RISK MANAGEMENT POLICY

1. TERMS

'Risk' in literal terms can be defined as the effect of uncertainty on the objectives. Risk is measured in terms of consequences and likelihood. Risks can be internal and external and are inherent in all administrative and business activities. Every member of any organization continuously manages various types of risks. Formal and systematic approaches to managing risks have evolved and they are now regarded as good management practice also called as Risk Management.

'Risk Management' is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of uncertain events or to maximize the realization of opportunities. Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Progressive organizations need to take new initiatives, which often come along with certain risks. Additionally, the increasingly dynamic external environment presents risks to the existing business. To navigate through the likely business risks, B J Duplex Boards Limited **("the Company")** has formulated a structured risk management process. The key objectives of this Risk Management Policy are:

- Identification and categorization of potential internal and external risks;
- Assessment and measurement of the identified risk;
- Mitigation plans for the risks;
- Report identified risks, their assessment, mitigation plan, risk appetite to the Board of Directors of the Company and other relevant stakeholders.

2. REGULATORY/ LEGAL FRAMEWORK

Risk Management is a key aspect of Corporate Governance Principles and Code of Conduct which aims to improvise the governance practices across the business activities of any organization. The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have also incorporated various provisions in relation to Risk Management policy, procedure and practices.

The provisions of Section 134(3) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

In line with the above requirements, it is therefore, required for the Company to frame and adopt a "Risk Management Policy" (this Policy) of the Company.

3. OBJECTIVE

The main objective of this 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. 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 this Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
- To establish a framework for the company's risk management process and to ensure its implementation.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

- To assure business growth with financial stability.

4. THE RISK MANAGEMENT POLICY AIMS TO COVER THE FOLLOWING KEY AREAS/ RISKS, WHICH ARE AS UNDER:

Strategic Risks - The key business decisions can have a significant impact on long-term growth potential of a Company. Venturing into new areas may be required to meet strategic objectives and sustainability goals. To have a competitive edge, businesses acquire new resources or invest in strategic partnerships to shape innovative product segments or technologies. However, such decisions will come with a fair amount of risks, inherent, or otherwise. Additionally, the ever-changing economic policies may influence the strategies and performance of the Company. The mismatch in demand and supply and competitive products may influence the market share of the Company. The Company should keep a close watch on the upcoming policies and changes in the existing policies and adapt itself accordingly. Strategic decisions should be reviewed by all relevant internal stakeholders and run through a robust decision-making process.

Operational Risks - Manufacturing defects, labour unrest, injuries, accidents, suspended operations of a plant may affect the operations of the Company. Given the scale of operations, even the slightest disturbance can have a significant impact on work force or revenue. The growth in global business further complicates and adds to the severity of the business and regulatory risks we may be required to take due to our entry into new markets. With a goal of creating value, the Company recognizes that there are multiple focus areas to ensure smooth operations. The Company should therefore develop risk mitigation strategies for managing risks in each of the Business Operation areas.

Financial Risks - The financial risks relate to adequate liquidity for routine operations and availability of funds for greenfield and brownfield expansions, impact of currency fluctuations due to entry in newer geographies, change in credit ratings, etc. It also includes the risks associated with the investments made by the Company. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The investments of the

Company should be made based on financial modelling and the currency fluctuations be examined regularly.

Regulatory risks - Non-compliance to the applicable laws may result in liabilities and may affect the reputation of the Company. The frequent changes in regulatory norms require the Company to be prepared and update the products with the applicable standards. The Company has proper systems in place to prevent non-compliance of the applicable laws. Further, the Company should constantly monitor and comply with the frequent changes in the domestic and global norms.

Technology Risks - Adoption of new technology or being left behind in the era of evolving technologies is the primary risk that it monitors. IT and digitalization are the key enablers for delivering end-to-end mobility solutions. However, even these are prone to risks associated with disaster preparedness, data security, information privacy, legal compliance, etc. The technology risks should be mitigated by continuous R&D initiatives of the Company, keeping abreast with the global changes, promoting entrepreneurial skills of the personnel and developing in-house solutions or procuring them.

Sustainability Risks - Economic, Social and Governance (ESG) risks are leading to significant disorders across many organizations. Emerging global scenarios as the pandemic bring along serious uncertainties for businesses both in domestic as well as global markets. There has also been a shift in spending patterns in some of the markets and businesses had to come up with innovative practices to manage this. The organization should ensure timely escalation of critical risks and development of a suitable mitigation plan to manage those.

Cyber Security and Information Technology Risks - With an ever-increasing dependency on the IT networks, the Company has a significant focus on the Cyber Security threats. The Company identifies cyber security risks based on evolving threat situations. In recent times, the Cyber Security has been strengthened even more and the mitigation actions should be monitored periodically.

5. RISK MITIGATION

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

- Involve all functions in the overall risk identification and mitigation exercise;
- Have an objective framework to categorize risks and define the level at which it should be addressed;
- Link the risk management process to the strategic planning and internal audit process;
- Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
- Formalize a transparent risk information system across the organization with structured templates.

Adequate disclosures pertaining to the risks (including commodity risks) 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.

6. RESPONSIBILITY FOR RISK MANAGEMENT

Directors of the Company are overall responsible for identifying, evaluating, and managing all significant risks faced by the Company. Apart from that, every staff member of the Organization is responsible for the effective management of risk including the identification of potential risks.

7. COMPLIANCE AND CONTROL

All the Senior Executives under the guidance of the Board of Directors have the responsibility for over viewing management's processes and results in identifying, assessing and monitoring risk associated with Organization's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the Senior Executive considers and assesses the appropriateness and effectiveness of management information and other systems of internal control and take action accordingly.

8. REVIEW

This Policy shall be reviewed from time to time to ensure it meets the requirements of applicable rules & regulations and the needs of organization.

9. AMENDMENT

This Policy can be modified at any time by the Board of Directors of the Company.