

**ERM POLICY MANUAL**

**Suzlon Vision and Risk Management Mission**

Suzlon Vision	Risk Management Mission
<ul style="list-style-type: none"> <li>• Be the Best Renewable Energy Company in the world</li> <li>• Work towards sustainable, social, economic, and ecological development</li> <li>• Create a better life for future generations</li> </ul>	<ul style="list-style-type: none"> <li>• We shall embed a risk-aware culture in Suzlon</li> <li>• We shall develop and maintain an effective risk management framework across the Suzlon enterprise in order to support business decision making and enhance stakeholder value.</li> <li>• We shall enable enterprise risk management by implementing policies, processes and organizational roles to identify key risks and effectively respond to and manage their value.</li> <li>• We shall ensure that a risk-aware culture does not affect our growth by advancing risk-aware approaches, based on the risk appetite of our management and our stakeholders.</li> </ul>

**Enterprise Risk Management**

To enable the Company to comprehensively and effectively manage risks arising from its businesses and to work collectively as a team, a structured Enterprise Risk Management (‘ERM’) Framework is being implemented across Suzlon. The ERM Framework is aligned to the ‘Suzlon Vision” and ‘Risk Management Mission’.

The ERM Policy Manual describes the ERM Framework, comprising ERM processes and organisation structure to embed risk-aware culture across Suzlon. It details procedures, roles and responsibilities for each entity in the structure.

**Key Objectives of ERM:**

- Embed risk management culture in the business practices and processes,
- Provide confidence that the Company’s risks are known and managed,
- Allow resources to focus on enterprise growth, strategy and exploiting the Company’s risk appetite, and
- Ultimately, lead to creation of value

**Enterprise Risk Management Framework**



The ERM framework at Suzlon does not aim at eliminating risks, as that would simultaneously eliminate all chances of rewards/ opportunities. It is instead focused on ensuring that risks are identified, and key risks impacting the organisation are addressed.

### ***I. The ERM Process***

The ERM process is scheduled to be performed at least annually and definitely in event of significant changes in internal or external business environment or whenever strategic/ non-routine activities are undertaken by the company. The following are the key sub-processes in the ERM process:

#### **1. Risk identification, prioritisation and reporting:**

- a. Risk identification
  - i. Identification of risk events across Operating units and functions through risk assessment,
  - ii. Categorisation of risk events within the Suzlon Risk Universe, and
  - iii. Updating risk events listing and subsequently, risk register.
- b. Prioritisation
  - i. Assessment of the relative priority of each risk to arrive at the key risks or Risks That Matter ('RTM') considering the potential impact and likelihood of occurrence of the risk.
- c. Reporting
  - i. Reporting risk events collated and prioritised to entities in the Risk management organisation structure, including Operating unit / function Heads, Group Risk Team ('GRT'), Risk Management Committee ('RMC') as per reporting protocols.

#### **2. Risk mitigation**

- i. Identifying Risk leaders, Support team members, for each critical risk / RTM ('Risk That Matter'), and
- ii. Developing mitigation plans with defined action steps and timelines for implementation. Risk leaders supported by senior management colleagues and team members work towards implementation of the action steps.

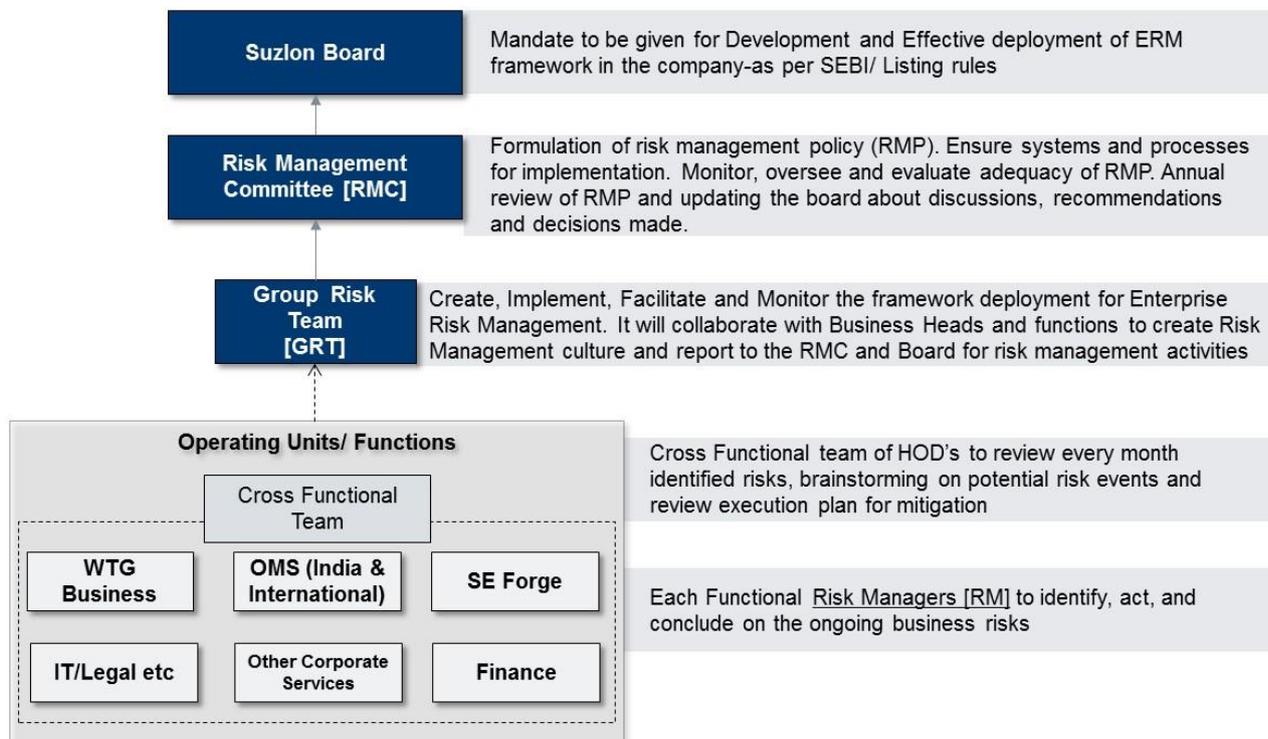
#### **3. Risk monitoring and assurance**

- i. Reporting to the Board of Directors, the Audit Committee and the RMC on the risk profile and effectiveness of implementation of mitigation plans.
- ii. Monitoring the ERM process activities to ensure their timely and appropriate execution.

ERM process is facilitated by enablers such as the Risk Manager tool, Risk Management Activity Calendar, and a set of templates to facilitate reporting and monitoring.

**II. The ERM Structure**

**Enterprise Risk Management structure**



The ERM structure illustrated above comprises:

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| <ul style="list-style-type: none"> <li>A. Board of Directors ('BoD').</li> <li>B. Risk Management Committee ('RMC').</li> <li>C. Group Risk Team ('GRT').</li> </ul> | <ul style="list-style-type: none"> <li>D. Risk Managers ('RM').</li> </ul> |
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**A. Board of Directors**

The Board of Directors are responsible for ensuring that the Company has developed an appropriate risk management framework and that the framework is effectively deployed in the Company. The responsibility for overseeing the risk management framework has been delegated to the RMC of the Board which shall submit annually a report on the "Risks that matter" to the Board for their review.

**B. Risk Management Committee (RMC)**

The RMC will review the decisions taken by the GRT and be responsible for strategic direction setting. The RMC will report to the Board of Directors on the status of the risk management initiatives and their effectiveness. The RMC will receive inputs from GRT for review of risk management activities and for management intervention if required. The RMC is responsible for ensuring that the risk management framework contributes towards:

- i. Achieving business objectives,
- ii. Safeguarding enterprise assets, and
- iii. Enhancing shareholder value.

### C. Group Risk Team

The Group Risk Team ('GRT') shall be the central body in the risk management organisation structure. The RMC will empower the GRT to make decisions regarding the risk management process across the Company. The role of the GRT will be to drive the ERM processes, review risk management activities and provide guidance. The GRT may invite senior staff to apprise the GRT on risks and concerns as well as provide operational, commercial and technical expertise. The GRT will hence be responsible for the following activities:

- i. Working within the strategic guidance and overall framework for risk management defined by the RMC
- ii. Providing guidance to Risk Managers ('RM') of each Operating unit / function,
- iii. Reviewing the results of the risk assessment and mitigation plan development process and intervening where appropriate,
- iv. Providing guidance for troubleshooting risk management activities (if required), and
- v. Reviewing and monitoring the working of the risk management structure.
- vi. Reporting to the RMC and Board for risk management activities

### D. Risk Managers

Each Operating unit / function shall be represented by a Risk Managers ('RM'). The role of RM will be that of a facilitator and coordinator with respect to risk management activities within the respective Operating unit / function.

The RM will report to the Operating unit / functional Heads with regard to risk management activities within their respective Operating unit / function. The RM will provide guidance to process owners / managers of the respective Operating unit / functions, as and when required or directed. They will be responsible for reporting the risk management activities of the respective Operating unit / function to the GRT. The RM will be required to facilitate the implementation of the ERM initiatives and mitigation plans within the respective Operating unit / function. Nomination to the position of RM will be for a period of one year. The nomination of the RM and renewal shall be done by the respective Operating unit / function Head.

### Team formation: ERM structure 2021

Risk Management Committee [RMC]			
S.N	Name	Designation	Role in RMC
1	Mr Tulsi R Tanti	Chairman and Managing Director [Suzlon Energy]	Chairperson
2	Mr Sameer Shah	Independent Director [Suzlon Energy]	Member
3	Mr Ashwani Kumar	Group CEO [Suzlon Energy]	Member
4	Mr Vinod R Tanti	Whole-time Director and COO [Suzlon Energy]	Member

**Group Risk Team:** This team will be headed by a Group Risk Head who will have a cross functional team from business units and key functions such Technical, Legal and Commercial.

**Schedule of Meeting:** Twice a year before Board Meeting [End of Q2 and Q4]