



# KOKUYO CAMLIN LIMITED

## RISK MANAGEMENT POLICY

# **RISK MANAGEMENT POLICY**

## **1. Introduction**

- 1.1 Kokuyo Camlin Limited (Kokuyo Camlin) is a leading manufacturer of stationery, scholastic and art products. The Company is a subsidiary of Kokuyo Co. Ltd of Japan.
- 1.2 Kokuyo Camlin operates in a challenging business landscape and given the current business scenario, requires a structured Enterprise Wide Risk Management ('EWRM') process that provides confidence to the stakeholders that the Company's risks are known and well managed, allowing the Executive management to focus on company's growth, strategy and value creation. Kokuyo Camlin recognizes that risk is inherent and important to any business activity to achieve the goal of value creation for all its stakeholders and that managing risks effectively is critical to the success of the Company.

## **2. Purpose**

The Policy is formulated in compliance with Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the 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 purpose of this Policy is to:

- 2.1 Establish common risk management framework across the Company;
- 2.2 To strengthen and continually evolve an effective ERM framework across Kokuyo Camlin to achieve sustainable growth ensuring no negative surprises and
- 2.3 Set forth procedures to analyze risks within agreed parameters across the Company.

## **3. Risk Management Framework**

- 3.1 The Company has designed a dynamic risk management framework to manage its risks effectively and efficiently, so as to meet its business objectives.
- 3.2 The Company's approach to risk management is summarised below:
  - 3.2.1 **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 divisions, units and functions within the organization to understand the nature of the prioritised risks and their impact on business objectives, strategies and performance. Rating of the risks is done on the basis of Probability & Impact on EBITDA/ cash flows, wherever quantifiable.

3.2.2 **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.

3.2.3 **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.

#### 4. **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

## 5. **Risk Oversight**

The Company has laid down well defined procedures for its various activities. All the operations and transactions in the Company are carried out in accordance with applicable rules & regulations, Company's Policies and Operating procedures so as to assess the risk, if any, associated with such operations / transactions and minimize the same.

### 5.1 **Governance Structure**

The Company's Risk Management Framework is supported by the Divisional Heads/ Senior Management of each Business under the supervision and guidance of Risk Management Committee of the Board. The responsibility for identification, assessment, management and reporting of risks and opportunities will primarily rest with the business managers. They are best positioned to identify the opportunities and risks they face, evaluate these and manage them on a day to day basis.

### 5.2 **Responsibilities of Senior Management**

5.2.1 Monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met.

5.2.2 Periodical review and monitoring of implementation of the mitigation plan.

5.2.3 To apprise Risk Management Committee of the Board on the key risks identified.

### 5.3 **Risk Management Committee**

The Risk Management Committee is a committee of the Board, with delegated responsibilities in relation to risk management processes within the Company. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.

The Committee is responsible for:

(1) To formulate a detailed risk management policy which shall facilitate :

- Identification of risks (external & internal)
- Develop measures for Risk mitigation including internal control
- Business continuity plan.

(2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

(3) To monitor and oversee implementation of the risk management policy.

(4) To review RM policy once in 2 years.

(5) To keep the Board informed about its discussions, recommendations and actions to be taken.

(6) In the event a Chief Risk Officer is appointed, review of appointment, removal & remuneration of such Officer.

#### 5.4 Assurance

5.4.1 There are different levels of assurance in relation to the effectiveness and efficiency of the Risk Management Framework and associated processes and controls.

5.4.2 At first instance, assurance is provided from management through management reports and process. The reports and process will be founded on a sound system of risk management and internal control and the assurance that the system was operating effectively in all material respects to strategic, shareholder, operational and financial risks.

5.4.3 Assurance also comes from the monitoring, oversight and reporting undertaken by the Audit Committee and Internal Auditors, as well as from the independent testing, review and reporting undertaken by Independent external auditors who provide an audit opinion as required by law.

#### 5.5 Meeting Frequency

Committee	Members	Meeting Frequency	Reporting Frequency
Risk Management Committee of the Board	Members nominated by BOD	At least half yearly	Annually
Risk Management Steering Committee	Senior Corporate Officers with Cross Functional Teams	At least half yearly	At least half-yearly

#### 6. Review of Policy

The Risk Management Committee of the Board to review this Policy periodically to ensure it remains consistent with the Board's objectives and responsibilities.

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.