MUFIN GREEN FINANCE LIMITED

RISK MANAGEMENT POLICY

V.02

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I. Introduction

Risk management is an integral component of the governance and operations of a Non-Banking Financial Company ("NBFC") and is essential for maintaining financial soundness, operational resilience and sustainable growth. Mufin Green Finance Limited (hereinafter referred to as "MGFL" or "the Company"), being an NBFC, has established this Risk Management Policy to provide a structured framework for identification, assessment, monitoring, mitigation and reporting of risks arising from its business activities.

The Policy has been formulated with reference to the applicable regulatory framework prescribed by the Reserve Bank of India ("RBI"), including the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025, as amended from time to time, and other applicable RBI directions, circulars and guidelines relating to risk management and governance.

Further, being a listed entity, the Company shall comply with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time, including the provisions relating to the Risk Management Committee and the risk management framework of the Company.

II. Definitions

Risk: The effect of uncertainty on the objectives of the Company. Risk is measured in terms of consequences and likelihood. Risks may be internal or external and are inherent in all administrative and business activities.

Risk Management: The identification, assessment, and prioritisation of risks, followed by coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of uncertain events, or to maximise the realisation of opportunities.

Risk Management Process: The systematic application of management policies, procedures, and practices to the tasks of establishing context, identifying, analysing, evaluating, treating, monitoring, and communicating risk.

Risk Assessment: A systematic process of identifying and analysing risks, consisting of a detailed study of threats, vulnerabilities, and resultant exposure.

Risk Mitigation: Action taken to reduce the Company's exposure to potential risks and reduce the likelihood of recurrence.

Risk Appetite: The amount and type of risk the Company is willing to accept in pursuit of its business objectives.

Risk Tolerance: The acceptable variation around objectives, expressed in quantitative limits, within which the Company is prepared to operate.

III. Objective

The objective of this policy is to ensure sustainable business growth with stability, and to promote a pro-active approach in reporting, evaluating, and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management, including a risk rating framework, to guide decisions on risk-related matters, and to enhance and protect business value from uncertainties and consequent losses.

The specific objectives of this policy are:

- To ensure that all current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, and managed.
- To establish a framework for the Company's risk management process and ensure company-wide implementation.
- To ensure systematic and uniform assessment of risks associated with the Company's lending and green/renewable-asset financing portfolios.
- To enable compliance with applicable regulations through adoption of best practices.
- To assure business growth with financial stability.

IV. Risk Management Principles and Policy Statement

A. Principles of Risk Management

- All business decisions will be made with prior information and acceptance of the risk involved.
- This policy shall provide for the enhancement and protection of business value from uncertainties and consequent losses.
- All employees shall be made aware of risks in their respective domains and the measures to mitigate them.
- Risk mitigation measures shall be effective in the long term and, to the extent possible, embedded in the Company's business processes.
- Risk tolerance limits will be determined by the respective functional departments for their areas of operation, reviewed regularly, and revised in line with changes in the Company's strategy.
- The occurrence, progress, and status of all risks will be promptly reported, and appropriate action taken.

B. Policy Statement

- To protect shareholder value through an integrated Risk Management Framework for identifying, assessing, mitigating, monitoring, evaluating, and reporting all risks.
- To provide a clear and strong basis for informed decision-making at all levels of the organisation.
- To continually strengthen the Risk Management system through continuous learning and improvement.

V. Risk Management Framework

Risk management protects and adds value to the Company and its stakeholders by supporting the Company's objectives — improving decision-making, planning, and prioritisation through a comprehensive and structured understanding of business activity, volatility, and opportunity/threat. It provides a framework

enabling future activity to take place in a consistent and controlled manner, helping create an environment in which risk management is consistently practiced across the Company and where management can take informed decisions to reduce the possibility of surprises.

The components of the risk management framework are shaped by the Company's business model and strategy, organisational structure, culture, risk categories, and dedicated resources. An effective framework requires consistent processes for assessment, mitigation, monitoring, and communication of risk issues across the organisation, aligned with corporate direction, strategic planning, and annual business planning. Risk management is a continuous and evolving process integrated with the culture of the Company.
An effective Risk Management Framework comprises:

- The Risk Management Process (Section VI); and
- The Risk Governance and Organisational Structure (Section VII).

VI. Risk Management Process

The risk management process adopted by MGFL comprises the following stages:

6.1 Establishing the Context
Defining the internal and external parameters within which risk will be managed, aligned with the Company's strategic objectives.

6.2 Risk Assessment
Risk Identification: Identifying sources of risk, areas of impact, events, and their causes and potential consequences, generating a comprehensive risk register. A risk not identified at this stage will not be included in further analysis.
Risk Analysis: Considering causes, trigger events, and consequences (positive and negative) of each risk, and the effectiveness of existing controls.
Risk Evaluation: Comparing the analysed level of risk against risk criteria as determined by the relevant department and Appendix I, to decide which risks require treatment and the priority of treatment.

6.3 Risk Treatment
Based on the risk rating, MGFL will select one or more of the following strategies for each identified risk:
a) Avoidance — not starting or discontinuing the activity giving rise to the risk.
b) Reduction — reducing the severity or likelihood of loss.
c) Sharing — transferring or insuring the risk, or outsourcing it.
d) Retention — accepting the risk within approved tolerance where the cost of transfer exceeds expected losses.

[Refer figure 1 below for detailed flow of the risk management process]

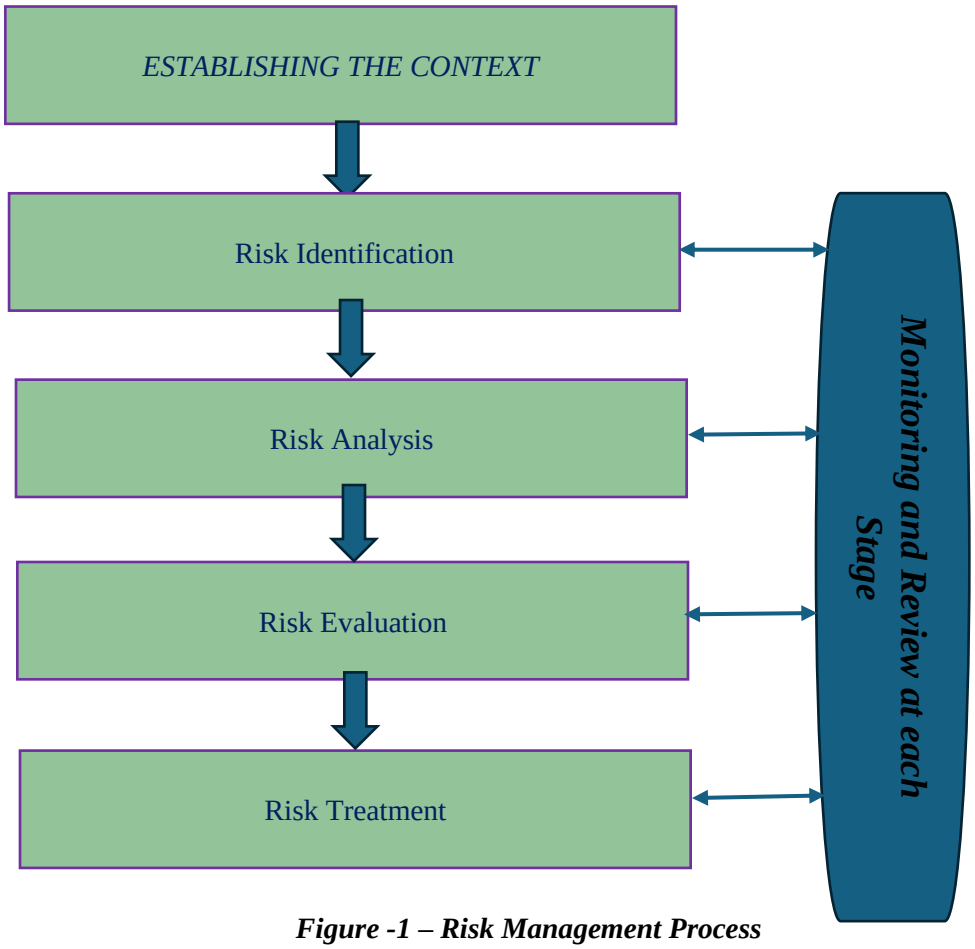

Figure -1 – Risk Management Process

6.4 Monitoring and Review

MGFL shall establish processes to:

- Measure risk management performance against Key Risk Indicators (KRIs), reviewed periodically for appropriateness;
- Measure progress against, and deviation from, the risk management plan;
- Periodically review whether the framework, policy, and plan remain appropriate given the Company's internal and external context;
- Report on risk and adherence to the policy;
- Periodically review the effectiveness of the framework itself, using structured analytical tools where appropriate.

6.5 Communication and Consultation

Risk information shall be communicated to relevant stakeholders — management, the Risk Management Committee, the Audit Committee, and the Board — at each stage of the process, per the reporting lines in Section IX.

VII. Risk Governance and Organisational Structure

MGFL's risk governance structure operates at two levels: the Board of Directors and the Risk Management Committee. Below this, risk management within each function is the responsibility of the respective Department Head, who reports to the Risk Management Committee.

7.1 Board of Directors

Has overall oversight for risk management. Approves the Risk Management Policy and material risk limits; reviews risk status through the Audit Committee.

7.2 Risk Management Committee (Board-level)

Reviews risk management policies and systems periodically, submits recommendations to the Audit Committee and Board, oversees development and implementation of risk mitigation plans, and conducts periodic risk assessment review (composition at Section X).

7.3 Departmental Risk Ownership

Each functional/business Department Head is responsible for risk management within their own area of operation, and is accountable for:

- Identifying, measuring, and managing risks specific to their department, within Board/Committee-approved limits, if any;
- Implementing the Board-approved Risk Management Policy and strategy within their function;
- Monitoring compliance with approved risk parameters and limits across their area of operation;
- Maintaining relevant risk records and MIS for their department, and identifying and correcting deficiencies as they arise;
- Submitting periodic risk reports to the Risk Management Committee, per the reporting cadence set out in Section IX.

Department Heads report directly to the Risk Management Committee on risk matters within their function, and through the Committee, to the Board.

7.4 Asset-Liability Management Committee (ALCO)

Functions as the operational unit responsible for managing the balance sheet within performance/risk parameters set by the Board. Composition, quorum, and meeting frequency (at minimum quarterly) shall be defined in the Company's ALM Policy and reviewed alongside this policy.

VIII. Risk Taxonomy and Risk-wise Management

MGFL recognises the following categories of risk to which it is exposed:

1. Credit Risk
2. Market Risk (including Interest Rate Risk)
3. Liquidity Risk
4. Operational Risk
5. Reputational Risk
6. Strategic Risk
7. Concentration and Contagion Risk
8. Information Security and Cyber Risk
9. Compliance and Regulatory Risk
10. Climate and ESG Risk

VIII.1 Credit Risk

Credit risk is the possibility of loss arising from the inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, hedging, settlement, or other financial transactions. Management of credit risk receives top management's attention and encompasses:

- Measurement of risk through credit rating/scoring;
- Quantification of risk through estimated loan losses;
- Control of risk through an effective Loan Review Mechanism and portfolio management.

Credit Concentration Risk is a specific sub-category, arising from concentrated exposure to a particular geography, sector, or borrower group; it is governed by concentration limits as determined by the relevant department.

Instruments of Credit Risk Management

Credit Approving Authority: A carefully formulated, multi-tier scheme of delegated approval authority for loan proposals.

Risk Rating: A comprehensive risk scoring/rating system serving as a single-point indicator of counterparty risk, standardised across borrowers, used for pricing, portfolio review, and management decisions. Rating parameters include probability of default and loss given default, benchmarked against factors such as age, credit score, education, and property ownership status.

Process Controls: KYC checks, Credit Bureau report analysis, and field due diligence (office and residence visits) conducted by external agencies and Company staff.

Portfolio Analysis: Regular analysis of portfolio performance by product segment, used to revise product programs, target markets, and credit assessment criteria, balancing volume growth against asset quality. Loans are secured by mortgage and third-party guarantee where applicable.

Loan Appraisal and Credit Processing Controls

- Loan applications sourced through the Marketing Team; system-driven login of proposals to avoid duplication.
- Independent verification of self-employed applicants' returns via government portals (e.g., Aadhaar, Income Tax).
- Periodic Fair Practices Code (FPC) workshops for Marketing and Credit teams, with emphasis on KYC/AML compliance and credit appraisal training.
- Regular interaction with Branch Managers to inform revisions to credit policy norms presented to the Board.
- Customer education on insurance of self and property to protect against unforeseen adverse events.

VIII.2 Market Risk (including Interest Rate Risk)

Market risk is the possibility of loss caused by adverse changes in market variables, including liquidity risk, interest rate risk, and commodity price risk. The Board articulates market risk policies, prudential limits, review mechanisms, and reporting/auditing systems, with accountability of line management clearly defined. ALCO (Section 7.4) is the top operational unit for managing the balance sheet within these parameters.

Interest Rate Risk (a sub-type of Market Risk) is the risk that changes in market interest rates adversely affect the Company's financial condition:

Earnings Perspective: Immediate impact on reported profits via changes in Net Interest Income (NII) or Net Interest Margin (NIM).

Economic Value Perspective: Longer-term impact on net worth as the economic value of assets, liabilities, and off-balance-sheet positions shifts with market rates.

Given MGFL's stage of ALM system development, Gap analysis is used to measure interest rate risk — grouping rate-sensitive liabilities, assets, and off-balance-sheet positions into time buckets by residual maturity or next re-pricing date. MGFL will set prudential limits on individual Gaps across time buckets, and on Earnings at Risk (EaR) or NIM, with Board/ALCO approval, linked to Total Assets, Earning Assets, or Equity.

Market Risk Controls

- Transparent, comprehensive market risk policies;
- Prudential risk limits for loan categories;
- Monthly credit portfolio quality monitoring;
- A robust internal audit system.

VIII.3 Liquidity Risk

Liquidity risk is the risk of insufficient liquid assets or limited access to market financing to meet contractual maturities, regulatory requirements, or investment needs. Sub-risks include:

Funding Concentration Risk — over-reliance on a single funding source;
Asset-Liability Mismatch — a skewed maturity profile leading to shortfalls and higher funding costs, especially in stress;
Market Perception Risk — sector-wide perception issues restricting access to funds.
Liquidity is tracked through maturity/cash-flow mismatches using a maturity ladder and cumulative surplus/deficit calculation at selected maturity dates, reviewed at minimum quarterly. This transcends individual-institution management, as liquidity shortfalls can have system-wide repercussions.

VIII.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events (including legal risk, but excluding strategic and reputational risk). Sources include human or technical error, and links exist between operational risk and credit/market risk — an operational failure in a transaction can trigger credit or market losses.

8.4.1 Identification and Assessment

MGFL will identify and assess operational risk inherent in all material products, activities, processes, and systems, and assess such risk before new products or processes are introduced, using a Risk and Control Self-Assessment (RCSA) methodology to:

- Identify key operational risks across products and processes;
- Assess the design and operating effectiveness of internal controls;
- Prioritise control improvement initiatives;
- Develop alternative controls for unacceptable risks;
- Embed operational risk management into day-to-day activity.

8.4.2 Risk Measurement

Internal loss-event data will be tracked as a pre-requisite for a functioning Operational Risk Measurement System, covering: events with actual loss, events with future impact, near-misses/accidental gains, events jeopardising business operations (e.g., system downtime), and events threatening employee safety. Each significant incident will be subject to root-cause and lessons-learned analysis by the risk management function.

8.4.3 Risk Monitoring

Key Risk Indicators (KRIs) will be identified from RCSA outputs and monitored, with leading indicators preferred over lagging ones. Thresholds will be set per the Company's risk appetite and linked to a traffic-light (Green/Amber/Red) escalation system.

8.4.4 Mitigation Controls

Process Compliance: Surprise checks on branches against defined compliance parameters, with gap identification and corrective rollout.
Employee Rotation Policy: No field employee posted in the same location for more than two years, to mitigate collusion/fraud risk, with transfer-cost support for affected employees.
Document Storage and Retrieval: Secure, bar-coded physical storage with an established records-management provider, supporting audit and statutory retrieval needs.
Insurance on Key Assets: Comprehensive cover (fixed assets, office equipment, cash-in-transit, employee fidelity).
Non-Compliance / Whistleblower Reporting: A formal, no-retaliation policy enabling employees to report process or policy non-compliance, with defined investigation and hearing procedures. Issues are categorised by nature (financial/non-financial), severity (major/minor), and type (procedural lapse, gross violation, disciplinary issue).
Internal Audit: Independent audit firm appointed by the Board.
Internal Financial Controls: Entity-level assessment (corporate governance, IT infrastructure, enterprise risk management, anti-fraud program, financial reporting) and process-level assessment (SOPs, risk control matrices, control design and operating effectiveness), in compliance with the Companies Act, 2013.

VIII.5 Reputational Risk

Reputational risk is the risk to earnings and capital from adverse perception of the Company's image among customers, counterparties, shareholders, investors, and regulators — arising from factors such as unethical practices, regulatory action, or customer dissatisfaction.

Mitigation

- Strict adherence to a Fair Practices Code, with employee training;
- A defined Grievance Redressal Mechanism, communicated to customers with published contact details;
- Proactive customer outreach to monitor service quality and field-staff adherence to policy;
- A fair, non-coercive delinquency management and restructuring approach;
- Industry-level engagement (e.g., through sector associations) to identify and address issues proactively.

VIII.6 Strategic Risk

Strategic risk is the risk to earnings and capital from lack of responsiveness to changes in the business environment, adverse business decisions, or adoption of wrong strategies.

Mitigation: Matters of strategic importance are referred to the Board, comprising members with diversified relevant experience, for structured deliberation.

VIII.7 Concentration and Contagion Risk

Concentration risk arises from increased exposure to a particular business, branch, geography, or borrower group. Contagion risk is the probability of credit default spreading among a group of borrowers in a geography or state — potentially crossing into culturally-aligned neighboring regions — arising from external or political factors, or specific to the lending model, from ghost-borrowing or ring-leader scenarios.
Mitigation

- Diversification limits by state/geography, tied to net worth limits as determined by the relevant department;
- Branch- and relationship-officer-level exposure/client thresholds to maintain span of control;
- Customer-connect programs validating genuine loan applications and absence of collusion;
- Relationship-based engagement to reduce likelihood of mass default behavior;
- Analytics on credit bureau data to identify early warning signs of default clustering, down to granular geographic levels.

VIII.8 Information Security and Cyber Risk

The Company shall protect sensitive information against loss of:
Confidentiality — ensuring only authorised personnel access information;
Integrity — ensuring correctness and completeness of information;
Availability — ensuring authorised users and processes can access information when needed.
Mitigation: MGFL shall implement a comprehensive information security management function covering IT and cyber-related risk. The Risk Management Committee, in consultation with an IT Strategy Committee, shall periodically review such risks. Internal controls and processes shall be supplemented with applicable insurance cover for identified IT/cyber risks.

VIII.9 Compliance and Regulatory Risk

The risk of legal or regulatory sanction, financial loss, or reputational damage arising from failure to comply with applicable laws, regulations, or internal policy. Governed by the regulatory framework identified in Section XII, with compliance monitored per Section XI.

VIII.10 Climate and ESG Risk

Given MGFL's focus on green and renewable-asset financing, the Company will assess the concentration and performance risk associated with its green-asset portfolio as a distinct risk factor, including exposure to technology, policy, and transition risk within the renewable-energy financing segment, reviewed periodically alongside credit concentration risk.

IX. Risk Reporting and Escalation

9.1 Quarterly Risk Review Report

Risk Owners shall review risks, identify any emerging/new risks, and assess the design and operating effectiveness of existing controls, re-rating risks as needed and preparing action plans where controls are inadequate. The report shall include:

- Risk rating movements and reasons for change;
- Newly identified key risks, with ratings and mitigation plans;
- Status of mitigation plan implementation and reasons for any delay.

The Risk Owner shall prepare and consolidate the report for review by the Risk Management Committee within 30 days following quarter-end. The Risk Management Committee shall submit its detailed report to the Audit Committee and/or the Board in the immediate next meeting of the Audit Committee and/or the Board.

9.2 Annual Risk Review Report

Risk Owners shall review the Risk Database annually, re-rating risks as applicable and confirming control effectiveness. The report shall cover the same elements as the quarterly report, on an annual basis.

9.3 Breach and Escalation Protocol

Where a risk tolerance limit determined by the relevant department is breached:

- The relevant Department Head shall notify the Risk Management Committee immediately upon detection of the breach;
- The Risk Management Committee shall determine interim mitigating action within 3 business days and report the breach to the Board/Audit Committee at its next meeting;
- A remediation timeline shall be documented and tracked to closure by the relevant Department Head, with status reported to the Committee per Section 9.1.

X. Risk Management Committee

The Board of Directors shall constitute the Risk Management Committee (RMC) with such composition and membership as may be determined by the Board from time to time, ensuring compliance with the applicable provisions of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the requirement of a minimum of three members, a majority of whom shall be members of the Board of Directors, with at least one Independent Director. The Chairperson of the RMC shall be a member of the Board of Directors.

The constitution and functioning of the RMC shall also comply with the applicable Reserve Bank of India (RBI) directions governing Non-Banking Financial Companies (NBFCs). In the event of any inconsistency between this Policy and the applicable regulatory requirements, the latter shall prevail.

Roles and Responsibilities of the Committee

In addition to its general oversight role, and in line with the requirements of Regulation 21 read with Schedule II Part D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), as applicable to the Company, the role of the Risk Management Committee shall, inter alia, include the following:

1) To formulate a detailed risk management policy, which shall include:
    a) A framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, sustainability (including ESG-related risks), information, and cyber security risks, or any other risk as may be determined by the Committee;
    b) Measures for risk mitigation, including systems and processes for internal control of identified risks;
    c) A business continuity plan.
2) To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company;
3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations, and actions to be taken;
6) To review the appointment, removal, and terms of remuneration of the Chief Risk Officer, if and when appointed;
7) To develop risk mitigation plans and implement risk reduction strategies, and to conduct periodic review and risk assessment;
8) To review and recommend the risk management policies and systems to the Audit Committee and the Board for approval;
9) To coordinate its activities with other committees of the Board, including the Audit Committee, in instances where there is any overlap with the activities of such committees, as per the framework laid down by the Board of Directors.

The overall monitoring of the Risk Cell rests with the Risk Head. The Board reviews risk status and progress regularly through the Audit Committee and/or Risk Management Committee. The Committee shall have the power to seek information from any employee, obtain outside legal or other professional advice, and secure the attendance of outsiders with relevant expertise, where it considers necessary.

XI. Compliance and Control

Department Heads, under the guidance of the Chairman and Board of Directors, are responsible for overseeing management's processes and results in identifying, assessing, and monitoring risk associated with the Company's business operations, and for implementing and maintaining policies and controls providing adequate protection against key risks. This includes assessing the appropriateness and effectiveness of management information and internal control systems, incorporating findings from external agency reviews and related action taken.

XII. Regulatory Basis

This policy represents the basic standard of risk assessment to be followed by the Company. All relevant employees must be familiar with and comply with the provisions of this policy.

This policy is framed in accordance with Section 134(3)(n) and Section 177(4)(vii) of the Companies Act, 2013, applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 (SEBI LODR Regulations), and the applicable RBI Directions and regulatory framework governing NBFCs, as amended from time to time.

In the event of any conflict or inconsistency between the provisions of this Policy and the applicable laws, rules, regulations, notifications, circulars or directions shall prevail.

XIII. Policy Review

This policy shall be amended by the Risk Management Committee, subject to Board approval, from time to time in line with business requirements or statutory/regulatory change, and shall be reviewed at least annually to ensure continued alignment with legislation and organisational needs.

XIV. Foreign Exchange Risk Management Policy

15.1 Policy Guidelines

The Company is bound by all applicable RBI guidelines as amended from time to time, together with the provisions of the Foreign Exchange Management Act (FEMA) and related Government/RBI notifications governing transactions in foreign currencies.

15.2 Objective

i) Assess the impact of foreign currency on MGFL's operations;
ii) Establish a protection strategy, defining permitted hedge instruments and limits;
iii) Restrict unexpected variance from unfavorable foreign exchange conditions affecting period earnings;
iv) Protect MGFL's cash flows and operating results within a defined time frame;
v) Serve as the basis for hedge accounting per the Company's internal accounting policy.

15.3 Foreign Exchange Risk

Risk arising from fluctuation in foreign exchange market prices, including but not limited to:

- Risk from MGFL's operations — revenues, costs, operating expenses, investments, contracts, and commercial transactions;
- Risk from existing operations, firm commitments, and expected/highly probable future transactions.

15.4 Purpose and Scope

This policy is an integral part of, and must be read in conjunction with, the Company's Risk Management Policy (Sections I–XIV above) as approved by the Board. It applies to all of MGFL's foreign exchange-related operations.

15.5 Risk Recognition

Capital Account Transactions

- Currency conversion risk on un-hedged principal repayment and interest payment amounts;
- Interest rate risk on floating-rate foreign borrowings;
- Long tenor of forex borrowing set against limitations on entering INR swaps beyond 10 years, given the absence of a liquid long-tenor swap market.

Current Account Transactions

- Currency conversion risk on unhedged inward/outward remittances, including related payables and receivables.

15.6 Management and Hedging Strategy

Managed separately for current and capital account transactions, under the following common principles:
i) Hedging is restricted to the exchange and interest rate risk of underlying foreign exchange assets and liabilities;
ii) Hedging transactions are undertaken only with Board-approved counterparties, subject to Board-approved counterparty limits;
iii) Responsibilities for transaction execution, follow-up, reporting, monitoring, and management are clearly demarcated by function;
iv) The policy is updated as needed to remain compliant with RBI requirements.

15.7 Sensitivity Analysis

Sensitivity to a given risk factor is assessed by applying a change in that factor to the pricing of an asset or portfolio and observing the resulting change in value. For each hedge operation and scenario, the Company shall document both the hedged exposure and the corresponding hedge instrument.

Appendix I — Risk Rating Criteria

The Risk Rating Criteria establish the standard for prioritising risk, based on:
Impact — the degree of consequence to the organisation should the event occur;
Likelihood — the probability of the event occurring, expressed as an indicative annual frequency.

Impact Criteria Definitions

Impact	Profit Reduction/ Loss (% p.a.)	Health & Safety	Natural Environment	Community/Govt./Reputation/Media	Legal & Compliance
1 – Negligible	—	No medical treatment required	Minor effects on biological/physical environment	Minor, adverse local public/media attention	Minor legal & compliance issues
2 – Minor	< 1%	Reversible disability requiring hospitalisation	Moderate, short-term effects; ecosystem functions unaffected	Media attention; heightened local community concern	Noncompliance and regulatory breaches
3 – Moderate	1% – 5%	Moderate irreversible disability/impairment	Serious medium-term environmental effects	Criticism by national government	Serious breach; possible investigation, report to authority, or fine
4 – Major	5% – 15%	Single fatality or severe irreversible disability	Very serious, long-term ecosystem impairment	Significant adverse national media/government attention	Major regulatory breach; major litigation
5 – Severe	> 15%	Multiple fatalities or significant irreversible effects to 50+ persons		Serious public/media outcry; international coverage	Significant prosecution and fines; serious litigation, incl. class actions

Likelihood Criteria Definitions

Likelihood	Occurrence in Future	% Chance	Occurrence in Past
1 – Rare	Not likely; almost impossible within 2–5 years	< 5%	No similar instances historically
2 – Not Likely	May occur once or twice within 2–5 years	5–9%	Occasional instances in the last 2–5 years
3 – Likely	Possible; may arise once or twice in the next year	10–49%	One or two similar instances in the past year
4 – Highly Likely	May arise several times in the next year	50–80%	Occurred several times in the past year
5 – Expected	Near-routine, monthly, within the next year	> 80%	Commonly occurs every year historically

Risk Scoring Map

Likelihood \ Impact	1 - Very Low	2 - Low	3 - Moderate	4 - High	5 - Very High
1 – Rare	Low	Low	Low	Low	Low
2 – Not Likely	Low	Low	Low	Medium	Medium
3 – Likely	Low	Low	Medium	High	High
4 – Highly Likely	Low	Medium	High	High	High
5 – Expected	Low	Medium	High	High	High

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