RISK MANAGEMENT POLICY FOR

SHREM INVIT

1. PREAMBLE

Pursuant to the investment management agreement dated January 12, 2021, the board of directors of Shrem Financial Private Limited (the "**Board**"), the investment manager to Shrem InvIT, an infrastructure investment trust registered with the Securities and Exchange Board of India ("**SEBI**") in accordance with the SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended ("**InvIT Regulations**"), has adopted the following policy and procedures (the "**Policy**") to provide a framework for management of risks associated with the business of the Trust. The Board may review and make amendments to the Policy from time to time as it may deem appropriate, subject to applicable law.

The main objective of this Risk Management Policy ("**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 business. In order to achieve the key objective, the Policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk evaluating & mitigation related issues. The Policy is in accordance with the Regulation 26G of the InvIT Regulations read with Regulation 17(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("**SEBI Listing Regulations**") which requires the Investment Manager to lay down procedures about risk assessment and risk minimization.

2. DEFINITIONS

2.1. "**Investment Manager**" means Shrem Financial Private Limited.

2.2. "**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

2.3. "**Risk Management**" is the process of systematically identifying, quantifying, and managing all Risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

2.4. "**Risk Management Committee**" means the risk management committee formed by the Board.

2.5. "**Risk Assessment**" means the overall process of risk analysis and evaluation.

2.6 "**Trust**" means Shrem InvIT

Words and expressions used and not defined in this Board Diversity Policy shall have the meaning ascribed to them in the InvIT Regulations, the SEBI Listing Regulations, the Securities and Exchange Board of India Act, 1992, as amended.

3. RISK MANAGEMENT

Principles of Risk Management

3.1. The Risk Management shall provide reasonable assurance in protection of business value of the Trust from uncertainties and consequent losses.

3.2. All concerned process owners of the Investment Manager shall be responsible for identifying & mitigating key Risks in their respective domain.

3.3. The occurrence of Risk, progress of mitigation plan and its status will be monitored on periodic basis.

4. RISK MANAGEMENT PROCEDURES

4.1 General

Risk management process includes four activities: Risk identification, Risk Assessment, Risk mitigation and monitoring and reporting.

4.2 Risk Identification

The purpose of Risk identification is to identify internal and external risks specifically faced by the Trust, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee and identify all other events that can have an adverse impact on the achievement of the business objectives.

4.3 Risk Assessment

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

4.4 Risk Categories

It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.

4.5 Risk Mitigation

The following framework shall be used for implementation of Risk mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plans:

a) Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

b) Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / insurance.

c) Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. having adequate softwares in place to prevent data leaks.

d) Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

5. Monitoring and reviewing Risks

The Risk Management Committee shall formulate the policies for effective identification, monitoring, mitigation of the Risks.

Audit committee reviews the Risks once a year and adds any new material Risk identified to the existing list. These will be taken up with respective functional head for its mitigation.

Existing process of Risk Assessment of identified Risks and its mitigation plan will be appraised by the Risk Management Committee to the Board on an annual basis.

7. Review of this Policy

This Policy shall be reviewed by the Risk Management Committee periodically, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

8. Conflict with Applicable Law

The Policy shall not contradict with the provisions of any applicable law. In case of any discrepancy, the provisions of applicable law shall prevail over the provisions of this Policy.

9. Amendment

(i). Any amendment or variation to this Policy shall be undertaken in compliance with the SEBI InvIT Regulations and other applicable law.

(ii). Notwithstanding the above, this Policy will stand amended to the extent of any change in applicable law, including any amendment to the SEBI InvIT Regulations and the SEBI Listing Regulations, without any action from the Investment Manager or approval of the unitholders of the Trust.

Adopted by the board of directors of Shrem Financial Private Limited on behalf of the Trust on 20th July, 2023.

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