



RISK MANAGEMENT POLICY

OF

SCHNEIDER ELECTRIC INFRASTRUCTURE LIMITED

Version – 2

Effective August 2, 2022

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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Introduction

Schneider Electric Infrastructure Limited (“the Company”) has formulated this Risk Management Policy in line with the provisions of the Companies Act, 2013 (“the Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”).

Risk exists as a consequence of uncertainty and is present in all activities whatever the size or complexity and whatever industry or business sector.

In the current times of stiff competition, where technology is ever evolving and information is available, a business must have a risk management policy to identify and mitigate risks in various aspects of the business.

The Company aims to formulate this risk management policy to be better prepared to deal with risks arising in the course of its operations and to improve the probability of achieving its strategic and operational objectives.

Objective

The objective of the policy is to ensure the commitment towards risk management so as to achieve the strategic and operational goals of the Company.

The policy explains the Company’s underlying approach to risk management. It gives key aspects of the risk management process and identifies the main reporting procedures.

Legal Framework

This policy is in compliance with the provisions of Section 134(3)(n) of the Act which requires that the Board annually reports to the shareholders on the implementation of a risk management policy including identification and mitigation of risks relevant to the achievements of the objectives of the Company.

Further, Regulation 9 read with Regulation 21 and Part D of Schedule II of Listing Obligations requires a listed company to have a risk management plan in place, pursuant to which the Board of Directors and Risk Management Committee are responsible to formulate a Risk Management Policy of the Company for identification and monitoring of risks.

Scope of the Policy

This policy is applicable to all operations of the business undertaken by the Company.

Risk Management Strategy

The risk management strategy of the Company, inter alia, includes the following:

1. To identify risks in the operations of the Company, the likelihood and impact and the business owner for the risk;
2. To identify and determine the control improvements to mitigate the risk;
3. To formalise and communicate a consistent approach for managing the identified risks, allocating resources in accordance with the likelihood and impact of the risk;
4. To ensure that a summary of risk identification and mitigation is reported to the Board and Audit Committee;
5. Regular monitoring, review and implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Company.

Internal Control team will facilitate the Risk Assessment process to identify the critical risk and support the management in formulating the risk mitigation plan and monitoring the same.

Constitution of Risk Management Committee

Risk Management Committee (“the Committee”) shall be constituted by the Company consisting of such number of directors (executive or non-executive) as the Board may think fit.

The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director.

The Chairperson of the Risk management Committee shall be a member of the board of directors.

Senior executives of the listed entity may be members of the committee.

Quorum of the Committee shall be 2 members or 1/3rd of the total members, whichever is higher including at least one member of the board of directors in attendance.

Roles and Responsibilities of Risk Management Committee

The role and responsibilities of the Committee would include the following:

1. The Committee shall function in terms of the terms and reference approved by the Board of Directors of the Company, which forms part of this Policy as Annexure I.
2. Risk management of the Company in accordance with the risk management strategy of the Company;
3. Holding periodical meetings to note emerging risks for consideration and review;
4. Immediately reporting of any significant risk to the Audit Committee of the Company which in turn after discussing the severity of the risk with the Committee shall report the same to the Board of Directors of the Company for taking appropriate action;

5. On receipt of any report from any stake holder of the Company regarding any existing or potential risk, the Committee shall take necessary action as it may deem fit;
6. An annual report may be submitted by the Committee to the Audit Committee, wherein the Committee to present in detail the risk assessed, action taken and the actual and the probable outcomes;

Risk

The Company identifies the following as potential area's of risk on inclusive basis:

- Business risk, sectoral risk, market risk including risk on sales, margins, costs and cash flow;
- Fraud risk, including risk of misreporting;
- Risk of product or service failure;
- Risk relating to safety, health, environment, social and governance;
- Risks related to human resources, including talent retention, gender diversity and sexual harassment;
- Risks related to compliance with laws and regulations;
- Risks related to Business Continuity Plan, including adequacy of disaster management system.
- Risks related to information and cybersecurity

Amendment

The Company reserves its right to amend or modify this Policy in whole or in part, at any time as considered necessary.

TERMS AND REFERENCE OF RISK MANAGEMENT COMMITTEE

The role of the Risk Management Committee shall, inter alia, include the following:

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

The Risk Management Committee shall 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.”