RISK MANAGEMENT POLICY
(adopted by the Board of Directors at the meeting held on May 28, 2022)

1. Introduction

Oxford Dictionary defines the term "risk" *as a chance or possibility of danger, loss, injury or other adverse consequences.*

Risk management is attempting to identify and then manage threats that could severely impact or bring down the organization in terms of turnover, market share, goodwill, profitability, competition, technology obsolescence, investments, environment, human resources, and such other factors.

2. Objective

This Policy lays down the framework of risk management for Nureca Limited (hereinafter "the Company").

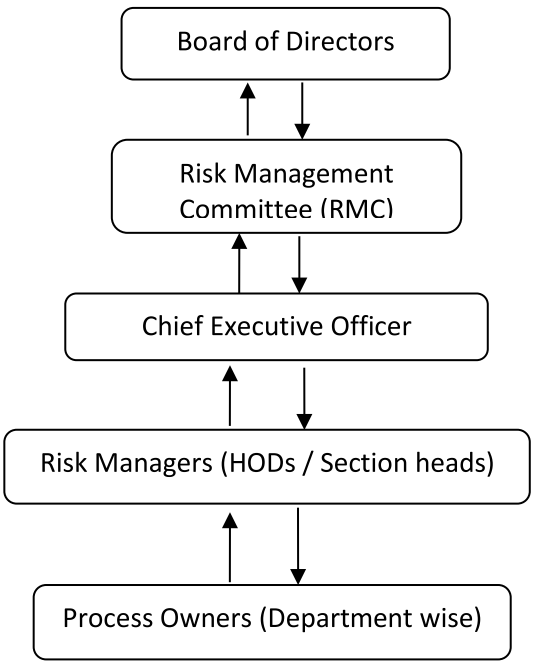
It seeks to identify and define risks in the business operations of the Company, to consider measures and process for mitigation against and minimization of such risks, control and management of that process and reporting thereon to stakeholders.

The primary objective of risk management is to protect the Company against risks to the value of the business, its capital and its continuity.

3. Risk Management Structure

A well-defined risk management structure serves to communicate the approach of risk management throughout the Company by establishing clear allocation of roles & responsibilities for the management of risks on a day to day basis.

The risk management structure of the Company is outlined below :



3.1 Roles & Responsibilities

3.1.1 Roles & Responsibilities of the Board of Directors

The Company's Board of Directors has the responsibility for overseeing the risks associated with the business and to ensure a robust Risk Management Framework to mitigate the risks.

3.1.2 Roles & Responsibilities of Risk Management Committee (RMC)

In order to achieve the objective, the Board has constituted a Risk Management Committee (RMC).

RMC reviews in detail risks to the business in all areas of its operations, considers and recommends cost effective measures to eliminate or minimise these and to protect the Company from these to the extent possible bearing in mind its strategy and business plans.

Roles & Responsibilities of RMC are :

- To formulate a detailed Risk Management Policy;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
- To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- Review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
- To coordinate the Committee's activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

3.1.3 Roles & Responsibilities of Chief Executive Officer

Chief Executive Officer has overall responsibility for the development and implementation of risk control principles, frameworks and processes across all categories of risks faced by the Company.

Roles & Responsibilities of Chief Executive Officer are :

- To identify, analyze and propose mitigation measures in respect of all risks associated with the Company through Risk Managers as and when they are perceived or foreseen or inherent in operations.
- Ensure effective implementation of the Risk Management Framework covering each vertical / function of the Company;
- Review the effectiveness, efficiency & suitability of the risk management processes and address weakness (if any);
- To inform the Board through RMC the risks being faced by the Company and mitigation measures being taken by the Management.

3.1.4 Roles & Responsibilities of Risk Managers

Head of respective functions / departments will be the Risk Managers and will be nominated by Chief Executive Officer from time to time depending on organizational structure and business imperatives, so as to ensure that risks pertaining to all functions are captured while identifying, assessing and mitigating risks.

Roles & Responsibilities of Risk Managers are :

- Identification and evaluation of risks in their respective functions / verticals on continuous basis with the support of Process Owners.
- Report identified risks along with mitigation measures to Chief Executive Officer.
- Ensure implementation of risk mitigation plans under the guidance of Chief Executive Officer.

3.1.5 Roles & Responsibilities of Process Owners

Process Owners shall be appointed by the Risk Managers within their function / area (one or more than one) to assist in the risk management activities.

Process Owners will assist Risk Managers in risk identification & assessment and effective implementation of risk mitigation plans.

4. Risk Management Process

The Risk Management Process of the Company aims at providing reasonable assurance regarding achievement of Company's objectives. It is an organized methodology for continuously identifying and measuring the risks; developing mitigation measures; implementing appropriate risk mitigation plans; and tracking the implementation to ensure successful risk reduction.

4.1 Risk Identification

The Risk Management Process starts with the systematic identification of risks which involves assessment of the external environment within which the Company operates as well as the internal dynamics of the Company.

The risks are to be identified by Chief Executive Officer with the support of Risk Managers and Process Owners, previous internal audit reports, information from competition, market data, Government Policies, past occurrences of such events etc.

Risks are broadly identified in the following categories; details within each category are identified and dealt with by Chief Executive Officer and RMC as appropriate:

- Financial Risks, including risk to assets
- Commodity Price Risks
- Foreign Exchange Fluctuation Risks
- IT risks including cyber security
- Legislative & Regulatory Risks
- Sustainability risks, including Environmental, Social and Corporate Governance (ESG) related risks
- Operational Risks: Markets, Production, Technology
- Risks arising from employment and manpower

4.2 Risk Assessment

Once risks are identified, they are assessed on the following parameters:

- Likelihood of risk events
- Impact of risk events

Thereafter, risks are rated in terms of High, Medium and Low scales.

Risk Managers are responsible for assessment of the risks, reporting to Chief Executive Officer.

4.3 Risk Mitigation

Risk mitigation involves selecting and agreeing to one or more relevant options for changing the probability of occurrence (likelihood), the effect of risks (impacts), or both, and implementing one or more of the following :

a) Risk avoidance
Withdrawal from activities where additional risks handling is not cost effective and the returns are unattractive in relation to the risks faced.

b) Risk acceptance
Acceptance of risk where potential returns are attractive in relation to the risk faced.

c) Risk reduction
Activities and measure designed to reduce the probability of risk crystallizing and/or minimize the severity of its impact (eg. hedging, reinsurance, value engineering and process improvement, quality management etc.)

d) Risk sharing
Activities and measures designed to transfer to a third-party responsibility for managing risk and/or liability for the financial consequences of risk.

Risk Managers along with Process Owners are responsible for implementation of risk mitigation for their respective functions / areas under the supervision of Chief Executive Officer.

4.4 Risk Monitoring and Reporting

Risk Managers, in consultation with the Chief Executive Officer, will monitor, evaluate and respond to the risks on monthly basis.

Chief Executive Officer will report the identified risks along with the proposed mitigation measures to RMC on periodic basis (at least half-yearly). RMC will report appropriately to the Board.

5. Evaluation of Internal Controls

Internal controls are safeguards that are put in place by the management of an organization to provide assurance that its operations are proceeding as planned. Evaluation of Internal control helps to provide reasonable assurance that the organization :

- Adheres to laws, regulations and management directives;
- Promotes orderly, economical, efficient & effective operations & achieves planned outcomes;
- Safeguards resources against fraud, waste, abuse and mismanagement;
- Develops & maintains reliable financial & management information and timely reporting.

The internal audit evaluates the effectiveness of internal controls relating to the organization's governance, and specifically relating to :

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts
- The potential for the occurrence of fraud and how the organization manages fraud risk

6. Business Continuity Plan (BCP)

Business Continuity Plans (BCP) are required to be defined for risks corresponding to high impact to enable rapid response to address the consequence of such risks when they materialize. Chief Executive Officer, in consultation with Risk Managers, shall take cognizance of risks faced by the Company and its impact which may impact business continuity while identifying risks and framing risk mitigation measures.

7. Review of the Policy

The Risk Management Policy shall be reviewed by the Risk Management Committee and the Board, as and when required, but not later than 2 years, based on the changes in the business environment/ regulations/ standards/ best practices in the Industry.