

Altern Energy Limited

Enterprise Risk Management Policy

Preamble

Altern Energy Limited (AEL) is committed to ensure that the Enterprise Risk Management practices are entrenched into all business processes and operations to drive consistent, effective and accountable action, decision making and management practice. The Enterprise Risk Management Policy includes risk identification, risk assessment, risk mitigation and monitoring on a periodic basis.

It is understood that this policy shall not be considered as a delegation of any power or authority of the Board of Directors or the Shareholder in AEL. In the case of any dispute or un-clarity the existing Shareholders' Agreement and other agreements and understandings already in place between the shareholders or the members of the Board of Directors, as the case may be, shall prevail over this policy.

Purpose

Altern Energy Limited (AEL), being an IPP, is exposed to various types and levels of risks which can adversely affect its profitability and sustainability. The purpose of the Enterprise Risk Management Policy (ERM Policy) is to provide guidelines regarding the management of risks to support the achievement of corporate objectives, protect human resources, Company's assets and ensure sustainability. It provides a policy framework to the management for identification, assessment and mitigation of risks through the Risk Register.

Scope

The policy is applicable to all the activities of AEL except financial risk management which is covered under Financial Risk Management Policy. It applies to all employees and contractors.

Risk Management Committee (RMC)

The Risk Management Committee of the management will consist of:

Chief Executive Officer

Chief Financial Officer

Plant Manager

Risk Governance Structure

An overview of the risk governance structure is given below:

Board of Directors	Provides policy, oversight and review the risk management
Audit Committee	Oversees regular review of risk management activities
Chief Executive Officer	Drives culture of risk management and is responsible for all risk management activities within AEL
Chief Financial Officer	Updates the risk register, identifying, assessing and presenting risks to the CEO and the Audit Committee.
Plant Manager	Identifies the technical, operational and regulatory risks associated with plant operations and keeps CEO updated
Staff and Contractors	Comply with risk management policies and procedures

Risk Management Process

Risk identification, assessment and mitigation exercise will be performed by RMC at least twice in a year. The following activities may be performed by RMC, but not limited to:

- a. Risk Identification
 - Identification of Risk Categories (Strategic, Operational, Financial, Reputational, Compliance & Contractual)
 - Identification of Risk Drivers (Internal Factors and/or External Factors)
 - Risk Identification Techniques (direct observation, Incident analysis, checklist etc.)
 - b. Risk Assessment
 - Develop Assessment Criteria
 - Risk Evaluation Matrix (Scoring on the basis of Impact & Likelihood)
 - Assess Risk (Overall Risk Rating i.e. High, Medium or Low)
 - Risk Prioritization
 - c. Risk Treatment
 - Risk Treatment Process (As per Risk Treatment Matrix i.e. Avoid, Reduce, Share or Transfer, Accept and Pursue)
 - Process to response risk
- All risks will be tabulated in the Risk Register, discussed and agreed by the RMC. Objective scoring of risks will be carried out and severity of the risk will be identified based on the risk score.
 - Actions suggested for mitigation will be entered in the Risk Register. Time bound actions and responsibility for these actions will be specified, monitored and reported.

Risk Management Performance

Measuring performance is a key monitoring activity to assess how effective risk management is at supporting corporate objectives. Performance will be measured on annual basis at the end of a fiscal year and will be measured on the basis of Risk Register prepared at the end of the previous reporting period updated to the date of review to ascertain the compliance and mitigation.

Risk Register

Risk Register will be reviewed and updated by RMC on periodic basis. It will include the following information:

- Categorization of risks amongst Operational, Financial/Commercial, Regulatory Risk, HSE Risk
- Responsibility
- Impact Score of risk (Score to be quantified and defined)
- Description of impact
- Probability
- Annual Financial impact of risk
- Basis of calculation of impact
- Completed actions for mitigation
- Planned future actions with estimated timelines

Risk Management Culture and Training

The RMC will inculcate a culture of risk management by engaging with different levels of management within AEL. Training needs will be assessed by respective managers and trainings arranged with respect to risk management.

Reporting

Risk register shall be reviewed and updated by RMC on a quarterly basis as follows:

- CFO will update the register after taking input from the plat manager / or other relevant officials of AEL. Thereafter the register will be reviewed and verified by the CEO.
- Risk register will be presented to the Audit Committee on a quarterly basis. After review of the Audit Committee, Risk Register will be presented to the Board of Directors as a part of the CEO report.