Global Development(s) leading to adverse impact on the business
- Fluctuations in trading activities
- Changes in interest rates
- Changes in government policies
- Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operation

- B. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management.

### **Some of the Common identified internal risks factors**

- Project Execution
- Contractual Compliance
- Operational Efficiency
- Waste management
- Hurdles in optimum use of resources
- Quality Assurance
- Environmental Management

- Human Resource Management
- Regulatory Non-Compliances
- Culture and values

**Operational risk** –Shortage of medical supply, Doctors, Nurses or supporting staff shortage, Shortage of Medical equipment and surgical equipment and many other related operations failure or shortage.

**Financial risk** – The financial risks relate to adequate liquidity for routine operations and availability of funds for expansions, impact of currency fluctuations, change in credit ratings, etc. It also includes the risks associated with the investments of the Company. The investments of the Company should be made on the basis of financial modelling and the currency fluctuations be examined regularly.

**Sectoral risk** - The Sectoral risk refers to the influence of industry variables such as demand-supply outlook, input risk, input cost fluctuation, competition, utilisation levels along with the impact of government regulations and policies on the Company.

Other Examples of identified risks are as follows:

- Failure in implementing its current and future strategic plans;
- Significant and rapid technological change in healthcare segment;
- Damage to its reputation or the goodwill of the Hospital;
- Not being able to attract new Investors or funds for any future expansions;
- Its risk management methods and insurance policies not being effective or adequate;
- Security risks and cyber-attacks, Insufficient systems capacity and system failures.

### **3. RISK ANALYSIS**

Risk Analysis is to be conducted taking the existing controls into consideration. Risk events assessed as “high” or “very high” criticality may go into risk mitigation planning and implementation; low and medium critical risk to be tracked and monitored on a watch list.

### **4. RISK TREATMENT – MITIGATION**

To ensure that the above risks are mitigated, the Company will strive to:

1. Involve all functions in the overall risk identification and mitigation exercise;
2. Link the risk management process to the strategic planning and internal audit process;
3. The Risk Management Committee shall have access to all information necessary to fulfill its responsibilities. It has the powers to seek information from any employee, obtain outside

legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;

4. The Risk Management Committee may in its judgment periodically commission risk management analysis of the Company;
5. Adequate disclosures pertaining to the risks (including commodity risks, if any) being faced by the Company, may be made as per the materiality criteria defined in the 'Policy for determination of materiality for disclosure of events or information' of the Company.

## **5. CONTROL AND MONITORING MECHANISM**

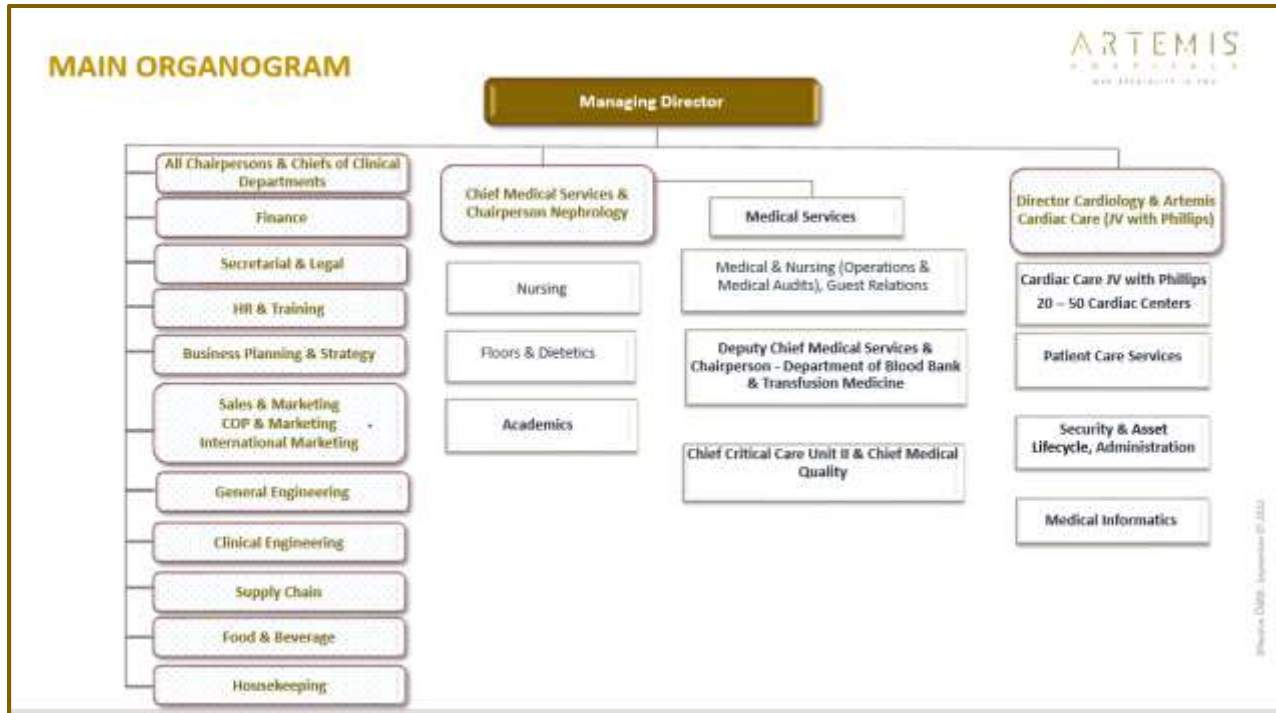
Risk management uses the output of a risk assessment and implements countermeasures to reduce the risks identified to an acceptable level. This policy provides process of assessing and mitigating risks identified within functions and associated processes. In circumstances where the accepted risk of a particular course of action cannot be adequately mitigated their status shall be continuously monitored and periodically presented to Risk Management Committee and Audit Committee.

### **RISK REPORTING**

The Board of Directors of the Company shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network

The organization structure for risk management reporting is depicted through the flow chart below.

The risk associated with the respective functions is mentioned under Annexure -1.



**AMENDMENT:**

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

**EFFECTIVE DATE**

This policy has been approved by the Board of Directors of the Company at the duly convened Board Meeting held on August 5, 2021.



## **COMPOSITION OF RISK MANAGEMENT COMMITTEE**

The Board in its meeting held on August 5, 2021 had constituted Risk Management Committee comprising of following Board members.

- i. Dr. Devlina Chakravarty – Chairperson (DIN - 07107875),
- ii. Dr. Nirmal Kumar Ganguly - Member (DIN 02316154),
- iii. Mr. Sunil Tandon – Member (DIN - 08342585)

Ms. Shilpa Budhia, Company Secretary & Compliance Officer of the Company to acts as Secretary to the Committee.

## **FREQUENCY OF COMMITTEE MEETING**

The Risk Management Committee shall meet at least twice in a year.

The meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the Committee, whichever is higher, including at least one member of the board of Directors in attendance.

## **TERMS OF REFERENCE**

The terms of reference of Risk Management committee, inter alia, includes to:

- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Review the key risks, as identified, mitigation plan, categorisation of risk and provide direction relating to risks of the Company;
- Review and recommend risk appetite, risk tolerance limits and other risk parameters from time to time;
- Oversight over the effectiveness of the risk management system and processes;
- Review of the cyber security;
- Appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity

- Such other terms of reference as may be mandated by the Board of Directors or the Regulators, from time to time; and
- To do all such acts, deeds as may be deemed necessary in connection with the Risk Management.

### **REVIEW**

This charter shall be reviewed at least once in every three financial years or as and when there is some amendment in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to ensure it meets the requirements of legislation and the needs of the Company.

**Annexure I: List of risk category**

| Sr. No. | Risk Categories                  | Definitions  |
|---------|----------------------------------|--|
| 1       | Physician Strategy and Relations | Risks associated with doctor engagement model including attracting and retaining experienced panel of physicians for hospital operations.  |
| 2       | Medical Services                 | Risks associated with a multidisciplinary approach to acute care, speciality care, diagnostic and investigations and wellness program. This includes risks related to inadequate facilities and inaccurate treatment of an ailment in each of the service areas.   |
| 3       | Service Excellence               | Risks associated with adequate infrastructure to support patient services, patient satisfaction and care for IP, OP and International Patients   |
| 4       | Quality and Accreditations       | Risk associated with infection control, physician licensing and credentialing, medicare documentation and reporting, clinical standards and practices, emergency procedures, clinical audits etc.  |
| 5       | Health & Safety                  | Risks associated with environment pollution, safety of resources and employees' health and security at health care establishments  |
| 6       | Nursing Operations               | Risks related to the adequacy of policies and procedures related to nursing operations and maintain continuous care.   |
| 7       | Facilities & Equipments          | Risks associated with inadequacy or failure of facilities and equipment for delivery of care.  |
| 8       | Pharmacy                         | Risks associated with operation of pharmacy and delivery of pharmaceutical products to hospital units and out patients.  |
| 9       | Human Resource                   | Risks associated with culture, organisational structure, communication, recruitment, performance management, remuneration, learning & development, retention, Occupational Health & Safety and industrial relations, including supporting systems, processes and procedures.   |
| 10      | Information Technology           | The risk that systems are inadequately managed or controlled, data integrity, reliability may not be ensured, inadequate vendor performance and monitoring, system or network architecture not supporting medium or long term business initiatives and strategy, capacity planning not being reviewed on a regular basis resulting in processing failures, risks of data or systems migration or interfaces. |

|    |  |   |
|----|--|---|
| 11 | Marketing/Business Development         | Risks associated with customer sources, competition, brand management & brand licensing and reputation of the company.  |
| 12 | Finance                                | Risks related to liquidity /treasury operations, relationship management with lenders, management of cash, billing and claims processing, customer credit risks, receivables management inadequacy of controls and lack of adequate monitoring leading to higher risks of frauds. |
| 13 | Legal and Compliance                   | Risk relating to non-compliance with legislations including direct & indirect tax law provisions, adequacy of financial reporting & disclosures, regulations, internal policies and procedures.   |
| 14 | Supply Chain                           | Risks associated with sourcing and vendor management.   |
| 15 | Planning and Strategy                  | Risks associated with strategy development, strategic alliances, business planning, business mix, performance targets, failure to align functional strategies and objectives with enterprise-wide strategies. Risks related to improper capital structuring and funding.          |
| 16 | Corporate Governance                   | The risks associated with board and board procedures including risk oversight, internal controls, CSR, stakeholder relations including investor relations etc.  |
| 17 | Corporate/External communication       | Risks associated with appropriateness/adequacy of external communication & PR   |
| 18 | Market/Environmental impact assessment | Risks associated with changing consumer/business trends/technological shifts affecting all aspects of business and adequacy of assessment of such risks   |

This list may be modified in future to add/modify new risk baskets that may emerge

