Policy of

The Identification & Monitoring

of The

Principal Risks & Opportunities

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1. **Policy Aim.** Identifying and monitoring principal risks and opportunities is a critical aspect of risk management for any company. By proactively recognizing potential risks, Frontier Oil Company-II (Private) Limited herein and hereafter called (The Company) or (FOC-II), developed strategies to mitigate or address them effectively based on the following steps to identify and monitor principal risks:

a. **Risk Identification.** Begin by conducting a comprehensive risk assessment across all areas of the company, such as operations, finance, compliance, reputation, technology, and more. This involves analyzing potential threats and vulnerabilities that could impact the FOC-II's objectives.

b. **Involve Key Stakeholders.** Engage key stakeholders, including executives, department heads, and subject matter experts, to gain diverse perspectives on risks specific to their areas of expertise.

c. **Use Risk Registers.** Create risk registers or risk databases to document identified risks. Each risk should be described in detail, including its potential impact, likelihood, root causes, and possible risk owners.

d. **Evaluate Impact and Likelihood.** Assess the potential impact and likelihood of each identified risk. This will help prioritize risks based on their significance and likelihood of occurrence.

e. **Risk Monitoring.** Establish Key Risk Indicators (KRIs), Define and establish KRIs for each principal risk. KRIs are specific metrics or data points that act as early warning signs for potential risk events. By monitoring these indicators, FOC-II proactively responds to emerging risks.

f. **Define Risk Appetite and Tolerance.** Determine the FOC-II's risk appetite and tolerance levels. This provides a framework for understanding how much risk the company is willing to take on and what level of risk exposure is acceptable.

g. **Regular Risk Assessments.** Perform regular reviews of the identified risks to ensure they remain relevant and up-to-date. Risks may change over time due to internal and external factors, and ongoing monitoring allows for timely adjustments to risk management strategies.

h. **Risk Reporting.** Develop a robust reporting mechanism to keep relevant stakeholders informed about the status of principal risks. Reports should include risk assessments, risk trends, and actions taken to address or mitigate risks.

i. **<u>Risk Culture.</u>** Foster a risk-aware culture throughout the organization. Encourage employees at all levels to report risks and provide feedback on potential risks they encounter during their daily activities.

j. **<u>Scenario Analysis.</u>** Conduct scenario analysis to assess the potential impact of various risk events on the company. This exercise helps in understanding how different risk combinations could affect the business.

k. **<u>Risk Mitigation and Response.</u>** Develop Risk Mitigation Plans for high-priority risks, and create detailed risk mitigation plans outlining specific actions to reduce the impact or likelihood of the risk event.

l. **<u>Contingency Planning.</u>** Develop contingency plans for handling risks that cannot be entirely avoided. These plans should outline the steps to be taken if a risk event occurs.

m. **<u>Monitor Risk Controls.</u>** Regularly review and assess the effectiveness of risk controls and mitigation strategies. Adjust these measures as needed to improve risk management.

n. **<u>Integrated Risk Management.</u>** Integrate risk management into FOC-II's overall strategic planning and decision-making processes to ensure a holistic approach to risk.

2. By implementing a robust risk identification and monitoring process, FOC-II proactively manages risks, safeguards their operations, and enhances their resilience to potential threats. Regularly reviewing and updating the risk management approach allows the Company to stay adaptive and responsive in a dynamic business environment.