



## RISK MANAGEMENT POLICY

This Risk Management Policy is designed to provide a structured and disciplined approach to identifying, assessing, monitoring and mitigating risks across all levels of AVI-OIL. It aims to enhance our decision-making capabilities, promote a risk-aware culture, and ensure that risks are managed proactively and effectively.

We acknowledge that risk is an inherent aspect of our business activities, and managing it effectively is essential to achieving our strategic objectives. Through this policy, we seek to foster an environment where risk management is integrated into our business processes, and all employees understand their roles and responsibilities in this critical area.

The Board of Directors ("Board") of AVI-OIL India Private Limited ("AVI-OIL" or "the Company") has adopted a Risk Management Policy ("the Policy") in compliance with the requirements of Section 134 of the Companies Act, 2013 ("the Act").

### 1. Objective

The objective of this document is to articulate an effective Risk Management Policy and process for AVI-OIL to promote a proactive approach in identifying, evaluating, reporting and mitigating risks associated with the business and in turn to ensure sustainable business growth with stability.

### 2. Applicability

The Risk Management Policy applies to all departments and functions within the Company. The review of risks shall include the following but not limited to:

- Strategic Risk
- Financial Risk
- Compliance Risk
- Secretarial Risk
- Sustainability Risk
- Information Technology Risks (including Cyber Security Risks)
- Operational Risks
- Health, Safety and Environment
- Business Continuity Plan



### 3. Risk Management

AVI-OIL is committed to having an effective 'Enterprise Risk Management' system in place to ensure that the significant risks the Company may face are appropriately identified, assessed, treated, monitored, reported and reviewed.

The Risk Management Policy is adopted to make risk management an integral part of decision-making process during regular business operations to strengthen the Company's management practices, demonstrable to the external stakeholders.

### 4. Risk Management Framework

#### 4.1. Risk Identification

- Conduct regular risk assessments to identify potential risks in the manufacturing process, supply chain, regulatory compliance, financial stability, market environment, Human Resource and sustainable business profit.
- Engage with employees at all levels to identify and report risks.

#### 4.2. Risk Assessment

- Evaluate the likelihood and impact of identified risks using a standardized risk assessment matrix.
- Prioritize risks based on their potential impact on the company's operations and objectives.

#### 4.3. Risk Mitigation

- Develop and implement risk mitigation strategies for high-priority risks.
- Assign responsibility for risk mitigation actions to appropriate personnel.
- Monitor the effectiveness of risk mitigation measures and adjust as necessary.

#### 4.4. Risk Monitoring and Reporting

- Establish a risk monitoring system to track the status of identified risks and mitigation measures.
- Provide regular risk management reports to the senior management and the board of directors.



### 4.5. Continuous Improvement

- Review and update the risk management policy and framework regularly to reflect changes in the business environment and lessons learned from past experiences.
- Promote a culture of continuous improvement in risk management practices.

## 5. Risk Management Principles

For Risk Management to be effective, the Company shall at all levels comply with the principles given below:

### 5.1. Integration

Risk management will be integrated into all business processes to ensure that risk considerations are a fundamental part of the company's operational and strategic decisions.

### 5.2. Structured and Comprehensive

A structured approach will ensure comprehensive risk management, covering all areas and types of risks, ensuring no potential risk is overlooked.

### 5.3. Customization

Risk management practices will be tailored to fit the company's specific context and objectives, recognizing that each company faces unique risks and challenges.

### 5.4. Inclusiveness

The involvement of appropriate stakeholders is crucial to understanding and managing risks effectively. This inclusiveness ensures that diverse perspectives and expertise are considered in the risk management process.



### **5.5. Dynamic**

Risk management practices will be responsive to change. The company will continually adapt its risk management strategies to address new and emerging risks as the business environment evolves.

### **5.6. Continual Improvement**

Regular review and improvement of risk management practices are essential. The company will strive for continual enhancement of its risk management processes to ensure they remain effective and efficient over time.

## **6. Roles and Responsibilities**

### **6.1. Board of Directors**

Ensuring an appropriate risk management framework is established and maintained, approving the risk management policy and its updates, periodically reviewing the effectiveness of the risk management system

### **6.2. Chief Executive Officer**

Implementing the risk management framework and ensuring adherence to the risk management policy to develop and implement risk mitigation plans, report on risk management activities and significant risks to the Board of Directors and ensure employees are aware of and understand the risk management policy and their roles in managing risks.

### **6.3. Management Team and Department heads**

Responsible for identifying and assessing Risks within their areas of responsibilities, implementing risk management practices according to the policy, reporting significant risks and incidents to CEO and ensuring their team members are aware of and trained in risk management practices.



### **6.4. Employees**

Must be aware of the company's risk management policy and understand their role in risk management. They are required to comply with risk management procedures and controls, report identified risks or incidents to their manager and actively participate in risk management training and initiatives.

### **7. Amendment**

Any change in the Policy shall be approved by the Board of the Company. The Board shall have the right to withdraw and/ or amend any part of the Policy or the entire Policy, at any time, as it deems fit, or from time to time and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/ modification in the Act or the rules framed thereunder and/ or any other laws in this regard shall automatically apply to the Policy.

### **8. Communication and Reporting of this Policy**

The Policy shall be displayed on the website of the Company [www.avi-oil.com](http://www.avi-oil.com). The Company Secretary shall report and update the Board periodically, on risk-related matters.

This revised ERM framework is effective from 21<sup>st</sup> August 2024