

RISK MANAGEMENT POLICY
OF
IRM ENERGY LIMITED

1. INTRODUCTION

Pursuant to Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Section 134(3) of the Companies Act, 2013, this Risk Management Policy (“Policy”) establishes the philosophy of IRM Energy Limited (“Company”), towards risk identification, analysis and prioritization of risks, development of risk mitigation plans and reporting on the risk environment of the Company.

This Policy is applicable to all the functions, departments and geographical locations of the Company. The purpose of this Policy is to define, design and implement a risk management framework across the Company to identify, assess, manage and monitor risks. Aligned to this purpose is also to identify potential events that may affect the Company and manage the risk within the risk appetite and provide reasonable assurance regarding the achievement of the Company’s objectives. This will present a wide approach to ensure that key aspects of risk that have a significant impact are considered in its conduct of business.

Risk: Risk is an event which can prevent, hinder or obstruct the enterprise in achieving its objectives. A business risk is the threat that an event or action will adversely affect an enterprise’s ability to maximize stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.

2. OBJECTIVE

The objective of this Policy is to manage the risks involved in all activities of the Company, to maximize opportunities and minimize adversity. This Policy is intended to assist in decision making processes that will minimize potential losses and improve the management of uncertainty thereby helping the Company to achieve its objectives. The objectives of the Policy can be summarized as follows:

- a. To safeguard the Company’s property, interests, and interest of all stakeholders;
- b. To manage risks with an institutionalized framework and consistently achieving desired outcomes;
- c. To protect and enhance the corporate governance;
- d. To implement a process to identify potential / emerging risks
- e. To implement appropriate risk management initiatives, controls, incident monitoring, reviews and continuous improvement initiatives;
- f. Minimize undesirable outcomes arising out of potential risks;
- g. To align and integrate views of risk across the enterprise.

3. COMPONENTS OF THE RISK MANAGEMENT SYSTEM

The risk management system in the Company would have the following key features:

- a) Active board of directors, committee and senior management oversight;
- b) Appropriate policies, procedures and limits;

- c) Comprehensive and timely identification, measurement, mitigation, controlling, monitoring and reporting of risks;
- d) Appropriate management information systems at the business level;
- e) Comprehensive internal controls in accordance with current regulations and business size and scale; and
- f) A risk culture and communication framework

4. RISK GOVERNANCE

An organization's ability to conduct effective risk management is dependent upon having an appropriate risk governance structure and well-defined roles and responsibilities. Risk governance signifies the way the business and affairs of an entity are directed and managed by its Board and executive management.

Board of Directors:

The Board of Directors shall be responsible for overseeing the implementation of the risk management process and setting the tone and culture towards effective risk management. The Board shall under the risk management policy review the risk governance and monitoring mechanism.

Audit Committee:

The Audit Committee shall carry out its oversight responsibilities relating to the Company's financial reporting process and disclosure of financial information in financial statements and other reporting practices.

Risk Management Committee

The Risk Management Committee (RMC or the Committee) shall assist the Board in framing policy, guiding implementation, monitoring, and reviewing the effectiveness of risk management policy and practices. The Committee shall oversee and evaluate high risks, including assessment of their potential impact and the adequacy of mitigation measures implemented. The RMC shall review reports submitted by the Risk Evaluation and Mitigation Sub-Committee and provide strategic guidance, where necessary, with respect to high risk exposures.

The Committee shall act as a forum to discuss and manage high strategic and business risks.

The Risk Management Committee shall have minimum three (3) members with majority of them being members of the Board of Directors, including at least one independent director.

The Chairperson of the Risk Management Committee shall be a member of the Board of Directors and senior executives of the Company may be members of the Risk Management Committee.

The Risk Management Committee shall meet at least twice in a financial year. The quorum for a meeting of the Risk Management Committee shall be either two (2) members or one

third of the members of the Risk Management Committee, whichever is higher, including at least one member of the Board of Directors in attendance.

The meetings of the Risk Management Committee shall be conducted in such a manner that on a continuous basis not more than two hundred and ten (210) days shall elapse between any two consecutive meetings of the Risk Management Committee.

Risk Evaluation and Mitigation Sub-Committee

The Risk Evaluation and Mitigation Sub-Committee (REMSC), consisting of functional heads, shall operate under the oversight of the Risk Management Committee and shall be responsible for the identification, assessment, management, mitigation and monitoring of all risks across the organization. The REMSC shall implement the Risk Management Policy, establish and maintain appropriate risk management processes, classify risks based on severity and impact, and ensure timely execution of mitigation strategies.

The Sub-Committee shall periodically review the status and effectiveness of all risk mitigation plans and prepare comprehensive risk reports covering the overall risk profile of the Company. It shall specifically identify and escalate high risks to the Risk Management Committee for review and deliberation, and shall also submit the complete risk report to the Committee for its consideration and oversight.

5. RISK MANAGEMENT PROCESS

Conscious that no entrepreneurial activity can be undertaken without assumption of risks and associated reward opportunities, the Company operates on a risk management process /framework aimed at minimization of identifiable risks after evaluation so as to enable management to take informed decisions.

Broad outline of the framework of Risk Management Process is as follows:

(A) Risk Identification:

The purpose of risk identification is to identify both internal and external risks that may affect the Company. These include, but are not limited to, financial, operational, sectoral, sustainability, and cybersecurity risks, as well as any other risks determined by the Risk Management Committee and REMSC. All risks identified are documented in the form of Risk Register.

(B) Risk Assessment:

Risks so identified are assessed to classify them as per the criticality for the business. This would enable in deciding the right risk management strategies appropriate for the different class of risks.

The process of assessment is based on likelihood of the event and the significance of impact of such an event on crystallization:

1. Likelihood of the risk event

Likelihood	
Rating	Descriptor
5	Most Likely
4	Likely
3	Reasonably probable
2	Unlikely
1	Remote

2. Significance of impact

Rating	Descriptor	Impact as per Previous FY PBT
5	Severe	> 10.00% of PBT
4	Major	> 5.00% to 10.00% of PBT
3	Moderate	>2.50% to 5.00% of PBT
2	Minor	> 1.00% to 2.50% of PBT
1	Incidental	Upto 1.00% of PBT

3. Risk Classification

Risk Rating	Description
>= 15	High
>= 8 to 14	Medium
7 and Below	Low

(C) Risk Prioritization:

After the risk assessment is completed, it is the responsibility of the REMSC, as per the direction of Risk Management Committee, to prioritize the key risks to determine which risk are considered High and need to be addressed on a priority basis.

(D) Risk Mitigation:

Once high risks are prioritized, appropriate risk mitigation and management efforts to effectively manage these risks are identified.

Risk mitigation strategy, systems and processes for internal control of identified risks involves identifying a range of options for treating risk, assessing those options, preparing and implementing risk mitigation plans. The risk mitigation strategies may include managing the risk through implementation of new internal controls, accepting certain risks, taking insurance, and finally avoiding certain activities that result in unacceptable risk.

(E) Risk Monitoring and Reporting:

The status of mitigation of the risks is monitored by the REMSC on a quarterly basis and

RMC on a bi-annual basis.

The REMSC also conducts a risk review exercise on an annual basis. Risk reviews ensure identifying any new risk, modifying existing risk, scanning external environment for emerging risk and accordingly updating the risk classification. The Risk Management Committee meets at least twice in a financial year to review the risk management process and high risks at the company level.

6. PERIODICAL REVIEW OF EFFECTIVENESS

Effectiveness of risk management framework is ensured through periodical review of this Policy, at least once in two years. As the risk exposure of any business may undergo change from time to time due to the changing industry dynamics, evolving complexity and continuously changing environment, the updation and review of this Policy shall also be done as and when required, by the risk management committee to ensure it meets the needs of organization.

7. LAWS TO TAKE PRECEDENTS AND AMENDMENTS:

If any of the provisions of this Policy are inconsistent with the applicable laws, then the provisions of applicable laws shall prevail over the Policy to that extent and the Policy shall be deemed to have been amended so as to be read in consonance with applicable laws.

As this Policy is pursuant to the applicable laws, if any change to applicable laws or interpretation thereof necessitates any change to the Policy, this Policy shall be read so as to accommodate the changes. The Company Secretary will review the Policy to give effect to above, as and when need arises, till such time as the Board of Directors makes the necessary changes to the Policy.

The Board of Directors of the Bank shall make such alterations to this Policy as and when necessitated or as deemed fit, provided they are not inconsistent with the provisions of the applicable laws.

Foot Note:

Version 1.0: Original Policy approved by Board in their meeting and effective from September 24, 2022.

Version 2.0: Amended Policy approved by the Board in their meeting and effective from February 10, 2025.

Version 3.0: Amended Policy approved by the Board in their meeting and effective from May 08, 2026.