

Our Risk Management Framework

An embedded approach to risk management puts risk and opportunity assessment at the core at Rallis. The approach to risk management is designed to provide reasonable assurance that risks facing the business are being assessed and mitigated. A risk management framework is responsible for managing overall risks and individual controls utilised to mitigate them.



Key Risks – Potential Impact and Mitigation Strategies

Key Risks	Potential Impact	Mitigation Strategy
Regulatory risk and compliance with laws	Proliferation or instability in regulatory policies may lead to adverse impact on growth and profitability and increased exposure to civil and/or criminal actions leading to damages, fines with possible consequences for corporate reputation.	Our endeavour is to keep track of emerging regulations, including environmental, social, and governance (ESG) risks. These are analysed to assess how they can impact business and mitigation plans are put in place. There is a continuous focus on digitising monitoring systems to ensure a credible tracking of compliance.
Climate change risk	Climate change can disrupt operations and/or reduce demand for products. This can lead to water shortages and decrease sales. Uncertainty in timing and severity of monsoon in different geographies can impact overall business.	Geographic spread of business and a wide portfolio helps dampen the impact of climate-related issues. We are focussed on developing new products to deal with climate change issues. The seeds R&D team is working on hybrids that address stress conditions.
Supply chain management risk	Our Supply Chain network is exposed to potentially adverse events such as dependency on few vendors for key inputs, physical disruptions, environmental and industrial disruptions at a key supplier, which can impact our commitments. Cost of products can be significantly affected by the cost of underlying commodities and these fluctuations can negatively impact business.	Our contingency plans are designed to secure alternative key material supplies at short notice. Moreover, we are progressively strengthening our procurement process by diversifying our vendor base and exploring backward integration to the extent possible.
Cyber security risk	Our operations are increasingly dependent on IT systems, digital interactions and management of information. The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations can inhibit business operations in several ways.	We have firewalls and threat monitoring systems in place. We maintain a robust system for control and access to critical systems. The VAPT (Vulnerability Assessment and Penetration Testing) is conducted yearly and there is a continuous focus on updating Business Continuity and Disaster Recovery plans. This is further supported by an annual programme of testing of access controls.

Key Risks	Potential Impact	Mitigation Strategy
Environment, health and safety risk	Our business involves handling and storage of hazardous chemicals, which are a potential risk to the environment. Any lag in adopting necessary safety standards can impact health and safety of the people.	We have adopted globally accepted best manufacturing practices and invested in safety systems and processes. We follow RC (Responsible Care), PSM (Process Safety Management) and Behaviour-based safety guidelines. Our certifications include ISO 9001, ISO 14001, OHSAS 18001/ISO 45001, ISO 17025 and the Responsible Care logo.
Talent risk	A skilled workforce is essential for continued success of our business. With rapidly changing nature of work and skills, there is a risk that workforce is not equipped with skills required for the new environment. Besides this, the loss of key personnel or inability to attract or retain talent can adversely affect operations and financial performance.	Our management development process includes regular performance reviews, backed by a common set of leadership behaviours, skills and competencies. We have development plans to upskill and reskill employees for future roles and targeted programmes to attract and retain top talent.
Covid-19 risk	The manifold disruptions due to Covid-19 related lockdowns, challenges in production, managing supply and distribution networks pose multi-dimensional risks that are rapidly evolving. These can disrupt supply chain and manufacturing processes and adversely impact business.	While the human impact of the virus takes precedence for all of us, we continue to monitor these developments closely and keep exploring alternative strategies to minimise its impact on the business.
Seeds production risk	The business of seeds is subject to production risks, involving weather, pests, diseases and the availability of proper and sufficient land and growers and storage facilities.	We are constantly exploring new production locations and use of digital tools. We are engaging with growers in providing crucial information/solutions to maximise yields.
Business development and innovation risk	The inability to diversify the domestic customer base and register products in global markets and maintain strong customer relationships can decrease market share.	Our endeavour is to strengthen the distributor base to widen reach and penetration in domestic markets. Digitisation has been a key enabler in the process. In the international markets, our emphasis remains on registrations in key untapped geographies. The R&D team explores new products to improve freshness index.