RISK MANAGEMENT POLICY

KNACK PACKAGING LIMITED

CIN: U25200GJ2013PLC073847

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Name of the Document	Risk Management Policy
Approval Date	25 August, 2025
Effective Date	From the date of Listing

1. Introduction:

Risk Management Policy guidelines are devised in the context of the future growth objectives, business profile envisaged and new business endeavors including new products and services that may be necessary to achieve these goals and the emerging global standards and best practices amongst comparable organizations. This Policy is meant to ensure continuity of business and protection of interests of the investors and thus covers all the activities within the Company and events outside the company which have a bearing on the Company's business. The Policy shall operate in conjunction with other operating or administrative policies. The formation and Implementation of 'Risk Management Policy' is in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**the Listing Regulations**") and provisions of Companies Act, 2013, as amended which requires the Company to lay down procedures about the risk assessment and risk minimization.

Section 134(3) of the Companies Act, 2013, as amended ("**the Act**") requires a statement to be included in the report of the Board of Directors (the "**Board**") of the Company 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. Furthermore, Regulation 17 of the Listing Regulations, requires that the Company set out procedures to inform the Board of risk assessment and minimization procedures and makes the Board responsible for framing, implementing and monitoring the risk management plan of the Company.

The Board of Directors of Company at its meeting held on 25 August, 2025v had approved the Risk Management Policy ("**Policy**") and which shall become effective from From the date of Listing.

2. OBJECTIVE, PURPOSE & APPLICABILITY OF POLICY:

The Company is prone to internal and external business risks. Risk management is an integral component of good corporate governance and fundamental in achieving the Company's strategic and operational objectives, which helps to protect the interest of various Stakeholders. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks.

The main objective of this Policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues.

This policy applies to all areas of the Company's operations.

3. ROLE OF THE BOARD:

The board of directors shall constitute a Risk Management Committee. The board of directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit and such function shall specifically cover cyber security.

4. RISK MANAGEMENT COMMITTEE:

The Board of directors of the Company has constituted voluntarily a Risk Management Committee pursuant to a resolution passed by the Board. The composition and terms of reference of the Risk Management Committee is in compliance with Regulation 21 of the SEBI Listing Regulations.

Scope and terms of reference:

The role and responsibility of the Risk Management Committee shall be as follows:

- Formulation of a detailed risk management policy which 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, cyber security risks or any other risk as may be determined by the Risk Management Committee; (b) measures for risk mitigation including systems and processes for internal control of identified risks; and (c) business continuity plan;
- Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of our Company;
- Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity, and recommend for any amendment or modification thereof, as necessary;
- Keep the Board of directors of our Company informed about the nature and content of its discussions, recommendations and actions to be taken;
- Review the appointment, removal and terms of remuneration of the chief risk officer (if any);
- 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; and
- Any other similar or other functions as may be laid down by Board from time to time and/or as may be required under applicable law, as and when amended from time to time, including the SEBI Listing Regulations.

5. RISK MANAGEMENT FRAMWORK:

The Company believes that risks should be managed and monitored on a continuous basis and its risk management program comprises of a series of processes, structures and guidelines which assist the Company to identify, assess, monitor and manage its business risk, including any material changes to its risk profile.

To achieve this, the Company has clearly defined the responsibility and authority of the Company's Board of Directors as stated above, to oversee and manage the risk management program, while conferring responsibility and authority on the Company's senior management to 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:

A) Risk Identification and Assessment

Mechanisms for identification and prioritization of risks include risk survey, industry benchmarking, incident analysis, business risk environment scanning, and focused discussions with the Board. Risk register and internal audit findings also provide inputs for risk identification and assessment. Risk survey of executives across units, functions and subsidiaries is conducted on an annual basis to seek inputs on key risks. Further, periodic assessment of business risk environment is carried out to identify significant risks to the achievement of business objectives and prioritizing the risks for action. Scenario based risk assessments are also carried out.

Operational risk is the risk of loss as a result of ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operation. Quality or manufacturing defects, labour unrest, accidents, disruption of operations of a plant may affect the operations of the Company. Given the scale of operations, even the

slightest disturbance can have a significant impact on work force or revenue and the growth in business further complicates and adds to the severity of the business and regulatory risks. The Company should develop risk mitigation strategies for managing risks in each of the Business Operation areas.

Financial risks refers to a company's ability to manage its debt and financial leverage .The financial risks relate to adequate liquidity for routine operations and availability of funds for business expansion, , impact of currency fluctuations due to entry in newer geographies, change in credit ratings, currency fluctuations, among others. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The Company has adopted various measures to hedge currency fluctuations exposures based on the cost-benefit analysis and the extent of exposure. The Company works on an ongoing basis on cost reduction, weight reduction, alternate materials, digitisation and process improvement exercises. The Company also considers Make in India initiatives for sourcing of standard raw materials from Indian market at lowest cost option.

Strategic risks refers to those risks that arise from the fundamental decisions that company takes concerning an organisation's objectives. The key business decisions can have a significant impact on their short and long-term growth potential. Entering into new areas may be required to meet strategic objectives and sustainability goals; and in order to have a competitive edge, businesses acquire new resources or invest in strategic partnerships to shape innovative product segments or technologies. Such decisions, however, will come with a fair amount of risks, inherent, or otherwise. Further the ever-changing economic policies may influence the strategies and performance of the Company. The Company will keep a close watch on the upcoming policies, mismatch in demand and supply, among others and adapt itself accordingly. Strategic decisions should be reviewed by all relevant internal stakeholders and run through a robust decision-making process.

Compliance and Regulatory risks refer to the possibility that the Company may be found in violation of existing laws, rules, or regulations, which could lead to legal liabilities, financial penalties, or reputational damage. Non-compliance with applicable legal requirements can adversely impact the Company's operations, credibility, and stakeholder trust. To mitigate such risks, the Company has implemented robust compliance systems and internal controls aimed at ensuring adherence to all relevant laws and regulations. Regulatory risk also includes the risk that changes in laws, policies, or regulatory frameworks could materially affect the Company's industry, products, or overall market environment. Frequent and evolving regulatory updates require the Company to be proactive, responsive, and agile in aligning its operations and offerings with applicable standards. The Company remains committed to continuously monitoring regulatory developments and ensuring timely compliance to safeguard its operations and maintain ethical and legal integrity across all business functions.

Technology risks encompass potential threats arising from hardware or software failures, human errors, cyber threats (such as spam, viruses, or malicious attacks), and natural disasters including fires or other catastrophic events. While the Company is committed to adopting and leveraging new technologies to drive efficiency and innovation, these advancements inherently come with associated risks—particularly in areas such as disaster recovery, data protection, information privacy, and regulatory compliance. The technology risks should be mitigated by continuous R&D initiatives of the Company, keeping abreast with the global changes, promoting entrepreneurial skills of the personnel and developing in-house solutions or procuring them

Sustainability risks refer to potential or actual material negative impacts on a company's financial condition or operational performance arising from Environmental, Social, or Governance (ESG) events or conditions. These risks may directly affect the value of investments and the long-term viability of the business. Emerging global scenarios as regional tension having serious uncertainties for businesses both in domestic as well as global markets affecting spending powers of individual and businesses had to come up with innovative practices to manage this. Also climate change has made the mobility sector focus even more on the non-traditional energy sources. With a focus on long-term value creation, the Company should work on ESG Integration, Product Level Sustainability Risk Management, and Ongoing Monitoring and Escalation.. Oversight and escalation processes are implemented to monitor continued incorporation of sustainability risk

Cyber Security and Information Technology risks relate to the potential threats arising from the increasing reliance on digital technologies. While digital transformation enhances business efficiency, profitability, agility, and intelligence, it also introduces new vulnerabilities. The Company places strong emphasis on identifying and mitigating cyber security threats, recognizing the dynamic and evolving nature of the cyber risk landscape. Cyber risks are assessed regularly in line with emerging threat patterns, and preventive as well as proactive measures are implemented on a continuous basis.To safeguard critical information assets, the Company has further strengthened its cyber security framework, including enhanced controls, monitoring mechanisms, and incident response strategies. All mitigation actions are reviewed and monitored periodically to ensure effectiveness and to adapt to new and emerging cyber threats.

Business Continuity Planning risk refers to the potential impact of unforeseen events on the Company's ability to maintain uninterrupted operations. The Company recognizes the critical importance of having a robust BCP framework to ensure the smooth functioning of business activities, especially during adverse conditions or crises.The Company's approach to BCP encompasses both operational sustainability and employee welfare, ensuring that essential services continue with minimal disruption. Emphasis is placed on clearly defining key action steps, roles and responsibilities, trigger points, and turnaround timelines, so the organization is always equipped to respond effectively to any situation that may threaten normal business operations..

B) Risk Evaluation

Risk evaluation is carried out to decide the significance of risks to the Company. Estimated risks are compared against the established risk criteria. The risk criteria include key focus areas namely: strategy, growth, cost, talent, reputation, leadership, and regulatory compliance.

C) Risk Reporting and Disclosures

Risks to the achievement of key business objectives, trend line of risk level, impact and mitigation actions are reported and discussed with the Board on a periodic basis. Key external and internal incidents with potential impact are reported, Periodic update is provided to the Board highlighting key risks, their impact and mitigation actions. Key risk factors are disclosed in regulatory filings.

D) Risk Mitigation and Monitoring

To ensure that the above risks are mitigated, the Company will strive to:

- Involve all functions in the overall risk identification and mitigation exercise;
- Have an objective framework to categorize risks and define the level at which it should be addressed;
- Link the risk management process to the strategic planning and internal audit process;
- Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
- Formalize a transparent risk information system across the organization with structured templates.
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Adequate disclosures pertaining to the risks being faced by the Company, may be made as per the materiality criteria defined in the 'Policy for determination of materiality for disclosure of events or information' of the Company. The Risk Register will include guidance on impact and probability of the risk impact which in effect is the identification of risk appetite for the Company. Risks identified in the Risk Register will have a risk description, risk functional owner and initiatives with timelines and responsibilities for risk mitigation.

6. REVIEW AND AMENDMENT:

The Board shall review this Policy from time to time to ensure it remains consistent with the Board's objectives and responsibilities, and in accordance with applicable laws. 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 thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

7. DISCLAIMER:

The risk outlined above are not exhaustive and are for information purposes only. Management is not an expert in assessment of risk factors, risk mitigation measures and in having a complete / proper management's perception of risks. This policy may be amended and modified, subject to appropriate provisions of law, rules, regulations and guidelines from time to time