EPACK Durable Limited

POLICY ON RISK MANAGEMENT

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1. Introduction

Section 134(3) of the Companies Act, 2013 ('the Act') requires the Board of Directors of a company, as part of the Board's Report, to give ***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.***

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of risk management systems.

Additionally, SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 , across its different sections, invariably lays greater emphasis on Risk Management being one of the key functions of Board where responsibility is cast upon the Board to :-

- review and guide Risk Policy
- ensure that appropriate systems of control are in place, in particular, systems for risk management
- ensure that, while rightly encouraging positive thinking, it does not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk
- have ability to 'step back' to assist executive management by challenging the assumptions underlying risk appetite

The Company has established risk governance framework led by the Risk Management Committee of Board to ensure independent identification, assessment, and mitigation of risks.

2. Philosophy and approach to Risk Management

The Risk Management philosophy of the Company is based on its vision and values. The Company has developed a dynamic growth strategy in pursuit of its vision. Risk Management aims to preserve this value through implementation of a structured process for identifying, assessing and mitigating risks commensurate with the Company's risk appetite. For the purpose of clarity, risk appetite refers to the amount of risk exposure or potential adverse impact from an event that the organization is willing to accept / retain in order to achieve its strategic objectives. It supports conscious decision-making based on risk-reward trade off and ensures management works within established limits to control exposure.

The Risk Management Committee should decide the Company's risk appetite and propose to the Board for approval.

Risk Management is a core management competency that incorporates the systematic application of policies, procedures and checks to identify potential risks and lessen their impact on the Company. This involves:

a) Identifying potential risks;
b) Assessing their potential impact;
c) Taking action to minimize the potential impact; and
d) Monitoring and reporting on the status of key risks on a regular basis.
e) ERM also provides the Company with the opportunity to identify risk reward scenarios and to realize significant business opportunities.

Effective risk management requires:

a) A strategic focus,
b) Forward thinking and active approach
c) Balance between the cost of managing risk and the anticipated benefits, and
d) Contingency planning in the event that critical threats are realised.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Return on Investments, Business cycle, Increase in price and costs, Limited resources, Retention of talent, cyber-attacks etc.

3. Purpose of Risk Management

The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

This policy is intended to support & assist the Company in achieving its business objectives by providing minimum standards for identifying, assessing and managing its business risks in an efficient and cost-effective manner; at the same time ensuring the effective monitoring and accurate reporting of these risks to the key stakeholders.

The key objectives of this policy are to:

a) Provide an overview of the principles of risk management;
b) Explain approach adopted by the Company for risk management;
c) Define the organizational structure for effective risk management;
d) Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions; and
e) Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

4. Objectives of Risk Management

The objective of risk management is not to eliminate risk, but to understand it so that the company can minimize the downside and take advantage of the upside. This requires clarity on what risks the company is prepared to take, how much, and ensure that the company has the processes in place to manage these risks.

An integrated and clearly structured risk management policy can help support the maximization of shareholders' value in several ways:

a) Clarity of roles and responsibilities;
b) Minimize surprises & negative impact of risks on business objectives
c) Quicker, risk oriented decisions by focusing on key risks;
d) Achieve business objectives and strategic goals;
e) Better informed and greater management agreement on key decisions taken;
f) Enhanced communication to Board;
g) Greater management responsibility and accountability;
h) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;
i) To formulate Business Continuity Plan;
j) Integrated governance practices; and
k) Reduced earnings volatility and increased profitability.

5. Scope of the Policy

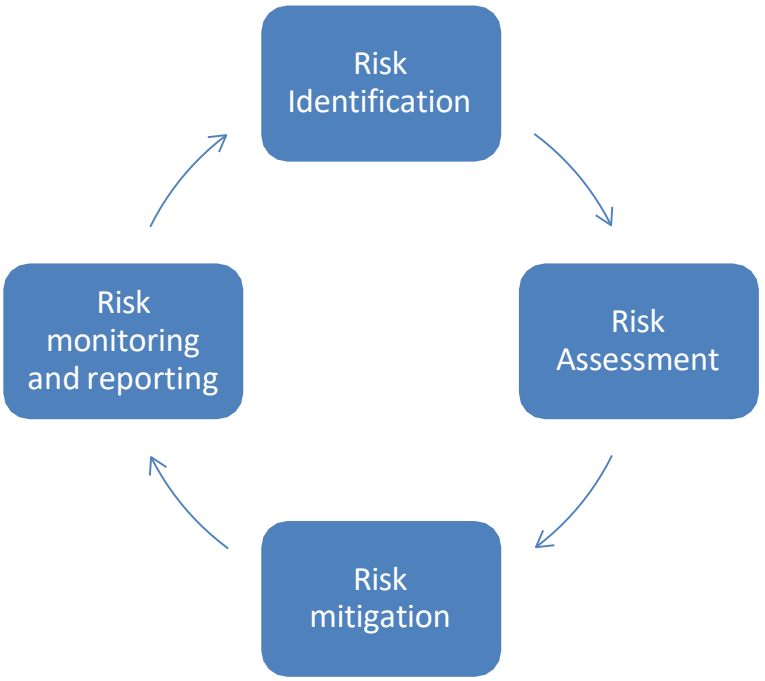
This policy applies to every part of the Company's businesses and functions. The policy complements the corporate governance initiatives of the Company and does not replace other existing compliance programs, such as those relating to environmental, quality, and regulatory compliance matters.

6. Responsibility for Risk Management

a) Risk management is everyone's responsibility, from the Management to individual employees. The Board has formed a Risk Management Committee (RMC) in line with the requirements of the Listing Regulations. All employees should actively engage in risk management within their own areas of responsibility and are expected to manage those risks within the approved risk appetite;
b) The Company will manage its significant risks through a holistic approach that optimizes the balance between risks and return across all businesses and functions. Optimization ensures that the Company only accepts the appropriate level of risk to meet its business objectives;
c) Each business and subsidiary is expected to undertake risk assessments for their business as a whole, and as determined by the Business Head for each of the business element;
d) Risk Management will be integrated with major business processes such as strategic planning, business planning, operational management and investment decisions to ensure consistent consideration of risks in all decision- making;
e) Risk Management is a comprehensive, disciplined and continuous process in which risks are identified, analysed and consciously accepted or mitigated within approved risk appetite;
f) Risk Management Policy of the Company will continue to evolve to reflect best practices that address the changes in Company's requirements, organizational structure, size and industries within which the Company operates.

7. Risk Management Procedures

The risk management process should be an integral part of management, be embedded in culture and practices and tailored to the business processes of the organization. The risk management process includes four activities: Risk Identification, Risk Assessment, Risk Mitigation and Risk Monitoring & Reporting as shown in the figure below:



a) Risk Identification

The internal as well as external risks for the Company can be broadly categorized into:

i. Regulatory / Compliance risk;
ii. Competition/ Market risk;
iii. Economic Condition of relevant market/ Global Risk
iv. Customer / dependency risk;
v. Product / Quality risk;
vi. Supply Chain / Sourcing risk;
vii. Information / Cyber Security risk;
viii. People / HR risk; and
ix. Financial / Performance risk
x. Sustainability/ Environment Risk

The purpose of risk identification is to identify the events that have an adverse impact on the achievement of the business objectives. Further, risk identification not only refers to the systematic identification of risks but also to the identification of their root causes.

The identification of risks is the first step in the risk management process. The purpose of identification of risks is to describe events that may have an adverse impact on the achievement of the business objectives. In order to identify risks, a range of potential events will be considered while taking into account past events and trends as well as future exposures.

b) Risk Assessment

"Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence".

Each identified risk is assessed on 2 factors determining the risk exposure:

a) Impact, if the event occurs; and
b) Likelihood of event occurrence

It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments each of the Risks can be categorized as – Low, Medium and High.

c) Risk Mitigation

Risk Mitigation involves selecting one or more options for managing risks and implementing such action plans. This phase of the ERM process is intended to:

a) Understand existing practice/ mitigation mechanisms in place for managing risks;

b) Generate and implement new action plans for mitigation of risks; and

c) Assess the effectiveness of such plans.

d) Risk Monitoring & Reporting

Risk monitoring, review and reporting are critical components of the Risk Management process. The intent of monitoring & reporting risks is to identify any new risk, modifying existing risk, scan external environment for emerging risk and accordingly reassess risks.

All the Head of Departments/Senior Management Personnel ("HODs") under the guidance of the Executive Chairman/ Managing Director has the responsibility for overseeing management's processes and results in identifying, assessing and monitoring risk associated with Company's business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the HOD considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regard and action taken or proposed resulting from those reports. Setting up of proper internal control systems to analyse the probable risks and mitigating them pro-actively.

8. Business continuity plan

The Business continuity plan covers readily identifiable risks, including technical problems, fires, natural disasters and other emergencies. It includes maintaining business functions or quickly resuming them in the event of a major disruption, whether caused by a fire, flood or any other act of god, which is out of reasonable control. A business continuity plan outlines procedures and instructions an organization must follow in the face of such disasters; it covers business processes, assets, human resources, business partners, etc. The Business continuity plan may be reviewed and amended by the Risk Management Committee.

9. Review

This policy shall be subject to review by the Board as may be deemed necessary or to meet any regulatory requirements.

10. Amendment

In case of any amendment (s), clarification (s), circular (s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions in this Policy and this Policy shall stand amended accordingly.

11. Version Control

Version	Description	Date
Version 1	Policy on risk management	November 09, 2023
Version 2	Policy on risk management	August 01, 2026

12. Effective Date

This Policy was approved and adopted by the Board on November 09, 2023.