

# **SIMPLEX INFRASTRUCTURES LIMITED**

## **RISK MANAGEMENT POLICY**

### **1 INTRODUCTION**

Every Company is prone to inherent business risks – internal, external and extreme risks. Pursuant to the requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Companies Act 2013, the Company had constituted a Risk Management Committee. Based on the recommendations of this Committee, the Board had put in place a policy and framework for risk management appropriate to the nature and size of the company's business covering risks relating to strategy, operations, statutory compliances, financial reporting etc. The Risk Management Policy was approved by the Board of Directors at their meeting held on 26.09.2014. In view of amendments in Listing Regulations from time to time, it is considered desirable to align the existing policy with the amended Listing Regulations. Therefore, the Board of Directors of the Company at their meeting held on 13.02.2024, on the recommendation of the Risk Management Committee, have adopted the following policy and procedures with regard to risk management by the Company in supersession of the earlier policies. This policy comes into force with immediate effect.

### **2. LEGALASPECT**

This Policy is framed in line with the following regulatory requirements:

- i. Regulations 21 of the Listing Regulations
- ii. Provisions of Section 134(3), 177(4) and other applicable provisions of the Companies Act, 2013, and the rules made thereunder.

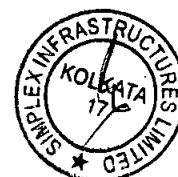
### **3. OBJECTIVE**

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 Company's business. The specific objectives of the Risk Management Policy are:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated, minimized and managed.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To ensure systematic and uniform assessment of risks related with construction projects of the Company.
4. To enable compliance with appropriate regulations; wherever applicable, through the adoption of best practices.

### **4. APPLICABILITY**

This Policy applies to all areas of the Company' operations.



## **5. RISK MANAGEMENT COMMITTEE (RMC)**

The Board of Directors has constituted a Risk Management Committee (RMC) , the majority of which comprises of the Members of the Board of Directors . The Committee also comprises of Senior Executives of the Company.

## **6. RISK FACTORS & RESPONSIBILITY FOR RISK MANAGEMENT**

Risk Management Policy encompasses various risk areas such as Tendering, Operation, Procurement, Finance, Personnel and IT and bestows responsibility on the respective functional managers/ Head of Departments/ Technical Directors to identify and assess risks within their area of responsibility; implement agreed actions to treat such risks; and report any event or circumstance that may result in new risks, or changes in existing risk profile.

## **7. RISK MANAGEMENT FRAMEWORK**

The core elements of the Risk Management Framework are as follows:

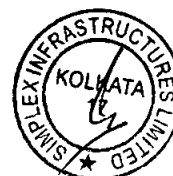
- Company's vision, business objectives and plans
- Identification and mapping of Risks – internal, external and extreme risks that can have impact on the vision, objectives , plans and business continuity of the Company.
- Broad Categorization of Risks for the Company as a whole as well under the following heads – financial, operational, Sectoral, sustainability (particularly, ESG related risks), information, cyber security risks (IT) or any other risk as may be determined by the Committee.
- Risk Organization and Governance including communication processes both at vertical and horizontal levels.
- Assessment of Risks based on probability & impact on reputation, growth and profitability of the Company and laying down principles for risk appetite, risk avoidance, and risk acceptance.
- Developing plans/process for risk mitigation/minimization and management of risk in the event of occurrence
- Monitoring and reporting status on key risks as well as risk occurrence, if any, to various levels organization up to Board Level at such frequencies as considered desirable for effective risk management
- Appropriate disclosures to stake holders/authorities in line with the regulatory requirements.

## **8. KEY RISK MANAGEMENT PRACTICES**

The key risk management practices include those relating to risk assessment, mitigation, monitoring and reporting .

### **Risk Assessment:**

The process of Risk Assessment shall cover the following:



a) Risk Identification and Categorisation – the process of identifying the Company’s exposure to risks generating from various sources broadly classified as Business / Finance / Market / Event. etc.

b) Risk Description – the method of systematically capturing and recording the Company’s identified risks in a structured format.

c) Risk Estimation – the process for estimating the cost of likely impact either by quantitative, semi-quantitative or qualitative approach.

**Risk mitigation :**

Risk mitigation is an exercise aiming to eliminate or reduce the loss or injury arising out of various risk exposures involved in various areas of function of the Company.

**Risk Monitoring and Reporting :**

Risk Management Committee will ensure proper implementation of the Risk Management Policy in the Company and monitor the same in pursuit of the fulfillment of its roles and responsibilities vested by the Board of Directors of the Company and report to the Board.

**Business Continuity Plan:**

Business Continuity Plans (BCP) are required to be defined for high impact & high velocity risk, to enable rapid response to address the consequence of such risks when they materialize. Business Continuity Planning shall be embedded in the Internal Controls and Crisis Management framework for the Company as and when necessary.

**9. RISK REGISTER**

‘Risk Register’ is being maintained by the Company for recording information related to various risks encountered by the Company in a standardized format specifying the following details:

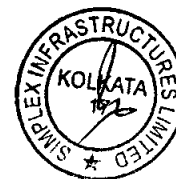
- Area
- Sources of Risk
- Risk Scenarios
- Primary Risk Mitigant
- Risk Manager
- Additional Mitigation for Risks
- Business Impact
- Insurability
- Diversifiable / Non-Diversifiable

Risk Register will be reviewed and amended by the Board as and when required.

**10. ROLE OF RISK MANAGEMENT COMMITTEE**

The role 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.

## **11. DISCLOSURE IN BOARD'S REPORT**

The Board of Directors shall include a statement indicating development and implementation of a Risk Management Policy for the Company including identification therein of elements of material risks, if any, which in the opinion of the Board may threaten the existence of the Company.

## **12. REVIEW**

This Policy is framed based on the provisions of the Listing Regulations. In case of any subsequent changes in the provisions of Listing Regulations or any other applicable law which make the provisions in the Policy inconsistent with the Listing Regulations or any other applicable law, the provisions of the Listing Regulations and such law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law. c. The Policy shall be reviewed once in every two years by the Risk Management Committee. Any changes or modification to the Policy shall be recommended by the Committee and be placed before the Board of Directors for approval.



**13. AMENDMENT**

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees 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 or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

Adopted by the Board at its meeting held on February 13, 2024 effective from FY 23-24.

