



RISK MANAGEMENT POLICY

MOTHERSON SUMI WIRING INDIA LIMITED

(CIN- L29306MH2020PLC341326)

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***Revised Policy adopted by the Board of Directors on January 31, 2024**

RISK MANAGEMENT POLICY

1. Statutory Requirement:

- 1.1 The Securities Exchange Board of India (SEBI) vide Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**Listing Regulations**") mandates the board of directors of a listed company to frame, implement and monitor the risk management plan for the company. For this purpose, a Risk Management Committee ("**Committee**") is required to be constituted as per Regulation 21 of the Listing Regulations to provide guidelines to define, measure, report, control and mitigate the identified risks.

2. Scope and Purpose

- 2.1 Motherson Sumi Wiring India Limited ("**Company**") given the nature of its work and clients, is exposed to risks associated with global organisations and automotive industry in particular. However, because of the decentralized structure, risks are managed at the plant level making it imperative to have an organised risk management system. A structured and disciplined approach to risk management is a key to sustained operations for achieving strategic objectives, keep prepared for adverse situations or unplanned circumstances in the lifecycle of business activities in order to protect stakeholders' value and improving governance processes.
- 2.2 As per the requirement of aforesaid provisions of the Listing Regulations, the Committee of the board of the Company in its efforts to identify, monitor and mitigate the associated / inherent risks, has formulated this Risk Management Policy ("**Policy**").
- 2.3 This Policy lays down:
- (a) a framework for identification of internal and external risks specifically faced by the Company.
 - (b) measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.

3. Framework for Identification of Risks

- 3.1 The board of directors of the Company have constituted the Committee, to *inter-alia*, assist the board with the identification, evaluation and mitigation of strategic, operational, external, environment and cyber security risks and in fulfilling its corporate governance responsibilities. The Committee shall have overall responsibility to assist the board of directors for ensuring the implementation of this Policy and / or performance of all duties and responsibilities as may be required under the applicable law for the effective

management of the identified risks, including risk disclosure statements in any public documents or disclosures. The Committee shall monitor the compliance with this Policy.

3.2 The first step in creating an effective risk-management system is to understand the qualitative distinctions among the types of risks that the Company faces and developing a continue process of identification and modification of risks and/or elements of risks, which may affect the Company in short, medium and long period.

3.3 Following are different types of risks which may be internal or external to the Company:

- (a) Operating Risks
- (b) Financial and Account Risks
- (c) Strategic Risks
- (d) Sectoral / Regulatory Risks
- (e) Sustainability Risks
- (f) IT and Information Security Risks / Cyber Security Risks
- (g) Business Segment and Products Risks
- (h) Foreign Exchange Risk and Fluctuation Risks
- (i) Inflation and Costs Risks
- (j) Competition Risks
- (k) External Environment Risks
- (l) Liquidity Risk
- (m) Residual Risk-Any other risk which affects the business negatively and cannot be categorized in any of the above classifications.

4. Internal Processes for Measurement and Mitigation of Risks

4.1 Once the risks to which the Company is exposed have been identified, the next step is the measurement and mitigation of risks according to the likelihood of exposure and the potential downside from an incident. The Company shall have internal control systems wherein roles and responsibilities have been defined as follows for the purpose of measurement and mitigation of risks:

A. Role of the Board of Directors

- (a) Review and provide guidance on this Policy;
- (b) Ensure that the appropriate systems of control are in place for risk management;
- (c) Ensure that while rightly encouraging positive thinking, there do not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk;
- (d) Step back to assist executive management by challenging the assumptions underlying risk appetite, exposures and the key areas of the Company's focus and helps in framing, implementing and monitoring the risk management plan for the Company;

- (e) Allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes;
- (f) Optimizing risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Company.
- (g) Constitution of the risk management of the Company, defining its roles and responsibilities and delegate monitoring and reviewing of the risk management plan to the Committee and such other functions as it may deem fit.
- (h) To ensure that this Policy shall compliment the other policies of the Company so as to ensure that risk, if any, arising under other Policies are being effectively mitigated.
- (i) Communicating this Policy to the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

B. Role of Risk Management Committee of the Company:

- (a) To meet at least twice in a year to ensure that appropriate methodology, processes and systems are in place to identify, monitor and evaluate risks associated / inherent with / to the business of the Company;
- (b) To monitor and oversee implementation of this Policy, including evaluating the adequacy of risk management systems;
- (c) To periodically review the compliance and governance of risk management policy;
- (d) 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 for the purpose of discharging its role;
- (e) To apprise the Board on the deliberations of the Committee, assist the Board in identification, evaluation of different risks and recommend mitigation measures or actions to be taken for any foreseen risks to the Company. This enables the Board to discharge its functions effectively with respect to risk management as required under the Companies Act, 2013, the Listing Regulations or other applicable laws.
- (f) Striving towards strengthening the risk management system through continuous learning and development.

5. Business Continuity Plan

- 5.1 A business continuity plan ensures that personnel and assets are protected and are able to function quickly in the event of a disaster. Such plan is generally conceived in advance after taking inputs from the board, the Committee, audit committee and independent directors of the Company.
- 5.2 The Company shall delineate business continuity processes and disaster management plans, for unforeseen exigencies and keeping the organization constituents, prepared to appropriately and adequately deal with all kind of risks associated with such circumstances or under eventuality of such happenings and thus making it an important

part of Company's risk management system.

6. Review and Disclosure

- 6.1 The Policy shall be reviewed by the Committee periodically, at least once in 2 (two) years or earlier if required by a change in circumstances, including by considering the changing industry dynamics and evolving complexity. The same shall be amended and approved by the board of the Company as and when required under applicable laws.
- 6.2 In accordance with Section 134(3)(n) of the Companies Act, 2013, a disclosure shall be made in the Board Report of the Company, indicating development and implementation of the Policy for the Company including identification therein of elements of risk, which in the opinion of the board may threaten the existence of the Company. Further, appropriate disclosures as required to be made under the provisions of the Listing Regulations shall also be complied with.
- 6.3 The Policy shall also be disclosed on the website of the Company, i.e., 'www.mswil.motherson.com'.

7. Limitation

- 7.1 In the event of any conflict between the provisions of Companies Act, 2013, the Listing Regulations, other applicable laws and provisions of this Policy, the provisions of Companies Act, 2013, the Listing Regulations, other applicable laws shall prevail. Further, any subsequent amendment / modification in provisions of Companies Act, 2013, the Listing Regulations, other applicable laws, in this regard, shall automatically apply to this Policy.

8. Disclaimer

- 8.1 The management cautions that the risks outlined above are not exhaustive and are for information purposes only. The management is not an expert in assessment of risk factors, risk mitigation measures and management's perception of risks. Readers are therefore requested to exercise their own judgment in assessing various risks associated with the Company.

For any clarification / doubt concerning this Policy please feel free to contact General Counsel's Office by sending an Email at gcopolicyquery.smilindia@motherson.com. Any such email should contain "Motherson Group Risk Management Policy " in the subject line.