

RISK MANAGEMENT POLICY

Objective and Purpose

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events/ risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks.

Policy

Our risk management approach is composed primarily of three components:

- Risk Governance
- Risk Identification
- Risk Assessment and Control

❖ **Risk Governance:**

- The functional heads of the Company are responsible for managing risk on various parameters and ensuring implementation of appropriate risk mitigation measures.
- The Risk Management Committee provides oversight and reviews the risk management policy from time to time.

❖ **Risk Identification:**

External and internal risk factors that must be managed are identified in the context of business objectives.

❖ **Risk Assessment and Control:**

This comprises the following:

- Risk assessment and reporting
- Risk control
- Capability development

On a periodic basis, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management. Examples of such identified risks are as follows:

- Financial Risks
- Market Risks
- Environmental Risks
- Security risks and cyber-attacks
- Operational Risks

Risk Management Committee

The Company has a committee of the Board, namely, the Risk Management Committee, which is constituted with an overall responsibility of overseeing and reviewing risk management across the Company. The terms of reference of the Risk Management Committee are as follows:

- review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
- review of operational risks, and potential losses that could be economically insured;
- review of financial and reporting risks;
- review of compliance risks;
- review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept in pursuit of stakeholder value and assessment of the market on conservative basis;
- review the extent to which management has established effective enterprise risk management at the Company;
- inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
- review periodically key risk indicators and management response thereto.
- review the environmental impact and risks the Company undertakes while carrying out its manufacturing activities.