
RISK MANAGEMENT POLICY

OF

TTE TECHNOLOGY INDIA PRIVATE LIMITED

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1. BACKGROUND

This document lays down the framework of Risk Management at TTE Technology India Private Limited (hereinafter referred to as the 'Company' or 'TTE') and defines the policy for the same. This document shall be under the authority of the Board of Directors of the Company and senior level managers. It seeks to identify risks inherent in any business operations of the Company and provide guidelines to define, measure, report, control and mitigate the identified risk.

2. OVERVIEW

TTE Technology India private limited is company in India and incorporated under the provisions of the Companies Act 2013. TTE Technology India Private Limited is a part of TCL Group. The Company is owned by TCL Netherlands (99%) and TTE Corporation (1%).

The company is engaged in the business of trading and distribution of Consumer Electronic products which includes-

- (i) Television,
- (ii) Air Conditioners
- (iii) Washing machine
- (iv) Refrigerator
- (v) Sound Bar etc in India.

The business of all types and sizes faces internal and external factors and influences that make it uncertain whether they will achieve their business objectives. The business of all types and sizes faces internal and external factors and influences that make it uncertain whether they will achieve

Risk management is a continuous and evolving process, which integrates with the culture of the Company. An effective Risk Management Framework comprises of:

- Risk management process; and
- Risk management organization structure

In today's challenging and competitive environment, strategies for mitigating inherent risk in accomplishing the growth plans of the Company are imperative. The common risk inter alia are: Regulations, competition, Business risk, Technology obsolescence, Return on Investments, Business cycle, Increase in price and costs, Limited resources, Retention of talent, etc.

3. DEFINITIONS

“Risks” are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative impact on the achievement of the organization’s business objectives. The exposure to the consequences of uncertainty constitutes a risk.

“Risk management” Process can be defined as the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities.

"Risk Management Committee or Committee" means Committee of Board of Directors or any senior level managers of the Company constituted under the provisions of Companies Act, 2013 and as may be decided by the Company.

"Board of Directors" or “Board” in relation to a Company, means the collective body of Directors of the Company. (Section 2(10) of the Companies Act, 2013).

"Policy" means Risk Management Policy.

4. LEGAL FRAMEWORK

Section 134(3) of the Companies Act, 2013 (‘the Act’) requires the Board of Directors of a company, as part of the Board’s Report, to give a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

5. OBJECTIVE OF THE POLICY

The prime objective of this Risk Management Policy and Procedure is to ensure sustainable business growth with stability and establish a structured and intelligent approach to Risk Management at TTE Technology India Private Limited.

6. PURPOSE AND SCOPE OF THE POLICY

- The policy explains TTE's approach to risk management, documents, the roles and responsibilities of Board/ Risk Management committee/ Chief Risk Officer etc.
- It also outlines the key aspects of the risk management process & identifies the reporting procedures.
- This policy shall operate in conjunction with other business and operating / administrative practices.
- This policy covers all the events within the company & events outside the company which have a bearing on the company's business.

7. RISK FACED BY TTE UNDER KEY RISK CATEGORIES

- **Strategic Risk**
 - (i) Market Strategy
 - (ii) Political Environment- Uncertainty surrounding political leadership in Domestic and International markets
 - (iii) Organizational Growth- Market Penetration, Market Share, Loss of reputation
 - (iv) Globalization and Technological Obsolescence
 - (v) Volatility in Commodity Market
 - (vi) Loss of Intellectual property and Trade secret
 - (vii) Social Environment
 - (viii) Economic condition of the market, Global recession and Environmental Issues
 - (ix) Competition
- **Operational Risk**
 - (i) Consistent Revenue Growth
 - (ii) Cost Optimization
 - (iii) Manpower retention
 - (iv) Disaster Management and Data Security
 - (v) Contractual Compliance
 - (vi) Quality Assurance
- **Compliance Risk**
 - (i) Ensure stricter adherence to laws / rules / regulations/ standards
 - (ii) Adherence of Company Policies and Procedures
- **Financial and Reporting Risk**
 - (i) Foreign exchange- currency risk

- (ii) Account Receivable
- (iii) Credit Risk
- (iv) Liquidity Risk
- (v) Market Risk

8. ROLE OF BOARD OR COMMITTEES

The Board's or Committees' role under the regulations is to ensure framing, implementing and monitoring risk management plan, having in place systems for risk management as part of internal controls.

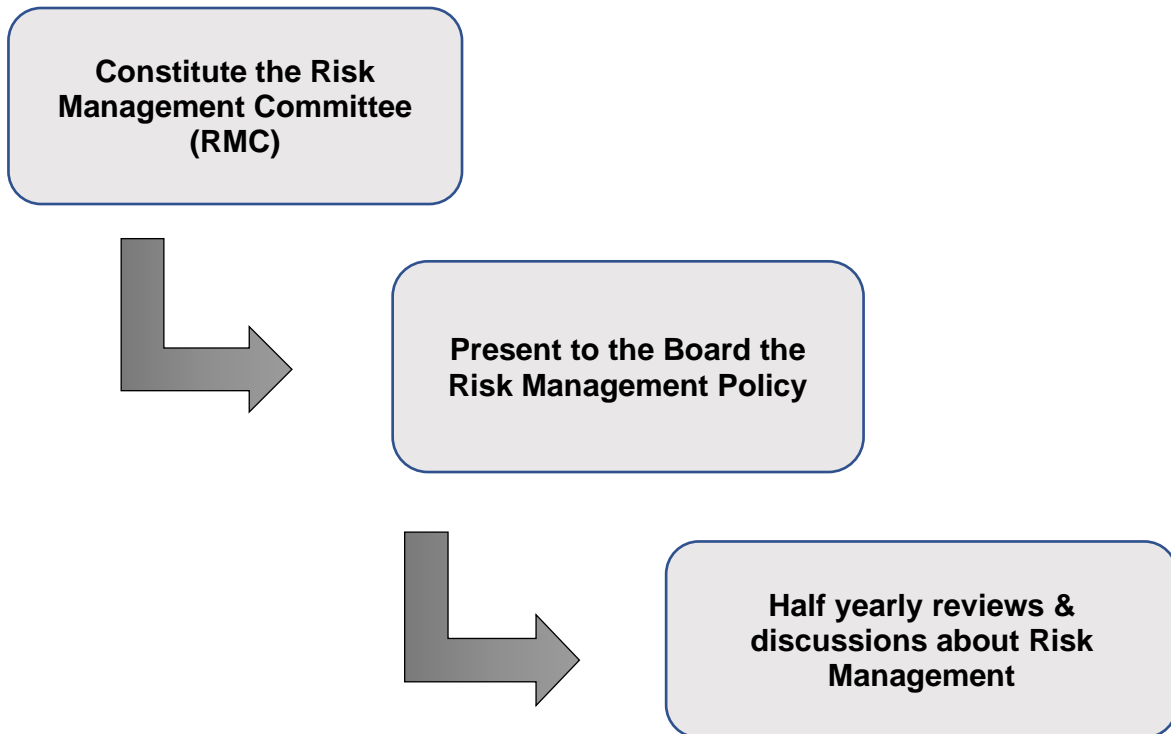
Broad Principles

The Board and Committee has to review the business plan at regular intervals and develop the Risk Management Strategy which shall encompass laying down guiding principles on proactive planning for identifying, monitoring and mitigating all the material risks, in all the key Risk categories for effective implementation of business plans.

The Board of Directors of the Company or Committee which the Board may constitute to exercise the powers conferred herein for the purpose to: -

- Ensure an organization's relevant and perpetual Risk Management framework for identifying, assessing, responding to, monitoring or controlling and reporting risks.
- Apply an organized approach to effectively anticipate and mitigate risks that could endanger achievement of key objectives.
- Ensure systemic risk evaluation, categorization, and prioritization thereof to assign relative importance to identified risks to determine where appropriate management attention is required.
- Develop alternative/ recommended courses of action for critical risks and control the probability of occurrence of the risk.
- Review the activities, status, and results of the risk management process on a periodic and event-driven basis with appropriate levels of management and resolve issues.
- Obtaining, wherever required or desirable, the advice, opinion and assistance from outside legal, accounting, or other advisors, as necessary, to aid informed decision making.

9. TTE RISK MANAGEMENT STRUCTURE



10. APPLICABILITY

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

11. RISK MANAGEMENT POLICY AS PER THE COMPANIES ACT, 2013 AND NOTIFIED RULES

The Company Law Committee Report of 2022 has recommended many changes to the Companies Act, 2013 that are aimed at promoting greater ease of doing business in India. These include introducing many new concepts, structural changes, streamlining the process for audits, mergers etc., removal of ambiguities, improving the corporate processes as well as improving compliance procedures.

On the many recommendations of the Company Law Committee for Companies Act, 2013 one is for the constitution of Risk Management Committee by certain companies.

Under Section 134(3)(n) of the Companies Act, 2013, the Board Report must contain a statement indicating the development and implementation of a Risk Management Policy for the company, including the identification of risks that may pose a threat to the existence of company.

Thus, the companies Act, 2013 does not specifically contain any provisions with respect to constitution of a Risk Management Committee.

In the light of the COVID-19 pandemic, it was felt that proper risk management allows a company to function efficiently and facilitates its development. Therefore, the Company Law Committee has recommended the inclusion of new provisions in the Companies Act, 2013 with respect to constitution of Risk Management Committee, as a separate committee of the board, for certain class of companies as may be prescribed by the Central Government but has not.

12. RESPONSIBILITY FOR RISK MANAGEMENT

Generally, every employee of the Organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

13. COMPLIANCE AND CONTROL

All the Head of Departments (“HODs) under the guidance of the General Manager and has the responsibility for over viewing management’s processes and results identifying, assessing and monitoring risk associated with Company’s business operations and the implementation and maintenance of policies and control procedures to give adequate protection against key risk. In doing so, the HOD considers and assesses the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regard and action taken or proposed resulting from those reports.

14. POLICY REVIEW AND FUTURE AMENDMENT

The Risk Management Committee shall review the Risk Management Policy from time to time and make suitable changes as may be required and submit the same for the approval of the Board of Directors of the Company.