Policy on Risk Management

1. **Introduction**

1.1 The Securities and Exchange Board of India has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**").

1.2 This Policy is in line with Section 134(3)(n) of the Companies Act 2013 read with Regulation 21 **Listing Regulation,** which requires the Company to lay down procedures for risk assessment and risk minimization.

1.3 In view of the above, the Board of Directors of TVS Supply Chain Solutions Limited **("TVS SCS"/ "Company")** has adopted the Risk Management Policy ("**Policy**") framed by the Risk Management Committee on August 3, 2023.

2. **The key objectives of this Policy are**:

2.1. Identification and categorization of potential internal and external risks including financial, operational, sectoral, sustainability (particularly, ESG related risks), information and cyber security risks.

2.2. To set out measures for risk mitigation including systems and processes for internal control of identified risks.

2.3. To enable business continuity.

2.4. To monitor and assure continuous growth and to sustain market leadership in the domestic, mobility industry and expand globally.

3. **The Policy aims to cover, amongst others, the following key areas / risks:**

Strategic Risks

The key business decisions can have a significant impact on their long-term growth potential. Venturing into new areas is inevitable to meet strategic objectives and sustainability goals. To have a competitive edge, businesses acquire new resources or invest in strategic partnerships. Additionally, the ever-changing economic policies may influence the strategies and performance of the Company. The mismatch in demand and supply and competitive products may influence the market share of the Company. The Company should keep a close watch on the upcoming new policies and changes in the existing policies and adapt itself accordingly. Strategic decisions should be reviewed by all relevant internal stakeholders and run through a robust decision making process.

Operational risks

Labour unrest, injuries, accidents, suspended operations of a plant may affect the operations of the Company. Given the scale of business, operational disturbance can have a significant impact. With a goal of creating value, the Company recognizes that there are multiple focus areas to ensure smooth operations. The Company should therefore develop risk mitigation strategies for managing risks in each of the business operation areas.

Financial risks

The financial risks relate to adequate liquidity for routine operations and availability of funds for business operations, impact of currency fluctuations, change in credit ratings, etc. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The investments of the Company could be made based on financial modelling and the currency fluctuations be examined regularly. The Company uses various instruments as approved under the central bank regulations to hedge these exposures. Multiple levers mitigate these risks, and the selection of a lever may depend on the cost-benefit analysis and the extent of exposure.

People Risk

Attract and retain quality people, adequate succession planning, best in class work culture and ethics, robust whistle blower mechanism; and appropriate policy for woman safety at work place.

Regulatory risks

Non-compliance to the applicable laws may result in liabilities and may affect the reputation of the Company. The frequent changes in regulatory norms require the Company to be prepared and updated. The Company has proper systems in place prevent non-compliance of applicable laws. Further, the Company should constantly monitor and comply with the frequent changes in the domestic and global norms.

Technology risks

The Company is committed to embracing new technologies to deliver best in class services and solutions to its customers and stakeholders. IT and digitalization are the key enablers for delivering end-to-end mobility solutions. However, even these are prone to risks associated with disaster preparedness, data security, information privacy, legal compliance, etc. The technology risks should be mitigated by continuous initiatives of the Company, keeping abreast with the global changes, promoting entrepreneurial skills of the personnel and developing in-house solutions or procuring them.

Sustainability Risks

Economic, Social and Governance (ESG) risks are leading to significant disorders across many organizations however, some organizations also see it as a competitive advantage. Emerging global scenarios as the pandemic bring along serious uncertainties for businesses both in domestic as well as global markets. There has also been a shift in spending patterns in some of the markets and businesses had to come up with innovative practices to manage this. Climate change has made the mobility sector focus even more on the non-traditional energy sources. With a focus on long-term value creation, TVS SCS identifies and closely monitors the risks under the ESG bucket. The organization should ensure timely escalation of critical risks and development of a suitable mitigation plan to manage those.

Cyber Security Risks

With an ever-increasing dependency on the IT networks, the Company has a significant focus on the cyber security threats. The Company identifies cyber security risks based on evolving threat situations. In recent times, the cyber security has been strengthened even more and the mitigation actions should be monitored periodically.

Business Continuity Planning (BCP)

TVS SCS recognizes the importance of BCP for the smooth running of business particularly during unfavourable times, including pandemic. The Company focuses on business continuity, both from a business operations sustainability viewpoint as well as employee welfare measures perspective.

4. To ensure that the above risks are mitigated, TVS SCS will strive to:

4.1. Involve all functions in the overall risk identification and mitigation exercise;
4.2. Have an objective framework to categorize risks and define the level at which it should be addressed;
4.3. Link the risk management process to the strategic planning and internal audit process;
4.4. Promote a culture of calculated risk taking to identify new initiatives coupled with thoughtful risk mitigation approach;
4.5. Formalize a transparent risk information system across the organization with structured templates.

5. **Risk Management Committee**

5.1. The purpose of the Risk Management Committee of the Board of Directors of the Company ("**Board**") shall be to assist the Board with regard to the identification, evaluation and mitigation of strategic, operational, and external risks and to review the Risk Management Policy periodically as per statutory timelines.

5.2. The composition of the Risk Management Committee shall be in the manner set out under the Listing Obligations. The chairperson of the Risk management committee shall be a member of the Board and any senior executives of the Company may be members of the committee. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

5.3. The Risk Management Committee shall meet at least twice in a year and 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 in attendance.

5.4. The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

5.5. The Risk Management committee shall function in accordance with the terms set out by the Board.

5.6. The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

5.7. The role of the Risk Management Committee shall be :

(a) To draft and review the Risk Management Policy periodically as per statutory timelines.
(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; and
(e) To keep the Board informed about the nature and content of its discussions recommendations and actions to be taken.

5.8. 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.