

**ERM POLICY MANUAL**

**Suzlon Vision and Risk Management Mission**

**Suzlon Vision**

- To be a Technology leader in the wind sector.
- To be in the top three wind companies in the key markets of the world.
- To be a global leader in providing profitable, wind power solutions.
- To be the 'Company of Choice' for stakeholders

**Risk Management Mission**

- We shall embed a risk-aware culture in Suzlon
- 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.
- 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.
- 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.

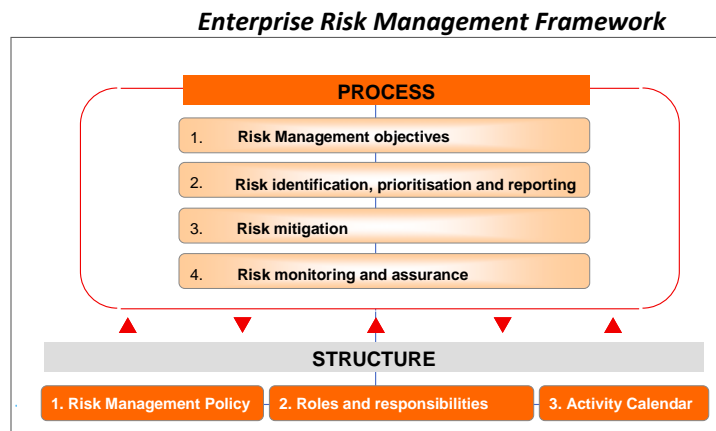
**Enterprise Risk Management**

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



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, Corporate Risk Team ('CRT'), Risk Management Committee ('RMC') as per reporting protocols.

**2. Risk mitigation**

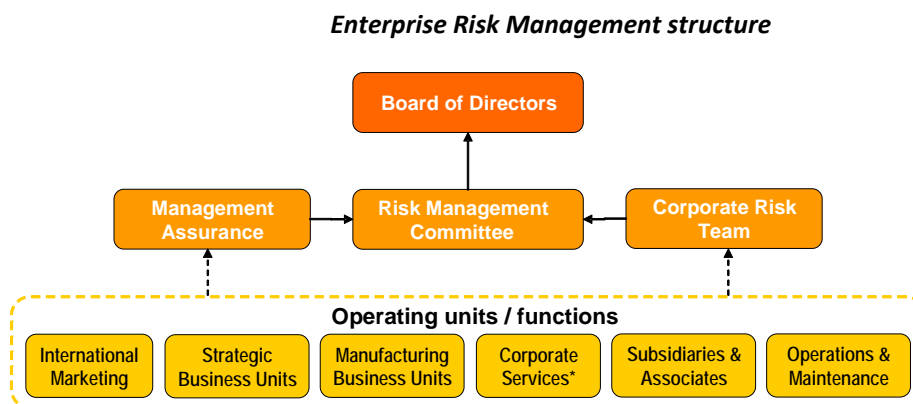
- i. Identifying Risk leaders, Support team members, for each critical risk / RTM ('Risk That Matter'), and
- ii. Developing mitigation plans with defined action steps and timelines for implementation. Risk leaders supported by senior management colleagues and team members work towards implementation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



\* Strategic Management, HR, Finance, IT, Legal, R&D, Quality, Strategy and Corp communication

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. Corporate Risk Team ('CRT').</li> </ul> |  | <ul style="list-style-type: none"> <li>D. Risk Champions ('RC').</li> <li>E. Management Assurance ('MA').</li> </ul> |
|--|--|--|

**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 CRT 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 CRT 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. Corporate Risk Team**

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

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

The RC will report to the Operating unit / functional Heads with regard to risk management activities within their respective Operating unit / function. The RC 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 CRT. The RC 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 RC will be for a period of one year. The nomination of the RC and renewal shall be done by the respective Operating unit / function Head.

**E. Management Assurance**

Management Assurance ('MA') will be responsible for review of risk management processes within the Company and for the review of self-assessments of risk management activities made by Risk leaders and the supporting team members. They will develop a detailed assurance activity calendar as a part of their annual audit plan and submit review reports to the RMC with copies to the CRT.

MA will also report their findings and comments on the execution of the risk management processes and activities as per the Risk Management Activity Calendar.

**Team formation: ERM structure 2014**

Risk Management Committee	Corporate Risk Team
1. Tulsi R.Tanti	1.
2. Vinod R.Tanti	2.
3. Amit Agarwal	3.
Indicative team members	Indicative team members –Strategic Planning team, Select senior management personnel from Operating units / functions with unbiased view (Rank of General Manager and above).