



TERRA CLEAN LIMITED
(A Wholly Owned Subsidiary of Indian Oil Corporation Ltd.)

RISK MANAGEMENT POLICY

Approved on:	15 th April 2026
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TERRA CLEAN LIMITED
RISK MANAGEMENT POLICY

I. PREAMBLE:

The Board of Directors has adopted the Risk Management Policy and procedures with regard to Risk Management in accordance with the Sec. 134(3)(n) of the Companies Act, 2013. This document lays down the framework for Risk Management at Terra Clean Limited (hereinafter referred to as the 'Company/ TeCL') and defines the policy for the same. It seeks to identify risks inherent in any business operations of the Company and provides guidelines to define, measure, report, control and mitigate the identified risks.

As there is no statutory requirement to constitute a Risk Management Committee, all activities pertaining to risk identification, assessment, and mitigation shall be undertaken and overseen directly by the Board.

II. OBJECTIVE:

An effective Risk management process is the key to sustained operations thereby protecting Shareholder value, improving governance processes, achieving strategic objectives and being well prepared for adverse situations or unplanned circumstances, if they were to occur in the lifecycle of the business activities. TeCL shall ensure implementation of effective Enterprise Risk Management by:

1. Putting in place Risk Management Frameworks and Processes.
2. Identifying risks and promoting a pro-active approach to treating such risks.
3. Allocating adequate resources to mitigate and manage risks and minimize their adverse impact on outcomes.
4. Optimizing risk situations to manage adverse exposure on deliverables and bring them in line with acceptable Risk Appetite of the company.
5. Striving towards strengthening the Risk Management System through continuous learning and improvement.
6. Providing clear and strong basis for informed decision making at all levels of the organisation on an ongoing basis, having duly evaluated like risks and their mitigation plan being controllable and within risk appetite.
7. Delineating Business Continuity Processes and Disaster Management Plans, for unforeseen exigencies and keeping the organisation constituents, prepared to deal with such circumstances appropriately and adequately, under eventuality of such happenings.
8. Complying with all relevant laws and regulations across its areas of operation.
9. Communicating this policy to the required stakeholders through suitable means and periodically reviewing its relevance in a continuously changing business environment.

The Board of Directors of the Company shall periodically review the Risk Management Policy of the Company so that the management controls the risk through properly defined framework.

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III. RESOURCES:

TeCL through its Finance, Operational and Human Resource department shall monitor the significant risks associated in the business processes and take necessary actions/ update the management proactively for taking necessary mitigative measures.

IV. RISK APPETITE:

The exposure of the company to risks should be maintained at a level acceptable to the Board of Directors, on behalf of the shareholders, which shall be reviewed and determined at appropriate intervals by the Board of Directors. Depending on availability and cost effectiveness, risk may be transferred or retained as appropriate.

V. RESPONSIBILITIES AND OWNERSHIP:

Every member/ employee of the organization is responsible for the effective management of risk including the identification of potential risks. Management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning processes and management activities.

VI. RISK MANAGEMENT PROCEDURES:

1.1 General

Risk management process includes four activities:

- a) Framework for Risk Identification,
- b) Risk Assessment,
- c) Measures for Risk Mitigation and
- d) Monitoring & Reporting.

1.2 Framework for Risk Identification

The purpose of framework of Risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented and shall include internal and external risks including financial, operational, sectoral, sustainability (including ESG related risks), information, cybersecurity risks or any other risks as may be determined. Risk documentation shall include risk description, category, classification, mitigation plan, responsible function / department.

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The head of the respective departments within the Company shall be responsible for implementation of the risk management system as may be applicable to their areas of functioning and report to the Board.

1.3 Risk Assessment:

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

- a) Impact if the event occurs
- b) Likelihood of event occurrence

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as - low, medium and high

The following are the broad areas to determine the various risks, their probability and available data in the public domain:

- a) Economic conditions,
- b) Environment related risks,
- c) Market related risks,
- d) Fluctuations in foreign exchange based on the exposures,
- e) Political developments and likely changes in major policies of the Government,
- f) Inflation and cost structures,
- g) Technological obsolescence,
- h) Financial reporting risks,
- i) Corporate accounting fraud,
- j) Legal risks, includes compliance with local laws, rules and regulations,
- k) Challenges to the quality of products,

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- l) Project quality, implementation and delayed commissioning,
- m) Human Resources Management, local cultures and values,
- n) Cyber Security risk

1.4 Measures for Risk Mitigation

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

- a) Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem to be the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- b) Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.
- c) Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.
- d) Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.
- e) Develop systems and processes for internal control of identified risks.
- f) Business continuity plan.

An agenda on Risk Management framework shall be placed before the Board of Directors on annual basis.

VII. AMENDMENTS:

The Board may, subject to applicable law, amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in this Policy will be resolved by the Board, in line with the broad intent of this Policy, as and when required.

VIII. DISCLAIMER:

This policy shall not be construed as a solicitation for investments in the Company's securities and shall neither act as an assurance of guaranteed returns (in any form), on investments in the Company's securities.