



Risk Management Policy

1. PREFACE

Risk is inherent to every business activities and its management to reduce the same is very important to achieve the objectives of the business. Managing risks effectively is tedious task to be successful in any business. While the open global market has created the tremendous opportunities for entire world, it has also increased the higher risk factors for the business due to dependency on each other. To avoid any unpleasant surprises, every Company must lay down risk assessment minimization procedures. These procedures must be periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

Reliance Jute Mills (International) Limited (“the Company”) considers on going risk management to be a core component of the Management of the Company, and understands that the Company’s ability to identify and address risk is important to achieving its corporate objectives.

The Company’s Risk Management Policy (“the Policy”) aims to ensure appropriate risk management within its systems and culture.

The Policy is formulated in compliance with Regulation 17(9)(b) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and provisions of the Companies Act, 2013 (“the Act”), which requires the Company to lay down procedures about risk assessment and risk minimization.

The responsibility for identification, assessment, management and reporting of risks will primarily rest with the executive management. They are best positioned to identify the risks they face, evaluate these and manage them on a day to day basis.

The Risk Management Committee (“Committee”) constituted by the Board shall monitor and evaluate risks and mitigation measures in place from time to time and will report to the Board of Directors.

2. PURPOSE AND SCOPE

This Policy establishes the process for the management of risks faced by the Company. The aim of risk management is to maximize opportunities in all activities and to minimise adversity. This Policy applies to all activities and processes associated with the operations of the Company covering environmental, social and governance aspects.



Effective risk management allows the Company to:

- ✓ embed the management of risk as an integral part of its business processes;
- ✓ establish an effective system of risk identification, analysis, evaluation and mitigation in all areas and at all levels;
- ✓ take informed decisions;
- ✓ avoid exposure to significant reputational or financial loss;
- ✓ assess the benefits and costs of implementation of available options and controls to manage risk;
- ✓ have increased confidence in achieving its goals; and
- ✓ strengthen corporate governance procedures.

Thus, it is the responsibility of all Board members, senior management and employees to identify, analyse, evaluate, respond, monitor and communicate risks associated with any activity, function or process within their relevant scope of responsibility and authority.

3. RISK STRATEGY

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and effective manner. The Company is one of the largest manufacturers of jute goods in India and is committed towards excellence.

The manufacturing unit i.e. Reliance Jute Mills produces mainly three products, viz, Hessian, Sacking, Yan.

4. RISK MANAGEMENT FRAMEWORK

The Company has designed a dynamic risk management framework to manage its risks effectively and efficiently so as to meet its business objectives.

The Company's approach to risk management is summarised below:

Risk Assessment: Process of identification, analysis and prioritisation of risks. An effective risk assessment requires a common risk language and a continuous process for identifying and measuring risks. These elements need to be applied consistently across all key department of the units and functions within the organization to understand the nature of the prioritised risks and their impact on business objectives, strategies and performance.

Risk Mitigation: Risk mitigation involves selecting one or more options for responding to the risks and implementing those options. It includes selecting risk mitigation strategy and measuring the effectiveness of mitigation plan developed.

Risk Monitoring & Reporting: Reporting is an integral part of any process and critical



from a monitoring perspective. Results of risk assessment need to be reported to all relevant stake holders for review, inputs and monitoring.

5. RISK PROFILE

The identification and effective management of risks is critical in achieving strategic and business objectives. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

External Risks: are risks beyond the control of the organisation. These are risks faced due to external conditions in which the business operates (e.g. Natural disasters, Terrorism etc.)

Strategic Risks: are associated with the primary long-term purpose, objectives and direction of the business. These risks may arise from the actions of other participants in the marketplace and/or the opportunities selected and decisions made by the business.

Compliance Risks: are associated with non-conformance or inability to comply with the applicable rules and regulations.

Operational Risks: are associated with the on-going, day-to-day operation of the business. These include the risks concerned with the business processes employed to meet the objectives.

Financial Risks: are related specifically to the processes, techniques and instruments utilised to manage the finances of the organisation, as well as those processes involved in sustaining effective financial relationships with customers and third parties.

Knowledge Risks: are associated with the management and protection of knowledge and information including Cyber Security

6. OVERSIGHT AND MANAGEMENT

Board of Directors

The Board of Directors (“the Board”) is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by Committees and senior management. The Committees or management may also refer particular issues to the Board for final consideration and direction.

Risk Management Committee

The day to day oversight and management of the Company’s risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board of Directors on the effectiveness of the risk management program in identifying and addressing material business risks.

To achieve this, the Committee is responsible for:



- ✓ managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- ✓ setting up internal processes and systems to control the implementation of action plans;
- ✓ regularly monitoring and evaluating the performance of management in managing risk;
- ✓ providing management and employees with the necessary tools and resources to identify and manage risks;
- ✓ periodically reviewing and updating the current list of material business risks and its mitigation measures;
- ✓ periodically updating the Board on various risks and its mitigation measures;
- ✓ ensuring compliance with regulatory requirements and best practices with respect to risk management.

Senior Management

The Company's senior management is responsible for designing and implementing risk management and internal control systems which identify material risks for the Company and aim to provide the Company with warnings of risks before they escalate. Senior Management must implement the action plans developed to address material business risks across the Company and individual business units.

Senior Management shall monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, senior management shall endeavor to promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. Senior Management shall periodically report to the Committee regarding the status and effectiveness of the risk management program.

Employees

All employees are responsible for implementing, managing and monitoring action plans with respect to business risks, as appropriate.

7. AMENDMENT

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.



8. EFFECTIVE DATE

This Policy has been adopted by the Board of Directors of the Company at its meeting held on 12th November, 2022 being the effective date of this Policy.
