RISK MANAGEMENT POLICY

Version v1.0

Requirements

Campus is committed for global benchmarking in good corporate governance, which promotes the both long term & short-term interests of all stakeholders, strengthens Board, create self-accountability and helps in building trust in the Company.
The main objectives of the Risk Management Policy is inter-alia, to ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed, to protect the brand value through strategic control and operational policies and to enable compliance with appropriate regulations wherever applicable, through the adoption of best practices.

The Risk Management Policy is framed considering various types of risks faced by the Company, with a view to have a better management & reporting system of such risks and to take appropriate action after assessing such risks on a timely basis.

1. Regulatory Requirements

The Risk Management Policy of Campus Activewear Limited is framed as per the following regulatory requirements:

1. Companies Act, 2013

a) Provisions of the Section 134 (3) There shall be attached to financial statements laid before a Company in general meeting, a report by its Board of Directors, which shall include— *134(n) 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.*

b) Section 177(4) (vii) stipulates: *Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,— (vii) Evaluation of internal financial controls and risk management systems.*

1.2. Schedule IV of Companies Act 2013, [Section 149(8)] Code for Independent Directors

Role and functions: The independent directors shall:

1. Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

1.3. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Key functions of the Board of Directors:-

1. Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
2. Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
3. The board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the company.
4. 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 such function shall specifically cover cyber security

2. Objectives

This document lays down the framework of Enterprise Risk Management at Campus Activewear Limited (hereinafter referred to as the 'Company') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company. It seeks to identify risks inherent in the business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

The Company's Risk Management policy covers particularly those risks which can threaten the existence of the Company, at the same time, the Company will also follow best industry practices to ensure total compliance of all the regulatory matters.

Risk Management is a continuous process that is accomplished throughout the life cycle of a Company. It is an organized methodology for continuously identifying and measuring the unknowns; developing mitigation options; selecting, planning, and implementing appropriate risk mitigations/optimizations; and tracking the implementation to ensure successful risk optimization.

Company will ensure to take adequate steps for smooth running of business, arrange for cover against currency fluctuation for imports and exports and assure sustainable and profitable growth for the Company.

Objectives

The objective of the Risk Management Policy Document is to ensure that the Company has proper and continuous risk identification and management process. The detailed objectives that are expected to be achieved though implementation of Risk Management Framework laid down in this policy are:

- Promote an enterprise-wide approach by integrating risk management processes with business strategy, project management, process and decision making, audit and general governance functions
- Enable implementation of controls that are structured to promote effective realisation of objectives, provide reasonable assurance to the stakeholders
- Enable implementation of controls that are structured to promote effective realisation of objectives and provide reasonable assurance to the stakeholders
- Selecting the appropriate risk management approach and transferring or avoiding those risks that the business is not willing or competent to manage
- Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy
- Promote confidence in operations, management decisions and certainty regarding expected outcomes
- Protect the interests of all stakeholders
- the process for estimating the cost of likely impact either by quantitative, semi-quantitative or qualitative approach in terms of the probability or occurrence and the possible consequence
- Recognize that timely and accurate monitoring, review, communication and reporting of risk is critical to:
  - ✓ Providing early warning mechanisms for the effective management of risk occurrences and consequences
  - ✓ Providing reasonable assurance to management, the Board and other stakeholders

3. Introduction to Risk Management

At Campus, our strong Governance and business structure, with stakeholder interest at the core, makes us cognizant of risks that our business faces and have been continuously investing in augmenting. The aim is to generate a comprehensive list of risks based on those events that might create, enhance, prevent, degrade, accelerate or delay the achievement of objectives. Comprehensive identification is critical, because a risk that is not identified here will be missed from further analysis. This should include examination of the knock-on effects of particular consequences, including cascade and cumulative effects.

We continuously focus on leveraging next generation technology, supports an enterprise-wide view of risks and compliance which enables a more holistic approach towards informed decision making. Risks are assessed and managed at various levels with a top-down and bottom-up approach covering the enterprise, the Strategic business units, the geographies and the functions.

The organization should apply risk identification tools and techniques that are suitable to its objectives and capabilities and to the risks faced. Relevant and up-to-date information including background information is important.

Risk management Committee of the Board of Directors, review the progress status of identified risks including emerging business challenges in the meeting. It involves consideration of the causes and sources of risk, their likelihood consequences and identification of the factors that affect them.

The likelihood of occurrence of risk is rated based on number of past incidences in the industry, previous year audit observations, Government Policies, information from competition, market data, future trends or research reports. Risk may be evaluated based on whether they are internal or external, controllable or non-controllable, inherent and residual.

Risk Identification & Categorization

3.1 Risk Identification & Assessment:

This step involves understanding and listing of the potential threats that may affect the realization of the key success parameters, including the objectives of the organization. Risk assessment involves identification and prioritization of risks, considering Likelihood, Velocity and Impact of risk events. The risks are broadly categorized into:

Risk Categories	Potential Risks
Strategic Risks	• Risk of business disruption due to regulatory and political changes • Risk of geographical & channel concentration • Risk of timely leveraging technology to meet customer expectation & risk of technical obsolescence • Business continuity risks
Reputational Risk	• Risk relating to quality assurance (Product Performance vs Brand Perception) • Impact of Social Media
Compliance Risks	• Non-compliance risk-statutory & other provisions • Intellectual property infringement & counterfeit products
Operational Risks	• Risk of vendor dependency (Import/Single vendor dependency, IPR) • Risk on brand reputation due to unsatisfactory customer service • Risk of employee attrition • Cyber threats & risk of information security • Risk of supply disruption & inventory obsolescence • Risk relating to quality assurance (Product Performance vs Brand Perception)
Financial and Reporting Risks	• Risk relating to commodity & currency fluctuation • Risks related to credit to customers

Risk Identification & Categorization

1. Risk Identification:

Once the objectives and assumptions of the organization or proposed scheme/activity have been established, the potential risks that may have an adverse effect on the achievement of these objectives are identified.

This involves continuous identification of events that may have negative impact on the Company's ability to achieve goals. Processes have been identified by the Company and their key activities have been selected for the purpose of risk assessment. Identification of risks, risk events and their relationship are defined on the basis of discussion with the risk owners and secondary analysis of related data, previous internal audit reports, information from competition, market data, Government Policies, past occurrences of such events etc.

2. Risk Description

Risk Description provides an input to Risk Estimation and to decisions on whether risks need to be treated and on the most appropriate risk treatment strategies and methods. A risk description helps in understanding the nature and quantum of risk and its likely impact and possible mitigation measures.

3.1. Risk Analysis

Risk Analysis is to be conducted using a risk matrix for likelihood, Velocity and Impact, taking the existing controls into consideration. Risk events assessed as "high" or "very high" may go into risk mitigation planning and implementation; low and medium risk to be tracked and monitored on a watch list.

3.2 Risk Appetite

Risk appetite is the amount of risk an organization is willing to accept in pursuit of value. There are certain risks that the management may accept and tolerate.

For example: Delay in payment to suppliers in the absence of sufficient funds may be a likely event but management is ready to tolerate it for a few weeks, being within risk appetite of the Company. Whereas default in payment of statutory dues is very high risk on financial management (being interest bearing) and on the reputation of the Company. Delay in the recovery of dues from sundry debtors is a very high risk on the financial management front.

4. Areas for Risk Management Initiatives

1. Risk Management

Risk Management is a continuous process of analyzing and availing the opportunities and managing threats faced by the Company in its efforts to achieve its goals, and to ensure the continuity of the business. Risks can be internal or external.

2. Importance of Risk Management

A certain amount of risk taking is inevitable if the organization is to achieve its objectives. Effective management of risk helps to manage innovation and improve performance by contributing to:

- Increased certainty and fewer surprises,
- Better service delivery,
- More effective management of change,
- More efficient use of resources,
- Better management at all levels through improved decision making,
- Reduced waste and fraud, and better value for money,
- Management of contingent and maintenance activities.

Management strives to ensure a policy of strong corporate ethics that are more about the culture of the organization rather than an outcome of legal provisions. Thus, it maintains healthy internal control systems and practices.

Risk Organisation Structure – a)

Risk Organisation Structure – b)

3) Role of Risk Management Committee

The Risk Management Committee Shall be responsible for:

- To formulate a detailed risk management policy
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Risk Organisation Structure – b)

4) Role of the Chief Risk officer

The Chief Risk Officer shall be responsible for:

- Coordinating with the Business Heads/Functional Heads/HODs for new risks identified or changes to the existing risks;
- Review on an ongoing basis, the list of key risks impacting the achievement of objectives identified for the year and report changes, if any, to the Risk Management Committee/Board;
- Reporting on key risks and key risk management measures regularly.
- Reporting identified risks.
- Adding and updating new risks.
- Reporting significant breakdowns in risk handling measures and actions to prevent their recurrence.

5) Role of the Business/ Functional Heads/HODs

The Company's Business Heads/Functional Heads/HODs working at its manufacturing units, corporate office, retail (business units), and warehouses are the personnel who are best placed to identify and manage the risk / control or are best placed to report on the risk control. They are given the authority to manage a particular risk and will be accountable for doing so. On an ongoing basis, they shall monitor their areas for new risks / events or assess changes in risk exposure; as well as carry out periodic assessment of controls in line with the above.

Specifically, the Business Heads/Functional Heads/HODs within the Business Units and Departments will be responsible for:

- Ongoing identification and evaluation of risks with the business and operations and collating the information.
- Reporting to the designated Risk Coordinator on key risks and key risk management measures regularly.
- Selecting and implementing risk management measures on regular basis.
- Reviewing the effectiveness, efficiency and suitability of the risk management process and addressing weaknesses and reporting the same.
- Maintaining efficient and cost-effective risk handling mechanisms or control framework in line with changes in the business

Risk Register & Assessment Matrix

Identified Risk	Root Cause	Scale used for impact	Existing Controls	Likelihood (A)	Consequence (B)	Risk Rating (A*B)	Grading	Remediation Plan	Responsibility	Target date	Department	Frequency of Review

Likelihood	Definition	Score
Likely	The future event or events are expected to occur in most circumstances.	3
Less Likely	The chance of the future event or events is more than remote but less than probable.	2
Unlikely	The future event or events may occur only in exceptional circumstances.	1

Impact	Financial Impact	Operational	Score
High	Possible Revenue/variance to Budgeted EBITA Impact >5%	Significant disruptions in normal business operations like natural disasters impacting multiple locations or reputational damage, loss of potential business opportunities, any issues leading to regulatory impact etc.	3
Medium	Possible Revenue/variance to Budgeted EBITA Impact >1% - <=5%	Moderate disruptions in normal business operations, loss of key employees, other regulatory impact etc.	2
Low	Possible Revenue/variance to Budgeted EBITA Impact <= 1%	Limited loss. May not require attention of management. Process changes likely not required in response to risk occurrence.	1

5. Risk Management and Internal Control

Effective risk management depends on risk management planning; early identification & analysis of risks; early implementation of corrective actions; continuous monitoring & reassessment; communication, documentation, and coordination.
There are various ways of managing Risks depending on their gravity and potential. Major ways are :

a) **Treat**: In this case, organizations use appropriate controls to treat the risks for e.g. Credit risk monitoring, vendor localization, Minimization of inventory turnaround time.
b) **Tolerate/Accept the Risk**: This strategy is adopted when impact of risk is minor. In this case risk is accepted as cost of mitigating the risk can be high. However, these risks are reviewed periodically to check their impact remains low else appropriate controls are used.
c) **Transfer**: In this approach the associated risks are shared with the trading partners and vendors etc. e.g. Insurance.
d) **Terminate**: In this case the activity, technology or task which involves risks is not used/conducted to eliminate the associated risk.

5.1 Risk Monitoring

Review and monitoring of risk register on a half yearly basis for the execution and ensure that the key risks are being effectively addressed by the laid down action plans.
It also focuses on identification of additional risks and concerns that may arise during the implementation of the action plan and taking the necessary action required to address them.

2. Risk Assurance and Reporting

Risk Management & Governance team to ensure independent assurance on operating effectiveness of Risk Management exercise across the organisation alongwith respective business/functional team. Outcome of the exercise is presented as per defined risk governance structure.

3. Evaluation of Internal Controls

The internal audit evaluates the effectiveness of internal controls relating to the organization's governance, and specifically relating to :

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts
- The potential for the occurrence of fraud and how the organization manages fraud risk

Internal controls are safeguards that are put in place by the management of an organisation to provide assurance that its operations are proceeding as planned. Evaluation of Internal control helps to provide reasonable assurance that the organization:

- Adheres to laws, regulations and management directives;
- Promotes orderly, economical, efficient & effective operations & achieves planned outcomes;
- Safeguards resources against fraud, waste, abuse and mismanagement;
- Provides quality products and services consistent with the organization's mission;
- Develops & maintains reliable financial & management information and timely reporting.

6. Approval and Amendments

Any or all provisions of this Policy would be subject to the revision/ amendment to the Listing Regulations or related circular, notification, guidance notes issued by SEBI or relevant authority, on the subject from time to time. Any such amendment shall automatically have the effect of amending this Policy without the need of any approval by the Board of Directors or any of its Committees.

Last Amended Date: 25th May 2026