

**THE TATA POWER COMPANY LIMITED****Charter of the Risk Management Committee****1. Objectives**

- 1.1 The primary role of the Risk Management Committee ("Committee") of The Tata Power Company Limited ("Company") is that of assisting the Board of Directors ("Board") in:-
- Overseeing the Company's risk management process and controls.
  - Reviewing strategic plans and objectives for risk management, risk philosophy and risk optimisation.
  - Reviewing compliance with risk management policies implemented by the Company and procedures used to implement the same.
  - Reviewing risk assessment of the Company annually and exercising oversight of various risks including credit risk, financial & operational risks, technology risk, market risk, liquidity risk, investment risk, cyber security risk, forex risk, commodity risk, etc.
  - Exercising oversight of the Company's risk tolerance, capital liquidity and funding.
- 1.2 The Committee will report periodically to the Board on its activities.

**2. Composition**

- 2.1 The Committee shall be constituted by the Board. The majority of the Committee shall comprise members of the Board.
- 2.2 The Chairperson of the Committee shall be a member of the Board.
- 2.3 The Company Secretary shall act as the Secretary to the Committee. The Secretary will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting.

**3. Quorum**

- 3.1 The quorum necessary for transacting business at a meeting of the Committee shall be any two members or one-third of the members of the Committee, whichever is greater, with atleast one Independent Director being present.
- 3.2 A duly convened meeting of the Committee at which the requisite quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

**4. Meetings**

- 4.1 The Committee shall meet at least three times a year.
- 4.2 The Committee may invite Company executives, as it considers appropriate basis an invite from the Committee Chairman. In case the Chief-Internal Audit & Risk Management is not a member of the Committee, then he or she shall be a permanent invitee to the Committee meetings.
- 4.3 Additionally, the CEO & Managing Director, COO & Executive Director and Chief Financial Officer (CFO), if not member(s) of the Committee, may also attend and participate at the meetings of the Committee as invitee(s).
- 4.4 While invitees to the Committee shall have a right to be heard in the meetings, they shall not have a right to vote. The right to vote shall vest only with the members of the Committee.

**5. Authority & Powers**

- 5.1 The Committee shall act and have powers in accordance with the terms of reference specified in writing, by the Board, which shall include the following:
- Seek any information or explanation from any employee or Director of the Company.
  - Ask for any records or documents of the Company and have full access to Company information.
  - Engage independent consultants and advisors, including legal counsel or expert, as it deems appropriate. Secure attendance of outsiders with relevant expertise in Committee meetings, as the Committee considers necessary.

- Oversee the major risks of the subsidiaries.
- The committee shall coordinate with other committees to the extent that its work has a bearing on their scope of work.

## 6. **Responsibilities**

6.1 The responsibilities of the Committee shall include the following:

- Review the Company's risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management including the risk management plan.
- Review and approve Enterprise wide Risk Management (ERM) framework.
- To review the alignment of the ERM framework with the strategy of the Company.
- Monitor the Company's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, cyber security risk, forex risk, commodity risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.
- Oversee Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.
- Review and analyze risk exposure related to specific issues, concentrations and limit excesses, and provide oversight of risk across organization.
- Review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action.
- Nurture a healthy and independent risk management function in the Company.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

## 7. **Reporting**

7.1 The Committee will report and update the Board periodically, on all matters as it deems fit for the Board's attention.

7.2 The annual report of the Company shall disclose the composition of the Committee, brief description of the scope of the Committee Charter, names of members, Chairperson, meetings, attendance and risk related disclosure under the SEBI LODR.

7.3 In the matters where the Board does not accept any recommendation of the Committee, which is mandatorily required to be approved by the Board, the fact of the same to be disclosed in the Corporate Governance Report of the relevant financial year, along with reasons thereof.

## 8. **Evaluation**

8.1 The Committee shall undergo an annual self-evaluation of its performance and report the result to the Board. It shall recommend any changes it considers necessary for the approval of the Board. The Committee may facilitate/conduct such evaluation and reviews in such manner as it deems appropriate. It shall confirm annually to the Board that the responsibilities have been carried out. Areas for evaluation as part of this exercise include:

- Mandate and composition of the Committee
- Effectiveness of the committee
- Structure of the committee and meetings
- Independence of the committee from the Board
- Contribution to decisions of the Board

## 9. **Review of Charter**

9.1 The adequacy of this Charter shall be reviewed and reassessed by the Committee, at least annually and appropriate recommendations shall be made to the Board to update the Charter based on the changes that may be brought about due to any regulatory amendments or otherwise.