

REHABILITATION PLANTATIONS LIMITED, PUNALUR

RISK MANAGEMENT POLICY

Rehabilitation Plantations Limited (“the Company”) believes that risk management is to be a core component of the management of the Company and is aware that the Company’s ability to identify and address risk is vital to achieving its corporate objectives. The Company’s risk management policy outlines the program implemented by the Company to ensure appropriate risk management within its systems and culture.

Risk Management Policy is in compliance with the provisions of Companies Act, 2013, which requires the Company to lay down procedures about risk assessment and risk minimization. It has been decided that a Risk Management Committee (RMC) comprising of senior managers of the Company shall periodically review the risk management policy of the Company so that the management controls the risk through properly defined network and will report to the Board. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Committee from time to time.

Risk Management Program

The Company’s risk management program comprises of a program to identify, assess, monitor and manage its business risk, including any material changes to its risk profile. To achieve this, Company’s senior management should develop and maintain the risk management program in light of the day-to-day needs of the Company. Regular communication and review of risk management practice provides the Company with important checks and balances to ensure the efficacy of its risk management program.

The key elements of the Company’s risk management program are set out below.

Risk Identification

In order to identify and assess material business risks, the Company defines risks and prepares risk profiles in light of its business plans and strategies. This involves providing an overview of

each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company presently focuses on the following types of material risk categories:

- operational risks;
- *strategic risks*;
- Insurable risks and exposures
- Organizational risks and exposures
- financial risks;
- external risks;
- human resource risks and
- legal/regulatory and compliance risks.

Oversight and management

Board

The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed and maintained by the risk management committee. The Committee 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 on the effectiveness of the risk management program in identifying and addressing material business risks. In order 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 identified by them, 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; regularly reviewing and updating the current list of material business risks; regularly reporting to the Board on the status of material business risks; and ensuring compliance with regulatory requirements and best practices with respect to risk management. RMC committee also provide the Company with warnings of risks before they shoot up. RMC must implement the action plans developed to address material business risks across the Company and individual business units. RMC should regularly monitor and evaluate the effectiveness of the action plans and the performance of employees in implementing the action plans, as appropriate. In addition, RMC should promote and monitor the culture of risk management within the Company and compliance with the internal risk control systems and processes by employees. RMC should report regularly to the Board 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 material business risks, as appropriate.

Review of risk management program

The Company regularly evaluates the effectiveness of its risk management program to ensure that its internal control systems and processes are monitored and updated on an ongoing basis. The division of responsibility between the Board, and Risk Management Committee (RMC) aims to ensure the specific responsibilities for risk management are clearly communicated and understood. The reporting obligation of RMC ensures that the Board is regularly informed of material risk management issues and actions. This is supplemented by the evaluation of the performance of risk management program, Committee and employees responsible for its implementation.

Risk Management System

The Company has always had a system-based approach to business risk management. Backed by strong internal control systems, the current risk management framework consist of the following elements: Risk Management system is aimed at ensuring formulation of appropriate risk management policies and procedures, their effective implementation and independent monitoring and reporting by RMC. Appropriate structures have been put in place to effectively address inherent risks in businesses with unique/relatively high risk profiles.

The Board reviews the RMC findings, and provides strategic guidance on internal controls. Monitors the internal control environment within the Company and ensures that RMC recommendations are effectively implemented. The combination of policies and processes as outlined above adequately addresses the various risks associated with Company's businesses. The RMC of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.

Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors 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 in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed there under any other laws in this regard shall automatically apply to this Policy.

Communication of this Policy

This Policy shall be posted on the website of the Company www.rplkerala.com

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