



Risk Management Committee Charter

Rev.	Date	Description	Prepared By	Checked By	Approved By
2.0	29 th December 2021	Risk Management Committee Charter	Chief Risk Officer	Chief Executive Officer	Board of Directors



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A. Scope

This Risk Management Committee has been constituted in alignment with the requirements laid down by the Companies Act 2013, Regulation 21 of the Listing Regulations of SEBI LODR as amended from time to time and leading practices. This document covers the administration, roles and responsibilities, authority, constitution, membership, and meetings of the Risk Management Committee.

B. Definitions

For the purposes of this Charter, the following terms shall have the following meanings:

- a. **Board:** The Board of Directors of the Company
- b. **Internal Control:** A process, effected by an entity's board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.
- c. **Risk:** Anything that can affect the ability of an enterprise to meet its objectives.
- d. **Risk Management:** A process effected by the board, management, and other personnel, applied strategically and across the enterprise, designed to identify potential events that may affect the entity and to manage risk so that it remains within its risk appetite, to provide reasonable assurance regarding the achievement of objectives.
- e. **Risk Management Committee:** Committee constituted by the Board of Directors of the Company in terms of Regulation 21 of the Listing Regulations
- f. **Risk Management Framework:** The complete set of components that provide the foundation and organizational arrangements for designing, implementing, monitoring, reviewing, and continually improving risk management throughout the organization.
- g. **Risk Management Policy:** A statement of overall intent and direction related to risk management.
- h. **Threat:** An event with potentially adverse consequences.

C. Purpose

The risk committee is established by and among the board to properly align with management as it embarks on a risk management program. The primary responsibility of the risk committee is to oversee and approve the company-wide risk management practices to assist the board in:

- a. Overseeing that the executive team has identified and assessed all the risks that the organization faces and has established a risk management infrastructure capable of addressing those risks
- b. Overseeing, in conjunction with other board-level committees or the board, risks, such as strategic, financial, credit, market, liquidity, security, property, Information Technology, legal, regulatory, reputational, and other risks
- c. In conjunction with the board, approving the company's enterprise-wide risk management framework.



D. Authority

- a. The risk committee may have the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities.
- b. In carrying out its duties and responsibilities, the risk committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties. In addition, the risk committee could make sure to meet with other board committees to avoid overlap as well as potential gaps in overseeing the companies' risks.

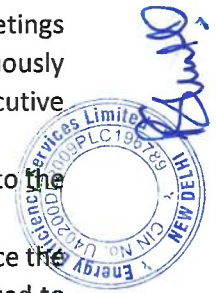
E. Constitution, Membership, and Meetings

- a. **Membership:** The Risk Management Committee shall have a minimum of three members with the majority of them being members of the board of directors, including at least one independent director. The senior executives of the listed entity may also be members of the committee.
- b. **Chair Appointment:** The Chairperson of the Risk management committee shall be a member of the board of directors.
- c. **Quorum:** The quorum for a meeting of the Risk Management Committee shall be either two members or one-third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.
- d. **Meetings:** The risk management committee shall meet at least twice a year. The meetings of the risk management committee shall be conducted in such a manner that continuously not more than one hundred and eighty days shall elapse between any two consecutive meetings.
- e. **Agenda:** The agenda and supporting materials shall be distributed by the secretary to the RMC members before the meeting, to the extent possible.
- f. **Minutes:** The minutes shall be approved by the Chair of the RMC or in his/her absence the alternate Chair of the RMC. The approved minutes and a copy of materials distributed to RMC members in connection with its meetings shall be retained by the Secretary of the Committee.

F. Roles and Responsibilities

The role of the committee shall, inter alia, include the following:

- a. To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the company, including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks, or any other risk as may be determined by the committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- b. To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company.



- c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- d. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- e. To keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken.
- f. 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 roles and responsibilities of the CRO is enclosed as Annexure 2).*
- g. Help to set the tone and develop a culture of the enterprise vis-à-vis risk, promote open discussion regarding risk, integrate risk management into the organization's goals, and create a corporate culture such that people at all levels manage risks rather than reflexively avoid or heedlessly take them.
- h. Provide input to management regarding the enterprise's risk appetite and tolerance and, ultimately, approve risk appetite and the statement of risk appetite and tolerance messaged throughout the company and by the line of business.
- i. Monitor the organization's risk profile - its ongoing and potential exposure to risks of various types.
- j. Annually present to the board a report summarizing the committee's review of the company's methods for identifying, managing, and reporting risks and risk management deficiencies.
- k. Monitor risks and risk management capabilities within the organization, including communication about escalating risk and crisis preparedness and recovery plans.
- l. Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.
- m. Provide input to the Board and Audit Committee regarding risk disclosures in financial statements and other public statements regarding risk.
- n. The Committee may delegate some of its responsibilities towards risk management oversight to an Executive Level Risk Management Committee (ERMC), which shall assist the Committee in its risk management oversight role. *(Proposed Roles and responsibilities of the ERMC are enclosed as Annexure 1).*



G. Administration

RMC shall review the RMC charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements. RMC shall also annually review and approve the Executive risk committee charter.

The committee shall perform any other activities consistent with this charter, the company's bylaws and governing laws that the board or risk committee determines are necessary or appropriate and submit the charter to the board for approval.

H. List of Abbreviations

Abbreviation	Full Form
CRO	Chief Risk Officer



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CFO	Chief Finance Officer
EESL	Energy Efficiency Services Limited
ERMC	Executive Risk Management Committee
ESG	Environmental, Social and Governance
IRM	Integrated Risk Management
LODR	Listing Obligations and Disclosure Requirement
ORCM	Operational Risk Control Matrix
RMC	Risk Management Committee
SEBI	Securities and Exchange Board of India



Annexure 1: Roles and Responsibilities of the Executive Risk Management Committee

- a. Reviewing the risk management plan at least once a year.
- b. Communicate and implement policies, procedures, and guidelines that embed risk assessment and response to risk considerations into planning processes, strategy development, and execution.
- c. Review risk management process and documentation and deliberate on the establishment, operations, and continuous improvement of the risk management structure.
- d. Receive the consolidated Enterprise risk register, status of controls in all Operational Risk Control Matrix (ORCM) and evaluate the appropriateness of countermeasures for the high priority risk(s).
- e. Review the adequacy of the mitigation plans, progress, and effectiveness of mitigation plans for high priority risks.
- f. set the limits and controls on risk appetite.
- g. Identify high priority risk(s) and report the progress to the Risk Management Committee periodically.
- h. Provide support and consultancy role, including facilitating and advising on the implementation of risk management and related matters across functions.
- i. Review frequency of risk management training and awareness sessions across the company and adequacy of attendees in those training sessions.
- j. Embed a risk culture where people at every level manage risk as an intrinsic part of their job.
- k. Provide a platform for structured, cross-functional review, assessment, and management of ERS risk and controls at the enterprise and process level.
- l. Monitor compliances of controls and updation of the mitigation plan regularly in the Risk Management tool.
- m. Oversee the full range of risks and potential interactions among risks, including risk concentrations, escalating, and de-escalating risks, contingent risks, and inherent and residual risk.
- n. Monitor all risk management activities to align with the overall risk profile of the Company, and
- o. Carry out any other activities as may be required or deemed necessary in this regard.



Annexure 2: Roles and Responsibilities of the Chief Risk Officer

- a. Assisting the Committee in fulfilling the risk management responsibilities by facilitating the governance of risk management process throughout the Company.
- b. Facilitate in building robust Integrated risk management practices suitable for the Company's needs, including setting up of approach, standards, and guidance, supporting management to identify trends and emerging risks, helping craft risk appetite & capacity, assisting management in developing risk response/mitigation plans to manage risks and issues, etc.
- c. Monitor the high priority risk(s) on an ongoing basis and monitor the adequacy and effectiveness of their risk responses, accuracy, and completeness of reporting and timely remediation of deficiencies and assist in establishing effective monitoring system by all stakeholders.
- d. Promote risk management and assist in integrating practices into their business plans and reporting.
- e. Monitor all risk management activities to align with the overall risk profile for the Company.
- f. Advice and assist the management in identifying and assessing risks for new business initiatives and evaluating strategic alternatives.
- g. Oversee and present committee reportable risks as identified by ERMC to RMC and the Board (if applicable).
- h. Update ERMC on key initiatives taken around risk management.
- i. Convene the ERMC meetings and track the action items.
- j. Evolve and enable education, training, and capacity building at least semi-annually within the company to facilitate risk management.
- k. Assist the business and support functions to identify, assess, evaluate, analyze, monitor risks, and report control deficiencies regularly in the Risk Management tool.
- l. Assists management to integrate risk management with the strategic planning and development process.
- m. Facilitates the Board and management to identify the key risks at strategic and business / operational levels and monitor those key risks.
- n. Provides an independent view from the risk perspective on business planning and investment decisions.
- o. Works with the Chief Finance Officer to ensure alignment between the risk management process and internal audit.
- p. Carry out any other activities as may be delegated by the Committee.

