

GREENPANEL INDUSTRIES LIMITED

RISK MANAGEMENT POLICY

INTRODUCTION

Greenpanel Industries Limited (hereinafter referred to as “the Company”) recognizes that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. This document lays down the framework of Risk Management at the Company and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in any business operations of the Company and lays down the mitigation methods which are periodically reviewed and modified in a manner commensurate with the size and complexity of the business.

OBJECTIVE

Considering the overlapping role of Board of Directors (“Board”), Audit Committee and the Risk Management Committee, the Board has prepared this written Policy with the objective to demarcate the role of each of this authority for the purpose of effective Risk Management, to preserve shareholder value to the extent practically feasible by identifying and mitigating major operating, and external business risk.

SCOPE OF RISK MANAGEMENT SYSTEM

As part of its Risk Management System, the Company intends to cover all the events within and outside the Company, which have a bearing on its business, and applies to business areas and functions of the Company’s operations in a manner that the effective management of risks at different levels and different functions is an integral part of every employee's job.

APPLICABILITY

This Policy shall come into force with effect from July 28, 2021.

DEFINITIONS

“Audit Committee” means a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 (“Act”) read with the regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (‘SEBI (LODR Regulation’).

"Board of Directors" or “Board” in relation to a Company, means the collective Body of Directors of the Company constituted in accordance with the provisions of section 2(10) of the Act, read with the regulation 2(1)(d) of the SEBI (LODR) Regulation.

"Policy" means a written Risk Management Policy framed by the Board of Directors.

“Risk” is an event or a probability of an event, which can prevent, hinder or otherwise obstruct the Company in value creation and achieving its objectives or erode the existing value of the Company.

“Risk Management System” or “Risk Management” is the process of identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of the Risks.

“Risk Management Committee” is a committee constituted in accordance with the provisions of regulation 21 of SEBI LODR and other applicable laws.

“Risk Owners” means an accountable point of contact of the Company at the senior leadership level, who coordinates efforts to mitigate and manage the risks with various other individuals who own parts of the risk.

“SEBI LODR” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

LEGAL REQUIREMENTS

Risk Management Policy is framed as per the following regulatory requirements:

I. The Companies Act, 2013

Provisions of Section 134(3)(n)

There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include-

- i. "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."*

Section 177(4)(vii)

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall include-

- i. evaluation of internal financial controls and risk management systems.*

Schedule IV (II) (1) AND (4)

Independent directors shall:

- i. 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.*
- ii. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.*

II. SEBI LODR

Regulation 4(2)(f)(ii)(1) and (7)

Key functions of the board of directors-

- i. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments;*
- ii. ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.*

Regulation 17(9)(a) and (b)

- i. The listed entity shall lay down procedures to inform members of board of directors about risk assessment and minimization procedures.
- ii. The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity.

Regulation 19 read with Para A of Part C

The role of the audit committee shall include the evaluation of internal financial controls and risk management systems.

RISK MANAGEMENT STRUCTURE AND REPORTING



RISK MANAGEMENT SYSTEM

The overall Risk Management System of the Company shall broadly comprise of the following activities which will be distributed between the Board, Audit Committee, Risk Management Committee:

1. Risk identification; -
2. Risk evaluation and assessment
3. Distribution and allocation of Risk Management
4. Risk treatment and mitigation
5. Risk monitoring and reviewing

RESPONSIBILITY DISTRIBUTION

Board of Directors

The Board of Directors shall be responsible for the following:

- i. framing, and implementation of the Risk Management Plan, processes and guidelines and periodic review of the same as per the recommendation of the Audit Committee and Risk Management Committee
- ii. supervising the overall risk management system of the Company including assessment of the risk management and keeping record thereof
- iii. identifying new risks and assessing the probability and gravity or impact of the same and prioritizing the risks in required order
- iv. distributing the responsibility between the Audit Committee and the Risk management Committee on the basis of financial risk and non-financial risk
- v. providing suggestions/comments/remarks on the risks (including the risks which are newly identified) to the Audit Committee and the Risk Management Committee
- vi. suggesting steps to minimize and mitigate the risks to the Audit Committee and the Risk Management Committee.

Audit Committee

The Audit Committee shall be responsible for managing, minimizing and monitoring all the financial risks as identified by the Board of Directors. To ensure the same, the Audit Committee shall ensure that the Company has in place adequate internal audit coverage to satisfy itself that policies and procedures are being implemented effectively. The role of the Audit Committee with respect to risk management shall include:

- i. to evaluate and ensure that the Company has an effective system internal financial control systems to enable identifying, mitigating and monitoring of the risks to the business of the Company.
- ii. to ensure the implementation of the suggestions/remarks/comments of the Board of Directors on the Risk Management Plan.
- iii. monitoring and reviewing the performance of the financial Risk Owners.
- iv. periodic reporting to the Board of financial risk management issues and actions taken in such regard.
- v. provide the inputs to the Board for financial business risk mitigation.

- vi. regularly reviewing and updating the current list of financial risks and reporting the same to the Board.
- vii. co-ordinate its activities with the Risk Management Committee in instances where there is any overlap in their duties and responsibilities.

Risk Management Committee

The Risk Management Committee shall be responsible for managing, minimizing and monitoring all the non-financial risks and risk related to cyber security as identified by the Board of Directors.

The role of the Risk Management Committee shall include:

- i. to assist the Board with regard to the identification, evaluation, classification and mitigation of non-financial risks and assess management actions to mitigate such risks.
- ii. to evaluate and ensure that the Company has an effective system internal control systems to enable identifying, mitigating and monitoring of the non-financial risks to the business of the Company.
- iii. to implement proper internal checks and balances and review the same periodically.
- iv. to put in place mechanism for ensuring cyber security.
- v. to ensure the implementation of the suggestions/remarks/comments of the Board of Directors on the Risk Management Plan.
- vi. to monitor and review the performance of the non-financial Risk Owners.
- vii. to review effectiveness of risk management and control system.
- viii. periodic reporting to the Board of non-financial risk management issues and actions taken in such regard.
- ix. co-ordinate its activities with the Audit Committee in instances where there is any overlap in their duties and responsibilities.

Risk Owners

The role of the Risk Owners shall include:

- i. to act on the instructions of the Audit Committee and the Risk Management Committee.
- ii. periodically submit progress report to the Audit Committee and the Risk Management Committee w.r.t Risk Management Plan.

- iii. to implement the suggestions/remarks/comments of the Board of Directors through the Audit Committee/ the Risk Management Committee in the Risk Management Plan considering the new financial and non-financial business risks and providing the periodical report on the same to the Audit Committee/ the Risk Management Committee.

FLOW OF RESPONSIBILITY

- i. Risks identified by the external agency, wherever appointed, shall be submitted to the Board along with mitigation plan.
- ii. the Board after receipt of the report of the external agency shall provide its comments/remarks/suggestions on the newly identified financial business risk and non-financial business risks and distribute the same between the Audit Committee and the Risk Management Committee, respectively.
- iii. the Audit Committee and the Risk Management Committee, after taking into consideration the comments/remarks/suggestions of the Board, shall implement the same through the respective Risk Owners.
- iv. the respective Risk Owners shall provide a periodical report to the Audit Committee/ the Risk Management Committee regarding the implementation and results thereof.
- v. The Audit Committee and the Risk Management Committee shall review the steps taken by the Risk Owners and submit to the Board an action taken report along with their respective comments

REVIEW & AMENDMENT

The Policy shall be reviewed by the Risk Management Committee and the Audit Committee from time to time and the Board may modify the Policy on the recommendation of the Audit Committee and/or the Risk Management Committee. Any regulatory amendment in SEBI LODR and / or any other laws, in this regard, shall automatically apply to the Policy.