



INOXGreen
ENERGY SERVICES LIMITED

INOXGFL
GROUP
BEYOND INFINITY

Enterprise Risk Management Policy

Contents



- Introduction
- Context
- Risk Management Framework
- Risk- Definition & Measurement
- Risk- Identification & Classification
- Risk- Appetite
- Risk- Recording
- Risk- Response Classification

1. Introduction

"Risk management is not about eradicating risks but about analyzing and strategically utilizing them to drive organizational growth and value creation."

- At Inox Green Energy Services Limited, we understand that risk is a fundamental driver of value creation. Instead of striving to eliminate or excessively mitigate risks, we focus on strategically managing and balancing them across our business verticals. This approach ensures we undertake calculated risks that align with our strategic objectives, enabling us to avoid overexposure while maximizing opportunities. By systematically evaluating and optimizing risk levels, we enhance our ability to seize growth opportunities, foster innovation, and achieve sustainable success.
- Our risk management strategy is rooted in fostering a culture of informed decision-making and accountability at all organizational levels. By integrating risk management into our strategic planning and operational processes, we create a framework that not only identifies risks but also anticipates emerging challenges and opportunities. This holistic approach enables us to allocate resources effectively, build resilience, and enhance stakeholder confidence by demonstrating our commitment to proactive and responsible risk management.
- Our proactive and balanced risk management policy empowers us to remain agile, anticipate market dynamics, and maintain a competitive edge. Risk assessment is a pivotal component of this policy, enabling us to evaluate the impact of each risk on our strategic priorities. Utilizing a streamlined, scalable, and efficient assessment process, we rapidly identify and prioritize risks, enabling data-driven decisions and effective risk mitigation strategies. This ensures alignment with our organizational goals while retaining the adaptability required to thrive in a rapidly evolving business landscape.

2. Context

- This document defines the Risk Management Policy for Inox Green Energy Services Limited (hereinafter referred to as "IGESL") and includes Risk Management Framework and establishes a structured, forward-looking approach to enterprise risk management. It details the foundational principles, methodologies, and governance mechanisms necessary for systematically identifying, assessing, and addressing risks while ensuring alignment with IGESL's strategic objectives and operational priorities.
- The Board of Directors of IGESL assumes ultimate accountability for overseeing and driving the effective implementation of this Policy. Acting as a pivotal element of the organization's risk governance model, the Policy is designed to address a wide spectrum of risks integral to IGESL's business environment, including strategic, operational, regulatory, environmental, and emerging risks such as those linked to ESG (Environmental, Social, and Governance) factors and cybersecurity.
- This document incorporates customized risk mitigation strategies tailored to the unique scale and complexity of IGESL's operations. These strategies are structured to strengthen the organization's capacity to anticipate and address risk exposures, enhance resilience, and sustain adaptability in an ever-changing business landscape.
- Through the application of this Policy, IGESL seeks to secure operational integrity, safeguard stakeholder interests, and drive sustainable value creation. This holistic approach ensures effective risk management, underpinned by alignment with the company's strategic vision, governance framework, and core values.

2. Context

A) Objective

- The objective is to establish a comprehensive and integrated risk management framework to be adopted by business management and relevant personnel, facilitating the identification of potential events that could impact the IGESL, managing associated risks and opportunities, and providing reasonable assurance in achieving the IGESL's strategic goals. This objective is further articulated as follows:
- **Risk Identification, Assessment, and Mitigation:**
Ensure that all current and emerging material risk exposures to IGESL are systematically identified, rigorously assessed, quantified, and effectively mitigated, minimized, and managed. This involves implementing robust systems and processes for efficient risk management and preparedness across the organization.
- **Regulatory Adherence:**
Guarantee compliance with all applicable laws, regulations, and standards by adopting industry-leading practices, ensuring IGESL always operates within the legal and ethical framework.
- **Employee Awareness and Engagement:**
Cultivate a culture of proactive risk awareness among employees, empowering them to continuously evaluate risks and devise and implement mitigation strategies to safeguard the organization's interests.
- **Support Sustainable Growth:**
Promote the long-term success and financial stability of IGESL by enhancing operational efficiencies, strategically managing risks and opportunities, and maintaining a competitive edge to drive sustainable business growth.

2. Context

B) Regulatory

1. Companies Act, 2013 Section 134(3)(n):

"There shall be attached to financial statements laid before a company in general meeting, a report by its Board of Directors, which shall include- a statement indicating the development & implementation of a **risk management policy** including identification therein of elements of risk, if any, which in the opinion of the board may threaten the existence of the company.

2. Section 177(4) of the Companies Act, 2013 outlines the responsibilities and duties of the audit committee, which includes assessing the effectiveness of the company's internal controls and **risk management systems**.

3. Schedule IV [Section 149(8)] of the Companies Act, 2013 mandates that companies must adhere to the "Code for Independent Directors.", Which includes-Providing unbiased opinions and oversight on various matters, including corporate governance, financial performance, and **risk management**.

4. Schedule V- SEBI LODR laid down the requirement of the Management Discussion & Analysis section in the Annual report should include discussions on the Risks and concerns.

5. Regulation 17 (9) & Regulation 21- SEBI LODR:

- The Board of Directors shall be responsible for framing, implementing & monitoring the **Risk Management plan**.
- The Company shall constitute a **Risk Management Committee** and define its role & responsibility and may delegate monitoring & reviewing of the risk management plan to RMC.

3. Risk Management Framework

A) Definition of ERM

- At IGESL, the Enterprise Risk Management (ERM) framework is based on the **COSO ERM – Integrating with Strategy and Performance (2017) framework**, developed by COSO, a joint initiative of 5 private-sector organizations. This framework embeds risk management into strategy and performance execution, moving beyond compliance-focused approaches. Structured around five key components—Governance & Culture, Strategy & Objective-Setting, Performance, Review & Revision, and Information & Communication—it ensures a holistic, value-driven approach. By aligning risk with business objectives, IGESL enhances resilience, governance, and proactive risk management.
- According to this framework, Enterprise Risk Management is defined as: “The culture, capabilities, and practices, integrated with strategy-setting and its execution, that organizations rely on to manage risk in creating, preserving, and realizing value.”

B) Components of ERM

1. **Risk Governance & Culture:** IGESL has established a robust Risk Governance and Management Framework focused on business risk assessment, operational controls, and compliance with regulatory and internal policies. This proactive framework identifies, assesses, and mitigates material risks to protect performance, resilience, and stakeholder confidence. The Board of Directors ensures effective implementation, transparency, and accountability, with key risks disclosed to stakeholders in the annual report. By integrating accountability into its culture, IGESL turns risk management into a strategic enabler, enhancing resilience, competitiveness, and long-term value in a dynamic business environment.

3. Risk Management Framework

- 2. Risk, Strategy & Objective Alignment:** At IGESL, risk governance is integrated into both strategic decision-making and day-to-day operations across all business units. Functional leaders, in partnership with external advisors, identify and evaluate risks, which are then reviewed by the Risk Management Committee. This ensures that risks are addressed proactively, with mitigation strategies aligned to the organization's goals, fostering sustainable growth, operational resilience, and long-term success.
- 3. Risk Monitoring & Management:** IGESL maintains a detailed risk register to systematically record and monitor risks across its operations. This centralized repository captures comprehensive data on each risk, its potential impact, and the corresponding mitigation measures. Risks are assessed based on four critical dimensions: Impact, Likelihood, Vulnerability, and Speed of Onset. The company also defines its Risk Appetite, outlining the level of risk it is willing to accept in pursuit of its objectives (Section 5). Any risks exceeding this threshold are escalated to the Audit Committee for further evaluation and guidance.
- 4. Risk Information Sharing & Reporting:** At IGESL, effective risk communication is a vital function. The organization leverages advanced information systems to capture, process, and manage critical data. Management continuously monitors the organization's risk culture using both qualitative and quantitative data from internal and external sources to assess performance, which is subsequently shared with relevant stakeholders.
- 5. ERM Performance Oversight:** The Risk Management Committee, which report directly to the Board of Directors, are responsible for overseeing the performance and effectiveness of IGESL's ERM framework. The committees review risks that exceed the company's defined Risk Appetite, as presented by management. Their focus is on evaluating the adequacy of risk mitigation strategies, ensuring alignment with organizational objectives, and assessing the appropriate allocation of resources for effective risk management.

3. Risk Management Framework

C) Risk Escalation Matrix

Risk Classification	Addressed at which level
Within Risk Appetite	Management Reporting
Above Risk Appetite	Risk Management Committee
Above Risk Appetite & “Very High” (Rating 5 on Onset Scale)	Board
Above Risk Appetite & “Very High” (Rating 5 on Vulnerability Scale)	Board

D) Addition/Deletion of Risks

- **The Risk Management Committee:** The Risk Management Committee of IGESL will act as the primary steward of the Risk Management Framework, holding full accountability for its governance, monitoring, and implementation across the organization.
- **Identification and Classification of New Risks:** Any new risks identified will be categorized according to the methodology outlined in this policy. This ensures a consistent and structured approach to evaluating and managing risks across all business units.
- **Role of the Company Secretary:** The CS will be responsible for presenting newly identified risks to the Risk Management Committee for thorough review and discussion. These submissions will include a comprehensive analysis of each risk, detailing its potential impact, to ensure the Risk Management Committee fully understands the risks before their inclusion in the Risk Register.

3. Risk Management Framework

- **Approval and Updates to the Risk Register:** Once the Risk Management Committee approves the proposed risks, the concerned person will update the Risk Register to incorporate the newly identified risks. This process ensures that all necessary details, categorizations, and mitigation strategies are accurately recorded and aligned with the organization's risk management framework.
- **Validation of Risk Classification and Mitigation Strategies:** The CFO/CEO/BOD will oversee the validation of risk classifications and associated mitigation strategies documented in the Risk Register. This review ensures that risks are correctly categorized and that response plans are effective, relevant, and consistent with the organization's risk appetite and strategic goals.

E) Revision

- **Policy Review by the Board:** The Board of Directors for IGESL will conduct review of the Risk Management Policy at-least once in 2 years. During this process, any recommended updates or adjustments to the framework will be evaluated to ensure alignment with the organization's evolving priorities and strategic objectives.
- **Implementation of Board-Approved Updates:** Once approved by the Board, any modifications to the Framework will be integrated into the official document. This process ensures that the Policy remains current and reflects IGESL's latest organizational strategies and risk management practices.
- **Version Control and Change Documentation:** With every update to the Framework, the document's version number will be incremented by 0.10 for accurate tracking. A summary of the revisions will be included on the first page of the document, providing transparency and ease of reference for stakeholders.
- **Annual Risk Register Update:** The Risk Register will undergo a comprehensive review to reassess and enhance the categorization, evaluation, and mitigation of risks. This ensures that the register remains relevant, accurate, and capable of addressing both existing and emerging risks effectively.

4. Risk Definition & Measurement

A) Definition

“Risk refers to the potential occurrence of adverse events that can diminish profitability, obstruct value creation, or escalate financial and operational losses in a business environment.”

In this context:

1. **Risk** encompasses both opportunities and threats. Opportunities are favorable conditions that advance strategic objectives, while threats are unfavorable conditions that may disrupt progress or impede organizational goals.
2. **Risk Measurement** is determined by the product of *likelihood* and *impact*, allowing IGESL to evaluate its significance and prioritize responses. High-likelihood, high-impact risks require immediate attention, whereas lower-priority risks are managed based on their relative significance.
3. **Uncertainty** pertains to ambiguous events where neither likelihood nor impact can be measured. In contrast, risk involves measurable possibilities, enabling IGESL to assess, prepare for, and effectively manage potential outcomes.

Thus, Risk management is not about eradicating risks but about analyzing and strategically utilizing them to drive organizational growth and value creation.

4. Risk Definition & Measurement

B) Measurement

“Risk will be assessed annually using residual risk evaluation techniques.”

Level of Risk

- **Inherent Risk:** This represents the baseline exposure to potential adverse outcomes before implementing any controls or mitigation strategies. It reflects the natural risk level of a business activity, process, or external factor
- **Residual Risk:** This is the remaining exposure after implementing mitigation measures, indicating the effectiveness of controls, processes, and governance structures.

Methods of Measurement

Risk assessment at IGESL employs two primary methodologies: Qualitative and Quantitative

- **Qualitative Risk Assessment:** This method categorizes risks as "Very High," "High," "Medium," or "Low," relying on expert judgment and stakeholder input. It is quick and intuitive, ideal for initial assessments or when detailed data is lacking.
- **Quantitative Risk Assessment:** This approach uses numerical scales (e.g., 1 to 5) and statistical models for objective, data-driven risk evaluation. It provides precise insights to support resource allocation and informed decision-making in financial and operational planning.

5. Risk Identification & Classification

A) Risk Identification:

- **Risk Reporting Procedure:** All identified risks at any management level must be documented on Risk Register and submitted to the HOD's for processing, ensuring consistency in risk reporting across the organization.
- **Risk Classification and Response Assignment:** The Risk Register will be presented to the CFO/ CEO, who assigns Risk Grades based on severity and impact, and determines the appropriate Risk Response (mitigation, transfer, or acceptance).
- **Risk Evaluation and Escalation:** The Risk Register, with risk grading and response, is reviewed by the CFO/ CEO to determine if the risk should be included in the Risk Register and, if material, escalates it to the Risk Management Committee and the Board of Directors, as the case may be.
- **Board of Director's Assessment:** The Board of Directors conducts a comprehensive evaluation of significant risks, including their classification, impact, and proposed mitigation strategies, upon receiving the details. This review ensures alignment with the organization's risk management framework and governance protocols while addressing resource requirements for effective mitigation.

5. Risk Identification & Classification

B) Risk Classification:

B1. Risks will be grouped into 4 categories

Strategic Risk:

1. Delay in implementing New Technology.
2. New Regulations

Operational Risks:

1. Supply Chain Disruptions.
2. Underutilization of Resources.

Compliance Risks:

- Non- Compliance of:
1. Statutory Laws
 2. Tax Laws
 3. Environmental Laws

Financial & Reporting Risks:

1. Tax Misreporting.
2. Exchange Rate Risk.

5. Risk Identification & Classification

B) Risk Classification:

B2. Each Risk will also be assessed and graded into four parameters.

- 1) Speed of Onset Scale
- 2) Likelihood Scale
- 3) Impact
- 4) Vulnerability

B3. Risks are graded on a scale of 1 to 5 for Likelihood, Impact, and Vulnerability where 1 being the lowest severity. Inherent risk is calculated by multiplying the Likelihood and Impact scores. This approach provides a quantifiable measure of risk, with separate assessments for Vulnerability and Impact to ensure a comprehensive evaluation.

B4. Speed of Onset Scale

Speed of Onset Scale		
5	Very High	Very rapid onset, little or no warning, instantaneous
4	High	Onset occurs in a matter of days to a few weeks
3	Medium	Onset occurs in a matter of a few months
2	Low	Onset occurs in a matter of several months
1	Very Low	Very slow onset, occurs over a year or more

5. Risk Identification & Classification

B) Risk Classification:

B5. Likelihood Scale

Likelihood in risk grading denotes the probability that a particular risk event will happen within a specified period. It evaluates the chances of the risk occurring, drawing on historical trends, expert insights, and contextual conditions.

Annual Frequency		
Rating	Descriptor	Occurrence
5	Frequent	Up to once in 1 year or more
4	Likely	Once in 1-year upto once in 2 years
3	Possible	Once in 2-year upto once in 3 year
2	Unlikely	Once in 3-year upto once in 5 year
1	Rare	Once in 5-year or less

5. Risk Identification & Classification

B) Risk Classification:

B6. Impact Scale

Rating	Descriptor	Illustrative Example
5	Extreme	<ul style="list-style-type: none"> • Financial loss of Rs. 5 crore or more • International long-term negative media coverage; game- changing loss of market share • Significant prosecution and fines, litigation including class action • Significant injuries or fatalities to employees or customers • Multiple senior leaders leave
4	Major	<ul style="list-style-type: none"> • Financial loss of Rs. 3 to Rs. 5 crore • National long-term negative media coverage; significant loss of market share • Report to regulator requiring major project for corrective action • Limited in-patient care required for employees or third parties, such as customers or vendors • Some senior managers exit, high turnover of experienced staff, not perceived as employer of choice

5. Risk Identification & Classification

B) Risk Classification:

B6. Impact Scale

Rating	Descriptor	Illustrative Example
3	Moderate	<ul style="list-style-type: none"> • Financial loss of Rs. 1 to Rs. 3 crore • National short-term negative media coverage • Report of breach to regulator with immediate correction to be implemented • Widespread staff morale problems and high turnover
2	Minor	<ul style="list-style-type: none"> • Financial loss of Rs. 0.50 to 1 crore • Local reputational damage • Minor injuries to employees or customers • General staff morale problems and increase in turnover
1	Incidental	<ul style="list-style-type: none"> • Financial loss of Rs. 0.50 crore or less. • Local media attention quickly remedied. • Not reportable to regulator. • Isolated staff dissatisfaction.

5. Risk Identification & Classification

B) Risk Classification:

B7. Vulnerability Scale

5	Very High	<ul style="list-style-type: none"> •No scenario planning performed •Lack of enterprise level/process level capabilities to address risks •Responses not implemented •No contingency or crisis management plans in place
4	High	<ul style="list-style-type: none"> •Scenario planning for key strategic risks performed •Low enterprise level/process level capabilities to address risks •Responses partially implemented or not achieving control objectives •Some contingency or crisis management plans in place
3	Medium	<ul style="list-style-type: none"> •Stress testing and sensitivity analysis of scenarios performed •Medium enterprise level/process level capabilities to address risks •Responses implemented and achieving objectives most of the time •Most contingency and crisis management plans in place, limited rehearsals

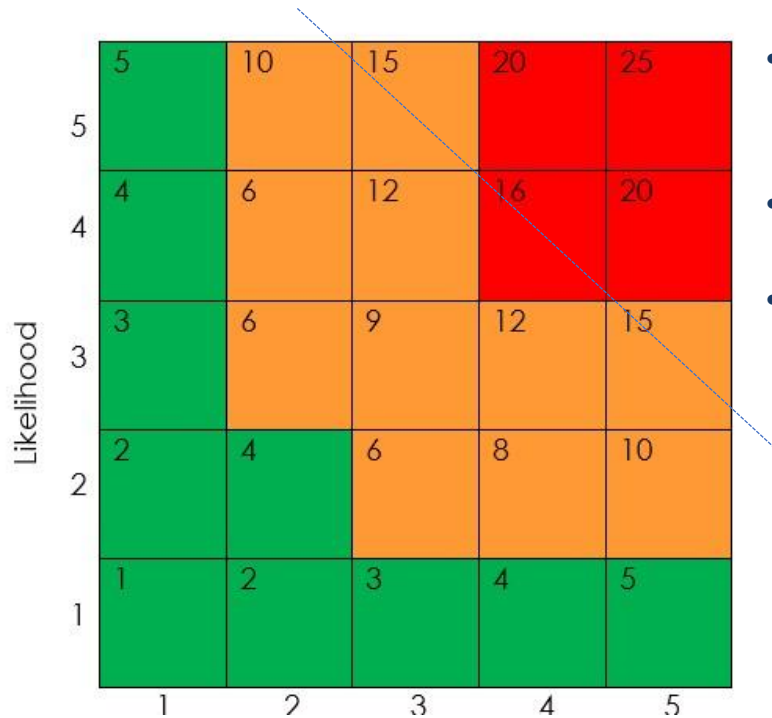
5. Risk Identification & Classification

B) Risk Classification:

B7. Vulnerability Scale

2	Low	<ul style="list-style-type: none"> • Strategic options defined • Medium to high enterprise level/process level capabilities to address risks • Responses implemented and achieving objectives except under extreme conditions • Contingency and crisis management plans in place, some rehearsals
1	Very Low	<ul style="list-style-type: none"> • Real options deployed to maximize strategic flexibility • High enterprise level/process level capabilities to address risks • Redundant response mechanisms in place and regularly tested for critical risks • Contingency and crisis management plans in place and rehearsed regularly

6. Risk- Appetite



- Risk is assessed as the product of **Likelihood** and **Impact**, representing the probability of occurrence and the severity of its consequences, respectively. Both likelihood and impact are evaluated on a maximum scale of 5.
- Accordingly, the **maximum risk score** is 25, calculated using the formula: **Maximum Likelihood (5) × Maximum Impact (5) = 25.**
- This score denotes a **critical risk level**, where the probability of occurrence is exceptionally high, and the potential impact on business operations, financial performance, or reputation is catastrophic.

Net Risk Score	Areas	Acceptance of Risk
16-25	Red	Board Level
9-15	Orange	Executive Management
8-6	Orange	Departmental HODs
Less than 6	Green	Users

7. Risk Recording

IGESL has implemented a centralized Risk Register as a core component of its Risk Management Framework, approved by the Board of Directors. It is a structured tool for identifying, assessing, and tracking risks, ensuring accountability and alignment with organizational objectives.

Key Features:

1. Risk Identification: Catalogs risks identified during initial and ongoing assessments.
2. Risk Assessment: Assigns scores based on probability of occurrence and business impact, ensuring data-driven prioritization.
3. Mitigation Strategies: Details actionable response plans, cost allocation, and role-based accountability for high-priority risks.
4. Performance Analytics: Monitors the effectiveness of mitigation efforts through Key Risk Indicators (KRIs) and provides feedback for iterative improvements.
5. Incident Management: Incorporates Root Cause Analysis (RCA) and proactive assessments (RCSA) to prevent recurrence and bolster organizational resilience.

Responsibilities for maintaining the Risk Register are well-defined, with designated teams tasked with identifying and documenting new risks, managers responsible for updating and refining risk information, and senior management overseeing and approving the closure of mitigated risks. This proactive and structured approach ensures robust risk management, alignment with strategic objectives, and sustained trust among stakeholders.

7. Risk Recording

Inox Green Energy Services Limited- Enterprise Risk Management

Inox Green Energy Services Limited- Risk Register

Risk ID	Type of Risk	Risk Group	Description of Risk	Nature of Risk	Risk Implication	Reference Annexure	Likelihood	Impact	Vulnerability	Speed of Onset	Overall Risk Score (Likelihood X Impact)	Mitigation Actions – 2024	Mitigation Score	Residual Score	Responsibility

8. Risk Classification

IGESL has implemented tailored risk response strategies to effectively address and manage identified risks. Each risk is assessed based on factors such as likelihood and impact, generating a comprehensive risk score. Prioritization is critical, ensuring that high-priority risks are addressed promptly, with appropriate response mechanisms deployed to mitigate potential impacts.

Five-Step Risk Management Framework:

- 1. Identify and Assess Key Risks:** Pinpointing risks that could significantly impact the organization.
- 2. Evaluate Relevance:** Determining the inherent significance of risks to core operations.
- 3. Define Capacity and Appetite:** Establishing the organization's ability and willingness to handle identified risks.
- 4. Embed Risk in Decision-Making:** Integrating risk considerations into strategic planning and operational decisions.
- 5. Align Governance Structures:** Ensuring governance frameworks and organizational structures support effective risk management practices.

Influencing Factors and Oversight:

- The choice of a risk response strategy is influenced by factors such as cost implications, severity of impact, and urgency of response, along with contextual considerations. All strategies are rigorously evaluated by the Audit Committee to ensure alignment with IGESL's strategic objectives and operational needs. This comprehensive approach enhances resilience and fosters informed, data-driven decision-making.

8. Risk Classification

IGESL employs a structured framework for classifying risk responses, ensuring alignment with its strategic goals and risk appetite:

1.Risk Acceptance: Low-likelihood, low-impact risks are integrated into routine operations with regular monitoring to confirm acceptability.

2.Risk Elimination: Risks associated with specific technologies, suppliers, or processes are mitigated by discontinuing their use or opting for reliable alternatives.

3.Risk Transfer or Sharing: Shifting risks through outsourcing critical functions or securing insurance coverage to allocate risks to specialized partners.

4.Risk Mitigation: Implementing controls to proactively reduce the likelihood or impact of risks when transfer or elimination is impractical.

5.Passive Monitoring: Risks with negligible probability or impact are tracked without immediate action.

This framework ensures a proactive and tailored approach to managing risks, reinforcing resilience and operational efficiency.