INOX CLEAN ENERGY LIMITED

RISK MANAGEMENT POLICY

LEGAL FRAMEWORK

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board's Report should contain a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall *inter alia* include evaluation of risk management systems. Regulation 17(9)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") also stipulates that the Board shall be responsible for framing, implementing and monitoring of Risk Management Plan and lay down the Risk Management and Minimization Procedures.

In line with the above requirements, the Board of Directors has framed and adopted the following "Risk Management Policy" in the Board Meeting held on 14th May, 2025.

DEFINITIONS

i. **"Act"** means the Companies Act, 2013 and includes any re-enactment and statutory modification thereof, for the time being in force.

ii. **"Board of Directors"** or **"Board"** means the Board of Directors for the time being of the Company.

iii. **"Company"** means Inox Clean Energy Limited.

iv. **"Chief Risk Officer"** means a company's executive responsible for identifying, analyzing, and mitigating internal and external risks associated with the Company.

v. **"Listing Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

vi. **"Policy"** means the "Risk Management Policy".

vii. **"SEBI"** means The Securities and Exchange Board of India.

All capitalised words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Act.

PURPOSE AND SCOPE OF POLICY

Risk is an inherent aspect of the dynamic business environment. To build and/or keep their competitive advantage in the market, progressive organizations need to take new initiatives, which often come along with certain risks. Additionally, the increasingly dynamic external environment presents risks to the existing business.

To navigate through the likely business risks, the Company has formulated a risk management process. The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in anticipating, reporting, evaluating and resolving risks associated with the Company's business. In order to achieve the key objective, this Policy establishes a structured and disciplined approach to Risk Management to guide decisions on risk related issues.

The primary objectives of this Risk Management Policy are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed i.e., to ensure adequate systems in place for risk management.
- To ensure that the decision-making of the Company is premised on a structured process informed by a risk and value evaluation by the Risk Management Committee in consultation with the functional heads of departments.
- To establish a framework for the company's risk management process, ensuring its implementation and to monitor and assure continuous growth of the Company and to sustain market leadership in the industry, domestically and internationally.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

RISK FACTORS/KEY AREAS

The Risk Management Policy aims to cover, amongst others, the following Key Areas / Risks Factors:

Technology Risks: The Company is committed to embracing new technologies to deliver superior products and solutions to its customers and stakeholders. Adoption of new technology to avoid being left behind in the era of evolving technologies is the primary risk that requires close monitoring. IT and digitalization are the key enablers for delivering end-to-end mobility solutions. However, even these are prone to risks associated with disaster preparedness, data security, information privacy, legal compliance, etc. The technology risks should be mitigated by continuous R&D initiatives of the Company, keeping abreast with the global changes, adopting new & latest IT and data related technologies and promoting entrepreneurial skills of the personnel and developing either in-house solutions or procuring them. It is also necessary to create interest and awareness among employees for benefits and responsibilities for adoption of the above technologies.

Financial Risks: The financial risks relate to adequate liquidity for routine operations and availability of funds for greenfield and brownfield expansions, impact of currency fluctuations, change in credit ratings, etc. It also includes the risks associated with the investments of the Company. The financial performance of its subsidiaries, associates and any other affiliates that may adversely affect the Company's results should be closely monitored. The investments of the Company should be made on the basis of financial modelling and the currency fluctuations be examined regularly. The usage of funds should be well planned, both on a short term & long-term basis.

Economic Environment Risks: The ever-changing economic policies, in the relevant markets may impact the strategies and performance of the Company. The mismatch in demand and supply and competitive products may influence the market share of the Company. The Company needs to keep a close watch on the upcoming new policies and changes in the existing policies and adapt itself to the effected norms in a timely manner. The Company believes in fair competition and tries to maintain a balance in demand and supply of its products. The Company's business also depends on exports. Both Indian Government Policies and Overseas market policies and changes need to be critically reviewed on a regular basis.

Operational and Market Risks: Manufacturing defects, labour unrest, injuries, accidents, suspended operations of a plant may impact the operations of the Company. There may be a demand risk and a supply chain disruption risk due to unusual *force majeure* events like adverse climate change.

Raw material prices, commodity price fluctuation and crude prices are also key business and operational risks. The Company has an exposure of commodity price risk and foreign exchange risk. The Company uses various instruments as approved under the central bank regulations to hedge these exposures.

Multiple options are available to mitigate these risks. Selection of a suitable risk mitigation and management strategy will depend on factors like nature and extent of the risk, factors that may influence the risk, cost-benefit analysis of options. The Company works on an ongoing basis on cost reduction, weight reduction and process improvement exercises. The Company also considers localization of imports/ global sourcing to ensure lowest cost option in sourcing of parts/raw material.

Regulatory Risks: Non-compliance of the applicable laws may result in liabilities and impact the reputation of the Company. The Company needs to have proper systems in place to monitor significant changes in applicable laws and to ensure that all applicable laws are complied with by the Company.

Human Resource Risks: The Company is sensitive towards the requirements of its employees. The Company should take initiatives to ensure there is a robust plan for succession and retention of key people. Talent in key areas and new businesses should be made available through both external partners and internal employee referral schemes. The Company should ensure that its people are regularly trained and instructed to be able to contribute to the growth of the organization.

To ensure that the above risks are mitigated, the Company will strive to:

- involve all functions in the overall risk identification and mitigation exercise.
- Have an objective framework to categorize risks and define the level at which it should be addressed. Link the risk management process to the strategic planning and internal audit process.
- Promote a culture of calculated risk-taking to identify new initiatives coupled with thoughtful risk mitigation approach.
- Formalize a transparent risk information and escalation system across the organization with structured templates.
- Take advice of market experts on the subject for the benefit of the Company.
- Increase the quality and speed of communication amongst the Company's key risk managers, the management, and the Board to ensure a proper oversight of strategic risk management processes timely decision-making.

DISCLOSURE

Adequate disclosures pertaining to the risks (including commodity risks) being faced by the Company, may be made as per the materiality criteria defined in the 'Policy or determination of materiality for disclosure of events or information' of the Company.

RESPONSIBILITY FOR RISK MANAGEMENT

Every staff member of the Company is responsible for the effective management of risk including the identification of potential risks. The Chief Risk Officer along with the Heads of Departments and the Risk Management Committee are responsible for the development and regular monitoring and updating of the Company's risk profile with risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

COMPLIANCE AND CONTROL

The Chief Risk Officer and all Heads of Departments are also responsible for informing the Risk Management Committee and the Board of Directors about any developments that alter the risk profile and requires mitigation. The Chief Risk Officer and the Heads of respective departments, under the guidance of the Risk management Committee, Chairman and the Board of Directors, also have the responsibility to monitor effective and timely action to implement management's processes/decisions, identifying, assessing and monitoring risks associated with the Company's business operations. They are also responsible for the implementation and maintenance of policies and control procedures to give adequate protection against key risks. In doing so, the Risk Management Committee and Heads of respective departments will consider and assess the appropriateness and effectiveness of management information and other systems of internal control, encompassing review of any external agency in this regard and action taken, or proposed, based on those reports.

The onus for identification of risk and for putting in place risk management measures would be shared by The Chief Risk Officer and the respective Heads of various departments of the Company. The Chief Risk Officer shall report to the Risk Management Committee. The responsibility for compliance with the risk policy shall lie with the Risk Management Committee, Functional Chief Risk Officer and all the staff.

REVIEW AND MODIFICATION OF THE POLICY

The Whole-time Director or Chief Financial Officer of the Company in consultation with Risk Management Committee shall be authorised to review and amend the Policy, to give effect to any changes/amendments notified by any regulator under the applicable law from time to time. Such amended Policy shall be periodically placed before the Board for noting and necessary ratification.

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