STERLITE ELECTRIC LIMITED[1]

RISK MANAGEMENT POLICY*

Owner:
Risk and Governance, Finance

Issue Date:
August 16, 2021
Amendment Date:
September 29, 2025

Version:
Policy - 2.0

*This RISK MANAGEMENT POLICY, to the extent it is applicable to an un-listed public company, has been made effective by the Board w.e.f September 29, 2025. Further, from the date of listing of the equity shares of the Company with the Stock Exchange(s), the policies would become fully applicable/operational to the Company.

[1] *The name of the Company was changed from Sterlite Power Transmission Limited to Sterlite Electric Limited with effect from April 15, 2025, vide special resolution passed by the Members/Shareholders on January 25, 2025.*

RISK MANAGEMENT POLICY

I. Introduction

This risk management policy ("Policy") has been adopted pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ("Listing Regulations"), and Section 134(3)(n) and other applicable provisions of the Companies Act, 2013 (as amended from time to time).

Sterlite Electric Limited (herein after referred as "our" or "we" or the "Company") has drafted this Policy for proactive management of risks in pursuit of the company's business goals. This Policy is intended to ensure that an effective risk management framework is established and implemented within the Company and to provide regular reports on the performance of that framework, including any exceptions, to the board of directors (the "Board") of the Company.

We believe that an effective Risk Management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities. .

The Board have empowered the Risk Management Committee ("RMC") to oversee the establishment of a risk culture in the organization.

The objectives of the RMC will be:

- Approve / recommend to the Board for its approval / review of the policies, strategies, and associated frameworks for the management of risk;
- Oversight on existing and emerging risks the organization is facing;
- To oversee and monitor the implementation of all risk related policies in the organization;
- Review such key risk metrics agreed to with management and performance;
- Review and monitor fraud and AML risks;
- To monitor and review non-compliance, limit breaches, audit/regulatory findings and Policy exceptions with respect to risk management;
- To ensure regulatory compliance on risk management and applicable regulatory directions set by RBI/ NPCI/ Govt. / Other regulatory agencies;
- To identify areas of risks as also various types of risks involved in the business;
- To suggest methodologies to measure / quantify the risks; and
- To control and mitigate various types of risks involved.

Frequency of the meeting: The risk management committee shall meet at least twice in a financial year. Further, the meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten days shall elapse between any two consecutive meetings.

1. **Risk Appetite**

The Company utilizes its risk capacity judiciously in pursuit of its strategic goals and risk objectives, including but not limited to adequate capital levels, liquidity management, regulatory compliances, etc.

Risk appetite is the level of risk that an organization is willing to accept while pursuing its objectives, and before any action is determined to be necessary in order to reduce the risk.

Risk appetite sets a clear strategic direction and sets tolerances in pursuit of earnings, adequate capital and shareholder's value.

The risk appetite statement takes into consideration the following factors:

a. Company's goals and strategic objectives;

b. Reports from the internal and external auditors;

c. Risk assessments; and

d. External business environment and socio-economic factors.

2. **Risk Management Structure**

The Company has adopted the "3 LINES OF DEFENCE MODEL" for management of its risks.

The 1st Line of Defence will be the Business and Support Units that will own the risks and manage the same, as per laid down risk management guidelines. The primary responsibility for managing risks on a day-to-day basis will continue to lie with the respective business units of the Company.

The 2nd Line of Defence will be the Risk Management Function that would support the 1st Line of Defence by drawing up suitable risk management guidelines from time to time to be able to manage and mitigate the risks of the Company.

The 3rd Line of Defence will be the Internal Audit. The 3rd Line of Defence focuses on providing the assurance that the risk management principles/policies and processes well entrenched in the organization and are achieving the objective of managing the risks of the organization.

The Company has a Risk and Governance Function for the purpose of managing risk related issues across the organization.

The Risk Management Department will be an advisory guide to all business units of Company. The RMD will help in translating the risk framework and Policy of Company into the respective business process and to ensure that it is adopted and embedded in the daily workings of the organization. It will continue to monitor the same from a central perspective and consolidate the findings and present it to RMC.

3. Key Risks faced by the Company

Company recognizes the following as the key risks faced by the organization:

1. Strategic Risk;
2. Operational Risk;
    a. Fraud Risk;
    b. Loan Default Risk;
    c. Information Security and Cyber Security Risk;
    d. Technology Risk;
    e. Product Risk;
    f. Business Resilience Risk; and
    g. Legal Risk.
3. Compliance Risk;
4. Human Resource / Talent Risk;
5. Vendor / Outsourcing Risk; and
6. Reputation Risk.

4. Amendment

The Board is, subject to applicable laws, entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of any relevant applicable law, such applicable law in force, from time to time, shall prevail over this Policy.