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OPERATING FRAMEWORK FOR THE RISK MANAGEMENT COMMITTEE & RISK MANAGEMENT POLICY

OF

M/s SESHASAYEE PAPER AND BOARDS LIMITED

**Latest date of review and approval of the policy, by the
Board of Directors : July 22, 2022.**

1. Introduction

- a) The purpose of this Risk Management framework and policy statement is to establish the scope and guidelines for the Company's Risk Management Committee and the areas of risks, managed by the Committee.
- b) This statement also incorporates accountability standards that will be used for monitoring the progress of the Company's Risk Management and for reporting on the same to the Board of Directors.

2. Constitution of the Risk Management Committee

- a) The Risk Management Committee will be constituted by the Board of Directors of the Company and the Chairperson of the Committee and the other members of the Committee will be selected by the Board of Directors.
- b) The Chairperson of the Committee shall be a member of the Board of Directors.
- c) The others members of the RMC shall be other Directors (or) Executives of the Company. The Risk Management Committee shall have minimum 3 members with majority of them being members of the board of directors, including at least one independent director, as required under the relevant provisions of the SEBI (LODR) and the Companies Act, 2013.



- d) The Chairperson of RMC may, if found necessary, invite any external independent expert, as a participant to the meetings of the Committee.

3. Role of the RMC

- a) The Committee (the "Committee") is acting in a fiduciary capacity to effectively manage the risks inherent to the operations the Company.
- b) The Committee is accountable to the Board of Directors of the Company, for overseeing the Risk Management activities of the Company.
- c) The Risk Management Policy Statement sets forth the objectives, policies and the guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated risk management responsibility.
- d) The Risk Management Policy, contained herein, have been formulated consistent with the Company's operating plans / budget and in consideration of the Company's tolerance for assuming risks, as reflected in the majority opinion of the Committee.
- e) Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring the Company's risks are managed effectively in line with the short-term and long-term strategic / operational goals of the Company.
- f) The RMC / Board will review this Risk Management Policy Statement at-least once a year.
- g) Changes to this Policy Statement can be made only on approval by the Board of Directors, based on the recommendation of the RMC.

4. Role of the Risk Management Committee

- a) To formulate a detailed risk management policy this shall include.
 - A. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including.



- Financial,
 - Operational,
 - Sectoral,
 - Sustainability (particularly ESG related risks),
 - Information and Cyber Security risks, or
 - any other risk as may be determined by the Committee.
- B. Measures for risk mitigation including systems and processes for internal control of identical risks
- C. Business continuity plan.
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
 - c) To monitor and oversee implementation of the risk management policy.
 - d) To evaluate the adequacy of risk management systems.
 - e) To periodically review the risk management policy, at least once in two years, considering the changing industry dynamics and evolving complexity.
 - f) To keep the board of directors informed about the nature and content of its discussion, recommendations and actions to be taken.
 - g) The Risk management committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

5. Risk Management Policy Statement

"We, at SPB, are committed to continually improve our risk management capability by:



- ◇ Identifying potential internal and external risks involved in the operation and management of the company at all levels.
- ◇ Classifying the identified risks into different categories such as Compliance Risks, Strategic Risks, Operation Risks and Financial Risks.
- ◇ Assessing the probability of occurrence and severity of impact of the identified risks.
- ◇ Developing a Risk Management Plan to mitigate the identified risks.
- ◇ Monitoring the effectiveness of the implementation of the risk management plan, regularly.
- ◇ Involving all the employees of the company in all the above acts in successful implementation of the Risk Management Plan".

6. Monitoring of performance:

- a) The RMC will meet, either in person or thro' Video Conference, at-least twice a year and review, amongst other things, the following:
 - ◇ The major Operational risks
 - ◇ All Strategic risks.
 - ◇ Risk mitigation action plans.
- b) Major Operational Risks are defined as risks, which will have a material and severe impact on the Company, on occurrence.
- c) RMC can decide to delegate the Management of Operational risks, other than major, to the Senior Management team.
- d) The RMC, in addition to its half-yearly meetings, can also meet at a shorter notice, for approval of specific risk management initiatives, within the framework of the approved policy.
- e) The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee whichever is higher including at least one independent director of the board of directors in attendance.



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- f) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- g) The minutes of the meetings of the RMC will be placed on record in the ensuing meetings of the Board of Directors of the Company.

(N GOPALARATNAM)

Chairman