UFlex Limited

Enterprise Risk Management (ERM) Policy

Contents

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About UFlex

UFlex is India's largest multinational flexible packaging and solutions company. Primary business of the group is packaging films; flexible packaging and aseptic liquid packaging integrated within its core business profile are allied businesses like Engineering, Cylinder, Holography and Chemicals. It has customer based in 150 countries with its strong global sales and distribution network.

1. Overview

1.1 Preamble

This Enterprise Risk Management ('ERM') Policy ('the Policy') is governed by applicable regulations for risk management under SEBI (Listing Obligationsand Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 (as amended from time to time). This Policy shall be updated in line with the amendments brought in by the regulators from time to time.

1.2 Purpose and Applicability of the Policy

The purpose of this Policy is to institutionalize a formal ERM function and framework at UFlex Limited ('The Company'). It shall seek to identify risks in the business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

1.3 Scope of Enterprise Risk Management (ERM)

Risk is an event, the occurrence or non-occurrence of it can adversely / favorably impact the achievement of an entity's objective. Risks can impact an organization's objectives at two levels viz. operational / functional level objectives and strategic / enterprise level objectives.

Operational / functional level risk management framework deals with operational / day-to-day risks which are not significant in terms of their impact. These are generally inherently managed by operation level teams of the Company on day-to-day basis with support of internal control systems. On the other hand, enterprise level risks impact the Company's strategic / enterprise level objectives and generally have material impact on Company's business, financial position, and reputation.

ERM is linked to risks impacting the achievement of entity's strategic / enterprise level objectives.

The ERM Policy shall also formulate:

- **Enterprise Risk Management framework that** enables identification, prioritization, mitigation, and monitoring of the Enterprise level risk
- **Enterprise Risk Management structure** i.e., the roles and responsibilities for implementation and effectiveness of the Enterprise risk management framework in the Company

1.4 Company's philosophy to Enterprise Risk Management (ERM)

Company does not aim at eliminating risks, as that would simultaneously eliminate all chances of rewards / opportunities. It is instead focused on ensuring the following:

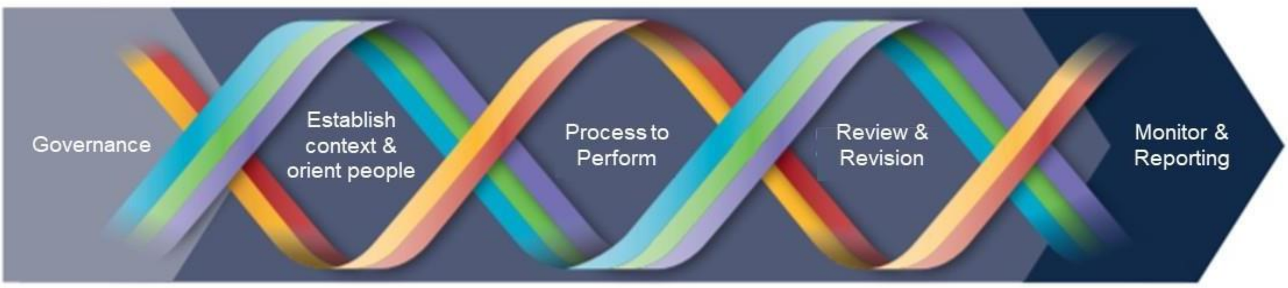
- Encourage business leaders (Risk Councils) to proactively identify risks
- Risk so identified are analyzed, assessed, mitigation planned (monitor/ prevent/ control/ eliminate) and reported in timely manner [refresh once in a year] through the Company's formulated ERM framework
- Ingrain conducive riskculture into various parts of the company. Business leaders are responsible to proactively manage the risks and achieve the company's business objectives

2. Enterprise Risk Management (ERM) framework

The Company shall prepare an Enterprise Risk Management Framework that is based on industry standards and encompassing all enterprise-level risks that the organization is facing internally or externally under different categories such as financial, operational, sectoral, and information risks including ESG and Cyber security risks. The framework shall prescribe guidelines for contextualization of risks by linking with UFlex's business objectives and risk identification, assessment, mitigation, and governance thereof.

The ERM framework outlines a set of principles organized into five interrelated components:

1. **Governance:** Establish Operating structure
2. **Establish business context & orient people** to define different risks
3. **Process to Perform:** Identify risks, assess severity, prioritize, and formulate mitigation plan
4. **Review & Revision:** Monitor risk and mitigation and refresh identified risks (every year)
5. **Monitor & Reporting:** Report on risk and mitigation plan



2.1 Governance	**2.2 Establish context & Orient people**	**2.3 Process to Perform**	**2.4 Review & Revision**	**2.5 Monitor & Reporting**
► Establish Operating structure	► Establish business context ► Define risktype ► Orient people	► Identify risks ► Assess risk severity ► Prioritizes risks ► Formulate mitigationplans	► Monitor Risk andmitigation ► Refresh identifiedrisks (every year)	► Report on Risk and status of mitigationplan

2.1 **Governance:** Enterprise Risk Management structure

Board of Directors

Risk Management Committee ('RMC')

Office of Risk Management (Chief Risk Officer)

Risk Council (Business Heads)

1. Films
2. Packaging
3. Chemical
4. Engineering
5. Cylinder
6. Asepto
7. Holography

Roles and Responsibilities

1. Board of Directors

Comprises of the Board of Directors	- Oversee a suitable framework is put in place and effectively deployed for managing risk - Define role and responsibility of Risk Management Committee - Understand the most significant risk (Top 5) and mitigation plan

2. Risk Management Committee

Comprises of Directors appointed by the Board	- Formulate and review (once every 2 year) the risk management Policy - Monitor and oversee implementation of the risk management Policy and adequacy of risk management process - Provide direction and evaluate the operation of the risk management Process - Review enterprise level risks identified and their mitigation measures - Monitor and review the risk management plan including approval of mitigation plans - Keep Board informed on risk management discussions and mitigation plan - Review of appointment, removal, and terms of remuneration of ChiefRisk Officer (CRO)

3. Office of Risk Management

Headed by Chief Risk Officer	- Implement risk management Policy and process - Facilitate the execution of risk management framework in coordination with risk council - Periodic update to RMC and Board

4. Risk Council

Each risk council is headed by Business Heads	- Business Heads to form Rick Council. Convener to be appointed by each Business Head who shall act as a facilitator for setting up of Risk Council meetings, circulation of minutes to risk council and CRO, and other responsibilities assigned by Business Head. - Risk Council to be responsible for identifying and mitigating the risks for their respective functions. - Provide periodic updates (at least twice in a year) to Chief Risk Officer and RMC

2.2 Context and People:

2.2.1 **Business Context:** Risk is a part of the dynamic business environment. Risk management Policy helps organizations to put in place effective framework for taking informed decisions about risks. To minimize the adverse impact of risks on business, the company has framed this Risk Management Policy. The Policy provides a route map for risk management, bringing people together and guidance from Risk Management Committee. Effective management of risk helps to manage innovation and improve performance by contributing mainly to:-

- Growth
- Return to stakeholders
- More efficient use of resource
- Innovation
- Sustainability
- Increased certainty and fewer surprises
- Better service delivery
- More effective management of change
- Management of contingent and maintenance activities

2.2.2 **Risk types:** The Risks identified shall be categorized under following types:

- Financial risk
- Sectoral risk / Industry Risk
- Information risk
- Operational risk
- Sustainability risk (ESG)
- Cyber risk

2.2.3 **Orient People:**

People at different levels shall identify and manage the risks within their purview. Identification of risks and bubbling up to the right decision makers shall be actively encouraged and different forums shall be provided for such discussions.

2.3 Process to Perform

- **Identify Risks:** It involves identification of relevant risks that can adversely affect the achievement of the objectives

- Assess Risk severity and Risk prioritization: Once risks have been identified, they should be evaluated to determine which are of an unacceptable nature and which should be targeted for mitigation. This can be done by evaluating them on potential impact on business objectives together with the likelihood of occurrence / non-occurrence. Guidelines of evaluating risk severity are given in appendix

- Define / Formulate mitigation plan: Risk council shall be responsible to ensure that appropriate risk responses are in place

  Refer Appendix at the end - For risk reporting template, risk rating and prioritization matrix

2.4 Review and Revision - For the Risks that Matter, the company defines mitigation plan and monitor them at defined frequency. Refresh identified risk once in a year.

2.5 Monitor and Reporting - Process to update the Board of Directors and RMC on therisk profile and effectiveness of implementation of mitigation plans.

3. Businesses can face interruptions at any time, for any reason. These interruptions hamper the ability of the businesses to deliver the committed levels of deliverables to its stakeholders.

To meet the challenges of such disruptions, Uflex shall ensure preparation and adoption of a Business Continuity Plan containing contingencies for business processes, assets, human resources, and business partners - covering every aspect of the business that might be affected in case of an event occurring and hampering business continuity. It shall also specify steps to be taken and actions to be taken to prepare for, respond to and recover from disruptions when they arise

4. Review and approval of the Policy

The Chief Risk Officer shall propose this Policy or any changes to this Policy to the Risk Management Committee of the Board of Directors. This Policy shall become effective upon their approval. This Policy shall be reviewed as deemed necessary by the RiskManagement Committee at least once in two years.

Appendix

1. Risk reporting template

Risk library and reporting template

Risk
▶

Risk Drivers
1.
2.

Mitigation Plans	**Status**	**Timeline**
1.		
2.		

2. Risk rating criteria - Risk Impact

Rating	Growth	Return to stakeholder	Excellence	Market share
High (3)	Event leading to delay in achieving growth target by *more than 3 years*	Turnover (Value or volume): >5% decrease or EBITDA: >5% decrease	Sustained increase in RM, power, and fuel consumption by more than *5% (YoY)*	Major event likely to result in loss of many customers *more than 1% of market share in the region/zone*
Medium (2)	Event leading to delay in achieving growth target by *1-3 year*	Turnover (Value or volume): 2% - 5% decrease or EBITDA: 1% - 5% decrease	Sustained increase in RM, power, and fuel consumption by more than *1% (YoY)*	Severe event likely to result in loss of some customers or a significant customer *by 0.2 to 1% of market share in any of the region/zone)*
Low (1)	Event leading to delay in achieving growth target by *less than 1 year*	Turnover (Value or volume): 0% - 2% decrease or EBITDA: Up-to 1% decrease	Sustained increase in RM, power, and fuel consumption by less than *1% (YoY)*	Event likely to result in loss of few customers *less than 0.2% of market share in any region/zone*

3. Risk rating criteria - Risk likelihood

Rating	Probability	Likelihood
Almost certain (3)	More than 70%	Risk may occur multiple times in a span of *12 months*
Likely (2)	41% to 70%	Risk may occur once in *1-3 years*
Unlikely (1)	Below 41%	Risk may occur once in *over 3 years*

Risk rating = (Risk impact) x (Risk likelihood)

Likelihood of the consequence	**Risk impact**		
	1. Low	*2. Medium*	*3. High*
A. Almost certain	*4. Medium*	*7. High*	*9. High*
B. Likely	*2. Low*	*5. Medium*	*8. High*
C. Unlikely	*1. Low*	*3. Low*	*6. Medium*