

Enterprise Risk Management Policy of Kennametal India Limited

1. Objective

The purpose of the Enterprise Risk Management (“ERM”) Policy is to institutionalize the risk management function and framework at Kennametal India Limited (“KIL” or the “Company”). This policy is drafted pursuant to Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is in accordance with the guidelines provided under the Charter of the Risk Management Committee of the Board of Directors & the Risk Management framework of Kennametal Inc., (KIL’s Holding Company).

2. Scope

This Enterprise Risk Management Policy is applicable to KIL, including its subsidiaries (if any), acquired entities and to all processes or functions in such entities.

3. Philosophy and approach to risk management

KIL’s ERM philosophy is to enable the achievement of the company’s strategic objectives by identifying, analyzing, assessing, mitigating, monitoring, preventing, and governing any risks or potential threat to these objectives. While the achievement of strategic objectives is a key driver, our values, culture and our obligation & commitment to employees, customers, investors, regulatory bodies, partners, and the community around us shall always remain the foundation on which our risk management philosophy is based. The systematic and proactive identification of risks and mitigation thereof, at all levels, is directed towards being effective, enabling quick decision-making, supporting business continuity, and improving the overall performance of the organization.

4. Enterprise Risk Management office:

The Enterprise Risk Management Office shall be held by such persons as the office of General Counsel, Kennametal Inc and/ or the Board of Directors of KIL may decide from time to time (“ERM Office”). The Risk identification, assessment and mitigation initiatives headed by the ERM office shall be reported to the Risk Committee of the Board of KIL, Board of Directors of KIL and the office of General Counsel, Kennametal Inc at such intervals as the office of ERM and/ or the Board of Directors and/ or the Kennametal Inc management may direct from time to time. The ERM office shall determine risk methodologies, from time to time, to effectively discharge its risk management function.

The objective of the office of ERM will be to:

- embed a consistent approach to risk-based decision making in the Company’s processes and culture that is aligned to the achievement of the Company’s strategic objectives;
- minimize the adverse impact of risks to the enterprise and its operations, thus enhancing its long-term competitive advantage;

- identify opportunities to proactively convert risks into opportunities to deliver improved performance;
- design and implement an Enterprise Risk Management Framework taking into account internal & external risk factors including strategic, operational, sectoral, financial, legal & compliance, sustainability (particularly ESG related risks), business continuity, information and Cyber security risks or any other risk as may be determined from time to time;
- Make sure that the risk management is embedded into day-to-day decision making of every function of the company and people at different levels identify & manage operational risks within their purview;
- Periodic re-identification, re-assessment of risks along with monitoring of enterprise risks to and associated mitigation plans;
- Identify primary risk, secondary risk, residual risk, consequential risks, risk ranking, defining and rolling out risk appetites from time to time; AND • automate ERM with an effective GRC (Governance, Risk and Compliance) solution to enable better visibility, tracking and governance.

5. Governance

The Enterprise Risk Management Framework shall provide for comprehensive governance detailing the structure, participants, charter, roles and responsibilities, periodicity of meetings and broad contours of the topics that can be discussed in these meetings. The governance structures shall enable oversight on various risks and allow escalation of risks to the right level of leadership including to the Risk Management Committee of the Board.

6. Periodic maturity assessment, improvement, and innovation

Periodic assessment of the Enterprise Risk Management framework, function, mapping against any available risk maturity models and identifying the areas of improvement shall be done to ensure continued relevance of program and framework to the organization. Such review and assessment shall be carried out at such intervals as determined by the ERM office, Risk Committee of the Board of Directors of KIL, collective Board members of KIL and/ or Kennametal Inc.

7. Review and approval of the policy

This policy shall become effective upon approval of the Board of Directors of KIL based on recommendation of the Risk Committee of the Board of KIL and approval from Kennametal Inc. This policy shall be reviewed as deemed necessary by the Risk Management Committee at such intervals as mandated by law or as may be directed by the Board of Directors of KIL and/ or the office of General Counsel, Kennametal Inc.

8. Interpretation

Directions of the Risk Committee of the Board of KIL, the Board members of KIL and Kennametal Inc shall be interpreted harmoniously so as to give effect to intention of the stakeholders involved while ensuring compliance with all applicable law for the time being in force.

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