

RISK MANAGEMENT POLICY

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Objective

The objective of this policy is to manage the risks involved in all activities of the Company to maximize opportunities and minimize adversity. This policy is intended to assist in decision making processes that will minimize potential losses, improve the management of uncertainty and the approach to new opportunities, thereby helping the Company to achieve its objectives.

The key objectives of this policy are :

- Safeguard the Company property, interests, and interest of all stakeholders.
- Lay down a framework for identification, measurement, evaluation, mitigation & reporting of various risks.
- Evolve the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects, which the business and operations of the Company are exposed to.
- Balance between the cost of managing risk and the anticipated benefits.
- To create awareness among the employees to assess risks on a continuous basis & develop risk mitigation plans in the interest of the Company.
- Provide a system for setting of priorities when there are competing demands on limited resources.

Policy

- The Company to follow Enterprise Risk Management (ERM) tool which defines, identifies, assess, report and drive the mitigation of risks throughout the Group. The tool is designed to provide the risk score measures for each of the potential risk as well as its financial, reputational and operational impact by way of quarterly report. The report provides for categorization of risk into threat or opportunity and provides its cause, impact, treatment, control measures, level of confidence in the controls, acceptability of

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identified risks, potential improvements, risk improvement plans critical success factors and target dates to control the risk. The risk assessment to be done annually with quarterly updates.

- The Company has aligned its policy on risk assessment in line with global approach and risk assessment reports are reviewed on regular intervals. The Company has adopted a focused approach towards risk management in the form of a corporate insurance program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer. The program covers all potential risks relating to business operations of the Company at its various locations.
- As part of a global policy, the relevant parameters for all manufacturing sites are analyzed to minimize risk associated with protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations prescribed by the government authorities and guidelines defined by Clariant. The Company to fulfill its legal requirements concerning emission, waste water and waste disposal. Improving work place safety continued to be top priority at all manufacturing sites.
- The Company to continue its focus on compliance in all areas of its business operations by rationalizing and strengthening the controls. This is also an important component of Clariant's code of conduct. The Company has set in place the requisite mechanism for meeting with the compliance requirements and periodic monitoring to avoid any deviation. Clariant aims to set exemplary and sustainable standards, not only through products, services and performance, but also through integrity and behavior. As part of continuing efforts to ensure that we maintain such exemplary and sustainable standards and to provide employees with a good understanding of the demands of anti-bribery and corruption laws, Clariant has launched internet-based training modules on the topic of Preventing Bribery and Corruption.
- The business operations of the Company are exposed to a variety of financial risks such as market risk (foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk etc. The risk management program focuses on unpredictability of financial markets and seeks to reduce potential adverse effects on the financial performance. The Company's business critical software is operated on a server with regular maintenance and back-up of data and is connected to centralized computer center with physically separated server parks operated by the Clariant group. The system's parallel architecture overcomes failures and breakdowns. The global communication network is managed centrally and is equipped to deal with failures and breakdowns.

Amendment

This policy shall remain in force unless modified by the Board.

Note

The provisions of the Companies Act, 2013 and rules thereto and the Listing Agreement (including any amendment thereto from time to time) to the extent applicable, shall be apply in addition to this policy.