
RISK MANAGEMENT POLICY

1. INTRODUCTION

1.1 The Board of Directors of the Octavius Plantations Limited (hereinafter referred to as “**Company**”) has adopted risk management policy which contains the process with regards to risk management at Company.

1.2 It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

2. OBJECTIVE

2.1 The key objectives of this Risk management policy are:

- a. To safeguard the Company property, interests, and interest of all stakeholders;
- b. To lays down the framework that enables future activities to take place in a consistent and controlled manner;
- c. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed;
- d. To have the culture, processes and structures in the Company that is directed towards the effective management of potential opportunities and adverse effects;
- e. To have a balance between the cost of managing risk and the anticipated benefits;
- f. Improving decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats;
- g. To create awareness among the employees to assess risks on a continuous basis and develop risk mitigation plans in the interest of the Company;
- h. Provide a system for setting of priorities when there are competing demands on limited resources;
- i. Contributing towards more efficient use/ allocation of the resources within the organization;
- j. Reducing volatility in various areas of the business;
- k. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.

3. REGULATORY REQUIREMENT

3.1 This Risk management policy has been framed as per the following below mentioned regulatory requirements:

a. Section 134(3) of the Companies Act, 2013:

- There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include—
 - (n) A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company

b. Section 177(4) of the Companies Act, 2013

- Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter-alia, include—
 - (vii) Evaluation of internal financial controls and risk management systems.

c. SCHEDULE IV [Section 149(8)] of the Companies Act, 2013

- CODE FOR INDEPENDENT DIRECTORS

II. Role and functions:

The independent directors shall:

- (1) Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, **risk management**, resources, key appointments and standards of conduct.
- (2) satisfy themselves on the integrity of financial information and those financial controls and **the systems of risk management** are robust and defensible.

4. RISK MANAGEMENT

4.1 The Company shall lay down the procedure to inform the Board of Director about the risk management and minimization procedure.

4.2 The Board of Director shall be responsible for framing, implementing and monitoring this Risk management policy.

- 4.3 The Board of Director of the Company shall be responsible for reviewing the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, analyzing and mitigating all the material risks, both external and internal viz. Environmental, Business, Operational, Financial and others.
- 4.4 The Board of Director / Audit Committee shall have the responsibility to communicate the Risk Management Strategy to various levels of management for effective implementation.
- 4.5 Analysis of all the risks thus identified shall be carried out by the Audit Committee/ Board of Director.

5. RISK IDENTIFICATION

- 5.1 Risk identification is the first step towards the management of the respective risks and to identify the Company exposure to uncertainty, the risk may be classified in the following:
 - a. Strategic risk;
 - b. Operational risk;
 - c. Raw Material risk;
 - d. Technology risk;
 - e. Financial Risk including Company assets and properties and foreign currency risks;
 - f. Legal risk;
 - g. Employee risk;
 - h. Competition risk;
 - i. Product Quality and Safety Standards, etc.

6. RISK MANAGEMENT PROCESS

- 6.1 The key risk management process would include:
 - a. Risk Identification
 - b. Assessment of identified risk
 - c. Risk measurement
 - d. Risk mitigation

- e. Monitoring of the risk mitigation efforts
- f. Risk reporting and disclosures
- g. Integration with strategy and business plan

7. RISK MANAGEMENT FRAMEWORK

7.1 The Board of Director / Audit Committee are required to play the following role under this Risk management policy:

- a. The Board of Director and the Audit Committee both are responsible for regulations and framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls with duty being cast upon Independent Directors to bring unbiased angle to the Board's deliberations on making risk management systems more robust.
- b. The Board of Director of the Company has overall responsibility for the Company internal control environment, and must strive to ensure that:
 - o The Company has an integrated framework of control, based on formal procedures and appropriate delegation of authority and responsibility;
 - o There is a disciplined approach to identification and management of risk;
 - o Management has established and implemented a system for identifying, assessing, monitoring and managing material risk through the Company; and
 - o These systems include internal compliance and controls.
- c. Have an awareness of and continually monitor the management of strategic risks.
- d. Be satisfied that processes and controls are in place for managing less significant risks.
- e. Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly.
- f. Ensure risk management is integrated into board reporting and annual reporting mechanisms.
- g. The Audit Committee of the Board reviews Internal Audit findings, and provides strategic guidance on internal controls. It also monitors the internal control environment within the Company and ensures that Internal Audit recommendations are effectively implemented.

- h. Implementation of the risk management system and day-to-day management of risk is the responsibility of the Board of Director and Audit Committee, with the assistance of senior management, as required.

8. ROLE OF THE HEADS OF THE DEPARTMENTS

- 8.1 Heads of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Chief Financial Officer/ Chairman of the Audit Committee.

9. PENALTIES

- 9.1 The penalties are prescribed under the Companies Act, 2013 under various sections which stipulate having a Risk Management Framework in place and its disclosure.
- 9.2 According to the Section 134 (8) of the Companies Act, 2013, if a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

10. RIGHT TO AMENDMENT

- 10.1 This risk management policy may be amended, modified or waived by the Board of Director of the Company, subject to applicable provisions of laws, rules, regulations and guidelines.

Yours Sincerely,
For Octavius Plantations Limited



Director