

WAAREE RENEWABLE TECHNOLOGIES LIMITED

1. Introduction

- a. Risk Management is a key aspect of the “Corporate Governance Principles and Code of Conduct” which aims to improvise the governance practices across the activities of Waaree Renewable Technologies Limited (hereinafter referred as the “Company”). Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

2. Objective of the Policy

- a. 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.
- b. This document is intended to formalize a risk management policy, the objective of which shall be identification, evaluation, monitoring and minimization of identifiable risks (hereinafter referred as “Policy”).
- c. This Policy is approved by the Board in its meeting held on 19th May 2023 and is in line with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation, 2015) which requires the Company to lay down procedures for risk assessment and risk minimization. Further this policy was amended and approved by Board in its meeting held on 19th December 2024.

3. Effective Date

- a. This Policy shall be effective from the date of approval of Board of Director in their Meeting.

4. Definitions

- a. **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of Listing Regulations, 2015, from time to time.
- b. **“Board”** means Board of Directors of Waaree Renewable Technologies Limited.
- c. **“Company”** means Waaree Renewable Technologies Limited.
- d. **“Risk”** is defined as the chance of a future event or situation happening that may have an impact upon company’s objective favourably or unfavourably. It is measured in terms of consequence and likelihood.
- e. **“Risk Management” encompasses** risk assessment plus the evaluation of risks against established tolerances, their treatment and monitoring.
- f. **“Risk Appetite”** A critical element of the Company’s Risk Management framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of the business objectives.

5. Risk Management Committee

The Risk Management Committee shall have minimum three (3) members with majority of them being members of the Board of Directors, including at least one independent director. The Chairperson of the Risk Management Committee shall be a member of the Board of Directors and senior executives of the Company may be members of the Risk Management Committee as may be decided by Board of Directors.

The Risk Management Committee shall meet at least twice in a year. The quorum for a meeting of the Risk Management Committee shall be either two (2) members or one third of the members of the Risk Management Committee, whichever is higher, including at least one member of the Board of Directors in attendance.

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 (210) days shall elapse between any two consecutive meetings of the Risk Management Committee.

6. Risk Management Framework

a. The Company believes that risk should be managed and monitored on a continuous basis. As a result, the Company has designed a dynamic risk management framework to allow to manage risks effectively and efficiently, enabling both short term and long term strategic and business objectives to be met.

b. The Company's approach to risk management is summarized as below:

A. Identification of risks

To ensure key risks are identified, the Company should:

- i. define the risks in context of the Company's strategy;
- ii. documents risk profiles, including a description of the material risks; and
- iii. regularly reviews and updates the risk profiles.

B. Assessment of risks

The Risk assessment methodology shall include:

- i. collection of information;
- ii. identification of major risks;
- iii. rating of each risk on the basis of: consequence, exposure, probability;
- iv. prioritization of risks;
- v. function-wise exercise on risk identification, risk rating, control; and
- vi. function-wise setting the level of responsibility and accountability.

C. Risk Categorization

The identified risks are further grouped in to (a) preventable; (b) strategic; and (c) external categories to homogenize risks.

- i. Preventable risks are largely internal to the Company and are operational in nature.
- ii. Strategy risks are voluntarily assumed risks by the senior management in order to generate superior returns / market share from its strategy.
- iii. External risks arise from events beyond organization's influence or control. They generally arise from natural and political disasters and major macroeconomic shifts. This may refer to avoid/reduce approach.

D. Risk Prioritization:

Based on the category of risk, risks are prioritized for mitigation actions and reporting.

E. Risk Mitigation Plan

Management develops appropriate responsive action on review of various alternatives, costs and benefits, with a view to managing identified risks and limiting the impact to tolerance level. Risk mitigation plan drives policy development as regards risk ownership, control environment timelines, standard operating procedure, etc.

Risk mitigation plan is the core of effective risk management. The mitigation plan covers:

- i. Required action(s);
- ii. Required resources;
- iii. Responsibilities;
- iv. Timing;
- v. Performance measures; and
- vi. Reporting and monitoring requirements

F. Risk Monitoring

It is designed to assess on an ongoing basis, the functioning of risk management components and the quality of performance over time. Staff members are encouraged to carry out assessments throughout the year.

G. Options for dealing with risk

There are various options for dealing with risk.

Tolerate – If risk cannot be reduced in a specific area (or if doing so is out of proportion to the risk) then decide to tolerate the risk; i.e., do nothing further to reduce the risk. Tolerated risks are simply listed in the corporate risk register.

Transfer – Here risks might be transferred to other organizations, for example by use of insurance or transferring out an area of work.

Terminate – This applies to risks which cannot be mitigated other than by not doing work in that specific area. So, if a particular project is of very high risk and these risks cannot be mitigated, consider to cancel the project.

7. Risk Profile

- i. The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks which are considered under the following key categories of risk:

A. Strategic Risks

- Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations;
- Ineffective or poor strategy developed; and
- Ineffective execution of strategy.

B. Financial Risks

- Financial performance does not meet expectations;
- Capital is not effectively utilized or managed;
- Cash flow is inadequate to meet financial obligations;
- Financial results are incorrectly accounted for or disclosed; and
- Credit, market and/or tax risk is not understood or managed effectively.

C. Operational Risks

- Difficulties in commissioning and operating a particular business;
- Unexpected increase in the costs of the components required to run a business;
- Adverse market conditions;
- Failure to meet the expenditure commitments on prospecting/marketing particular business; and
- Inadequate or failed internal processes, people and systems for running a particular business.

D. Investment Risks

Failure to provide expected returns for defined objectives and risk such as underperforming to the stated objectives and/or benchmarks.

E. People's Risk

- Inability to attract and retain quality people;
- Inadequate succession planning;
- Inappropriate work culture and ethics;
- Inefficient whistle blower mechanism; and
- Inappropriate policy for woman safety at workplace.

F. Legal and Regulatory Risks

- Legal/commercial rights and obligations are not clearly defined or misunderstood; and
- Commercial interests are not adequately protected by legal agreements.

G. Compliance Risks

Non-conformance with or inability to comply with rules, regulations, prescribed practices, internal policies and procedures or ethical standards.

8. Governance Structure

- i. The Company's Risk Management framework is supported by the Board of Directors, the management of the Company and the Audit Committee.

A. Board of Directors

The Board will undertake the following actions to ensure risk is managed appropriately:

- The Board shall be responsible for framing, implementing and monitoring the risk management plan for the company;
- Ensure that the appropriate systems for risk management are in place;
- Participate in major decisions affecting the organization's risk profile;
- Have an awareness of and continually monitor the management of strategic risks, financial risks, operational risks, investment risks, people's risk, legal and regulatory risks & compliance risks;
- Be satisfied that processes and controls are in place for managing less significant risks;

- Be satisfied that an appropriate accountability framework is working whereby any delegation of risk is documented and performance can be monitored accordingly; and
- Ensure risk management is integrated into board reporting and annual reporting mechanisms.

B. Management

- The management of the Company is responsible for monitoring and whether appropriate processes and controls are in place to effectively and efficiently manage risk, so that the strategic and business objectives of the Company can be met;
- To assist the Board in discharging its responsibility in relation to risk management;
- When considering the Audit Committee's review of financial reports, the Board receives a written statement, signed by the Executive Chairman and the Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks;

9. Conflict in Policy

In the event of any conflict between this Policy and the provisions contained in the SEBI LODR, the Regulations shall prevail.

10. Review, Amendment and Enforcement

Any change in the Policy shall be approved by the board of directors ("Board") of the Company. The Board 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. The Audit Committee and the Board will periodically review the policy and the procedures set out thereunder. Any subsequent amendment/modification in the Companies Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.