

RISK MANAGEMENT POLICY

MOMENTIVE PERFORMANCE MATERIALS (INDIA) PRIVATE LIMITED

1. POLICY STATEMENT

Momentive Performance Materials (India) Private Limited (“the Company”) considers ongoing risk management to be a core component of the management of the Company and understands that the Company’s ability to identify and address risk is central to achieving its corporate objectives.

This policy shall ensure that the Company is taking appropriate measures for identifying, assessing, mitigating, monitoring, evaluating and reporting all risks, to provide clear and strong basis for informed decision making at all levels of the organization and to continually strive towards strengthening the risk management framework through continuous learning and improvement.

2. RISK MANAGEMENT FRAMEWORK

The “Company’s Risk Management Framework” comprises processes, structures and guidelines which assist the Company to identify, assess, mitigate, monitor and report of all risks including any material changes to risk profile.

To achieve this, the overall responsibility and authority is vested with the Company’s Board of Directors (BOD). The Compliance Review Board (CRB) which comprises of the company’s leadership team, oversees and manages risk-management framework for guiding the Company’s daily operation.

3. RISK CATEGORIZATION

The following broad categories of risks have been considered in the Risk management framework:

- **Strategy** : Risks emanating out of the choices the Company make on market, resources and business model that can potentially impact our long term competitive advantage.
- **Industry**: Risk relating to the inherent characteristics of the industry in which the Company operates including the competitive and regulatory structure
- **Counterparty** : Risks arising from our association with entities for conducting business. These include customers, vendors, channel partners like distributors, agents, resellers, etc.
- **Resources**: Risks arising from inappropriate sourcing or sub-optimal utilization of key organizational resources such as talent, capital and infrastructure.

- **Operations:** Risks inherent to business operations include manufacturing site operations, EHS, forex risks, business activity disruptions, etc
- **Regulatory and Compliance :** Risks due to inadequate compliance to regulation, contractual obligations, etc.

4. KEY RISK MANAGEMENT PRACTICES

The Key risk management practices include those relating to risk identification and assessment, evaluation and mitigation, monitoring, and reporting.

- **Risk Identification & assessment:** It is the BOD's responsibility to assess significant risks for the Company and to prioritize the risks for action. Mechanisms for identification and prioritization of risks include focused discussions in CRB meetings and other functional meetings. A Compliance register and internal audit findings also provide pointers for risk identification.
- **Risk Measurement, Mitigation and Monitoring:** Dashboards in CRB meetings shall be created that can track external and internal indicators relevant for risks, so as to indicate the risk level. Mitigation plans are finalized, owners shall be identified and progress of mitigation actions are to be monitored and reviewed.
- **Reporting :** Risk level, exposure, potential impact and status of mitigation actions shall be discussed in CRB meetings on quarterly basis. In addition, regular risk updates shall be provided to the Board and the global CRB meetings.

5. RISK GOVERNANCE STRUCTURE

Risk governance structure includes the following levels:

- Board of Directors – BOD are responsible for reviewing and implementing the risk management framework, processes and guidelines which are developed and maintained by the CRB. In addition to the BOD's responsibility of regular monitoring and evaluation of the effectiveness of the action plans on an ongoing basis in identifying and addressing material business risks, it is also responsible for promoting the culture of risk management within the Company and compliance with internal risk control systems and processes by all employees.
- Compliance Review Board – The oversight and management of the Company's risk management framework has been conferred upon the CRB. The CRB is responsible for ensuring that the company maintains effective risk management and internal control systems and processes and provides regular findings . The CRB will facilitate the risk

management process and supervise the BOD's implementation of agreed measures and actions.

- Associates – All associate employees are responsible for implementing, managing and monitoring agreed actions and measures with respect to material business risks as appropriate.

6. CONCLUSION

The combination of risk management, internal audits, policies and processes are required to adequately address the risks associated with our Company's business. The risk management framework are to be periodically reviewed to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.
