



## **RISK MANAGEMENT POLICY**

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**(formerly Mother'son Sumi Systems Limited)**  
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\* Revised Policy adopted by the Board of Directors on March 9, 2024.

## **RISK MANAGEMENT POLICY**

### **1. Preamble**

- 1.1 The Board of Directors (“**Board**”) of Samvardhana Motherson International Limited (formerly Motherson Sumi Systems Limited) (“**the Company**”) has adopted a Risk Management Policy (“**the Policy**”) in compliance with the requirements of Section 134 of the [Indian] Companies Act, 2013 (“**the Act**”) and Regulation 17(9) and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”).
- 1.2 As part of its oversight role, the Board expects it to be assured of well-grounded organization where in risk mitigation is considered in all aspects of its operations and strategy. The Board is responsible for framing and monitoring the risk management plan for the Company. Similarly, the executive management considers protection of its personnel and assets as paramount to the existence of the Company. It is therefore important to develop and implement an integrated risk management process through sound and proven methods which will minimize impact of risk, whilst protecting the staff, employees and all of the Company’s assets.
- 1.3 The Policy has been amended from time to time since its adoption by the Board, in order to ascertain and mitigate the risk exposure of various functions of the Company as well as to be in lines with the requirements of the Act and SEBI Listing Regulations.

### **2. Scope and Purpose**

- 2.1 The Company believes that effective risk management process is a key to sustained operations for achieving strategic objectives, keep prepared for adverse situations or unplanned circumstances in the lifecycle of business activities for protecting stakeholders’ value and improving governance processes.
- 2.2 The risk management policy lays down framework for identification of current and future material risk exposures of the Company and formulate proactive approach and procedures for mitigation of identified risks to the possible extent, in order to protect the brand value through strategic control and operational policies.
- 2.3 Risk management is meant to ensure continuity of business and thus covers all activities which have a bearing on the Company’s business.
- 2.4 Risk management is embedded and integrated with all existing business processes to deliver the greatest benefits on consolidated basis. As a minimum, risk management must be integrated with the core processes and all critical risks identified must be

recorded along with risk plans framed.

### **3. Applicability**

- 3.1 The Policy applies to all business vertical(s), unit(s), division(s) and function(s) of the Company, as per current and revised organizational structures that would evolve from time to time. The board of directors of a legal entity is responsible for risk oversight under applicable laws. In addition, the risk management committee of the Company to periodically review the risk(s) and their mitigation strategies for all businesses, subsidiaries, joint ventures and associate companies.

### **4. Framework**

- 4.1 The Company has a global presence and decentralized management structure. For an effective risk management, the Board has formed a Risk Management Committee (“**the Committee**”). Further, the Committee has adopted framework mentioned herein.
- 4.2 The Company and the management to develop a process of continue identification and modification of risks and/or elements of risks, which may effect to the Company in short, medium and long period. The review of risks shall include, but not limited to, the following aspects:
- (a) Strategic Risk
  - (b) Operating Risks
  - (c) Financial & Account Risks
  - (d) Sustainability (particularly ESG related) Risks
  - (e) Regulatory and Compliance Risk
  - (f) Geo Political Risk
  - (g) Information Technology Risk, Information Security Risks and Cyber Security Risk
- 4.3 The Company to follow a robust process of risk management by following three (3) step approach:
- (a) Step 1: Risk Identification (which includes education on the identification of risk, probability evaluation as to likelihood and finally consequence evaluation as to likelihood and finally consequence evaluation as to the impact / financial losses to determine the size of risk).
  - (b) Step 2: Risk Evaluation and Impact Assessment (which includes (i) Extreme, Moderate and Minor on the basis of impact on financial, rating, market share, prosecution & fines, injuries to employees / third parties etc.; (ii) likelihood of occurrence, i.e., Frequent, Likely and Unlikely); and
  - (c) Step 3: Action to mitigate or eliminate the risk with a monitoring mechanism in place.

- 4.4 The business verticals to set-up business continuity processes and disaster management plans, for unforeseen exigencies and keeping organization constituents, prepared to appropriately and adequately deal with such circumstances, under eventuality of such happenings.
- 4.5 Attempting towards strengthening the risk management System through continuous learning and development.
- 4.6 Optimizing risk situations to manage adverse exposure on deliverables and bring them in line with acceptable risk appetite of the Company.
- 4.7 Communicating the Policy to required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

## **5. Management**

- 5.1 The Committee to discharge functions, role and responsibilities as mentioned in Annexure.
- 5.2 The Committee shall have overall responsibility to assist the Board of Directors for ensuring the governance of risk management Policy and/or perform all duties as may be required under applicable laws / regulations for the effective management of the identified Risks of the Company, including risk disclosure statements in any public documents or disclosures.
- 5.3 The Committee shall submit / apprise the Board of its deliberations, recommend mitigation measures for any foreseen risks to the Company and assist the Board to discharge its functions under the Act and SEBI Listing Regulations or other statutory enactments (as may be applicable).
- 5.4 The Committee shall meet as and when required and at least two (2) meetings to be held in a financial year.

## **6. Review and Disclosure**

- 6.1 This policy will be reviewed and amended, as and when, required by the Board and/or the Committee. The Policy shall be reviewed as deemed necessary by the Committee at least once in two (2) years.
- 6.2 The Policy shall be disclosed on the website of the Company, i.e., 'www.motherson.com'.

## **7. Limitation**

- 7.1 In the event of any conflict between the Regulations with the provisions of this Policy, the Regulations shall prevail. Further, any subsequent amendment / modification in the Regulations, in this regard, shall automatically apply to this Policy.
- 7.2 The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment. While reasonable effort and diligence is taken for implementation on the Policy by all stakeholders, the Company / Board / Risk Management Committee / management is not an expert in assessment of all risk factors, risk mitigation measures and perception of risks.

## **ANNEXURE**

### **FUNCTIONS, ROLE AND RESPONSIBILITIES OF RISK MANAGEMENT COMMITTEE**

The functions, role and responsibilities of the Committee shall, *inter alia*, include the following:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) 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 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 of directors.