POLYCAB INDIA LIMITED

RISK MANAGEMENT POLICY

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1. Foreword

1.1. Objective

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy ("Risk Management Policy") establishes a structured and disciplined approach to Risk Management, including the development of the Risk Register, in order to guide decisions on risk evaluating & mitigation related issues. The Risk Management Policy is in compliance with the Regulation 17(9)(b) read with Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013, which requires the Company to lay down procedures about risk assessment and risk minimization.

1.2. Applicability

This policy applies to all areas of the Company's operations.

2. Definitions

2.1. Company: It means Polycab India Limited.

2.2 Risk: Risk in literal terms can be defined as the effect of uncertainty on the objectives. A business risk is the threat that an event or action will adversely affect an enterprise's ability to maximize stakeholder value and to achieve its business objectives.

2.3. Risk Management: Risk Management is the process of systematically identifying, quantifying, and managing all risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

2.4. Risk Assessment: Risk Assessment is defined as the overall process of risk analysis and evaluation.

2.5. Risk Register: A 'Risk Register' is a tool for recording the risks identified under various operations.

2.6 Risk Management Policy: Risk Management Policy is a statement of the overall intentions and direction of an organization related to Risk Management.

2.7 Risk Management Framework: Risk Management Framework is a set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving Risk Management throughout the organization.

2.8 Risk Management Plan: Risk Management Plan is a scheme or an operation plan within the Risk Management Framework specifying the approach, management components and resources to be applied to management of risk.

2.9 Risk Strategy: The Risk Strategy of an organization defines its readiness towards dealing with various risks associated with the business. It describes the organization's risk appetite or tolerance levels and decision to transfer, reduce or retain the risks associated with the business.

2.10 Risk Estimation: Risk Estimation is the process of carrying out quantitative, semi-quantitative or qualitative assessment of risk in terms of the probability of occurrence and the possible consequence.

2.11 Risk Identification: Risk Identification is a process of finding, recognizing and describing risks.

2.12 Risk Source: Risk Source is an element which alone or in combination has the intrinsic potential to give rise to risk.

2.13 Risk Treatment: Risk Treatment is a process to modify a Risk. It that deals with negative consequences is also referred to as 'Risk Mitigation', 'Risk Elimination', 'Risk Prevention' and 'Risk Reduction'. It can create new risks or modify existing Risks.

3. Risk Management

Principles of Risk Management

3.1 The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses

3.2 All concerned process owners of the Company shall be responsible for identifying & mitigating key risks in their respective domain.

3.3 The occurrence of risk, progress of mitigation plan and its status will be monitored on periodic basis.

4. Risk Governance

4.1 The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as "Committee") who shall periodically review the risk management policy of the Company so that the management controls the risk through properly defined network.

4.2. The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.

4.3. The Committee shall have minimum 3 members with majority of them being members of board of directors including at least 1independent director. The Chairperson of the Committee shall be a member of the Board of Directors and Senior Executives of the Company may be members of the committee.

4.4 The Risk Management Committee shall monitor the risk and submit the report to the Board of Directors.

4.2. The day to day oversight and management of the Company's risk management program has been conferred upon the Committee. The Committee is responsible for ensuring that the Company maintains effective risk management and internal control systems and processes, and provides regular reports to the Board on the effectiveness of the risk management program in identifying and addressing material business risks.

4.5 The Board may review the performance of the Risk Management Committee periodically.

Risk Management structure of the Company shall be as follows:

4.6 Terms of Reference of Risk Management Committee:

a. managing and monitoring the implementation of action plans developed to address material business risks within the Company and its business units, and regularly reviewing the progress of action plans;
b. setting up internal processes and systems to control the implementation of action plans;
c. regularly monitoring and evaluating the performance of management in managing risk;
d. providing management and employees with the necessary tools and resources to identify and manage risks;
e. regularly reviewing and updating the current list of material business risks;
f. regularly reporting to the Board on the status of material business risks; and
g. ensuring compliance with regulatory requirements and best practices with respect to risk management.
h. evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner.
i. coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice.
j. access to any internal information necessary to fulfil its oversight role.
k. authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
l. periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

4.7. Risk Council comprising of inter alia senior executives may be constituted for supporting the functioning of Risk Management Committee.

4.8 **Meetings and Quorum**

The Risk Management Committee shall meet at least twice in a year. Two members personally present shall form the quorum for the meeting of the Committee.

5. Risk Management Procedures

5.1. General

Risk Management process includes four activities: Risk Identification, Risk Assessment, Risk Prioritization, Risk Mitigation and Risk Monitoring & Reporting.

5.2. Risk Identification

*The purpose of risk identification is to identify internal and external risks specifically faced by the Company, 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 and the events that can have an adverse impact on the achievement of the business objectives. All risks identified are documented in the form of Risk Register.

5.3. Risk Assessment

Risk Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence. Each identified risk is assessed on two factors which determine the risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

Risk Categories: It is necessary that risks are assessed after taking into account the existing controls, so as to ascertain the current level of risk. Based on the above assessments, each of the Risks can be categorized as – Low, Medium and High.

6. Risk Prioritization

6.1 After the risk assessment is completed, it is the responsibility of the Risk Management Committee to prioritize the key risks to determine which risk are considered critical and need to be addressed on a priority basis.

6.2 All risks that fall in the red zone are considered high risk and require immediate attention in terms of Risk Management.

The findings of risk prioritization are presented to the Board of Directors of the Company.

7. Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

7.1 Once the top or critical risks are prioritized, appropriate risk mitigation and management efforts to effectively manage these risks are identified.

7.2 *Risk mitigation strategy, systems and processes for internal control of identified risks involves identifying a range of options for treating risk, assessing those options, preparing and implementing risk treatment plans. The risk mitigation strategies may include managing the risk through implementation of new internal controls, accepting certain risks, taking insurance, and finally avoiding certain activities that result in unacceptable risks.

7.3 **Risk mitigating strategy would further involve Business continuity plan would involve conducting a business impact analysis, identifying resources needed with a gap analysis and implementing recovery strategies essential to bouncing back after an unanticipated event.

8. Risk Monitoring & Reporting

The Risk Management Committee shall monitor the critical risk and enter the details in the risk register and report the same to the Board of Directors of the Company.

9. Review of Risk Management Policy

The Risk Management Committee shall be responsible for implementation of the policy. The policy document shall be reviewed and approved by the Board of Directors.

10. Amendment

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Companies Act, 2013 or the Rules framed thereunder or the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Note:

* S.No. 7.2 has been amended vide obtaining the approval of the Board of Directors at its meeting held on 22nd October 2021

** S.No. 7.3 has been inserted vide obtaining the approval of the Board of Directors at its meeting held on 22nd October 2021.