



RISK MANAGEMENT POLICY

Dodla Dairy Limited





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INTRODUCTION

Dodla Dairy Limited (*hereafter referred to as the “Company”*), recognizes the significance of a well-defined risk management system across the organization, that is embedded across all units and departments, and supports achievement of strategic objectives.

The Company acknowledges that in a dynamic business environment it operates in, risks are inherent to its operations, and that risks though cannot be eliminated completely, it is important to foster proactive treatment of the wide domain of risks to enable preservation and creation of value for its stakeholders.

The Company has laid down a risk management policy (*hereafter referred to as the “Policy”*) that supports the implementation of Enterprise Risk Management (*hereafter referred to as “ERM”*) framework across the Company. The policy provides the broad contours to define, implement, review, and continually enhance its risk management processes in line with applicable regulations and leading practices.

This policy provides an overview of the Company’s Risk Governance structure and illustrates the roles and responsibilities of constituent committees and role-holders within it. The policy comprises of the following sections:

- Policy Objectives
- Risk Governance Structure
- Enterprise Risk Management Roles and Responsibilities

The Risk Management policy shall be read with the Enterprise Risk Management Framework, which elaborates on the detailed guidelines on risk management to enable timely risk identification and treatment.

1. Purpose

The purpose of this policy is to define the requirements around Enterprise Risk Management. This document defines the scope, objectives, and philosophy behind risk management such that it is, designed, implemented, and integrated across the organization to drive and thereupon improve the Company’s risk management capabilities in a structured manner.

2. Regulatory Requirements

The Companies Act 2013, and SEBI Listing Obligations and Declaration Requirements (LODR) (*hereafter referred to as “Listing Regulations”*), 2015 and as amended from time to time, have incorporated various provisions in relation to Risk Management Policy. This policy is framed in compliance with the provisions of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 21 of SEBI Listing Regulations 2015.

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board’s Report should contain a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company.

The provisions of Part-D of Schedule II of SEBI Listing regulations, require that the Risk Management Committee develop a detailed risk management policy for the listed Company, monitor and oversee its implementation and evaluate adequacy of risk management systems, and periodically review the risk management policy at least once in two years, considering industry dynamics and evolving complexity.



3. Scope

The policy shall apply to Dodla Dairy Limited and consistently across all levels of the Company, covering operations across its corporate office, procurement/ collection centers, chilling centers, production plants, distribution outlets, sales offices, third party operations, projects, management, and across different tiers of employees.

4. Objectives

The objective of this policy is to lay down and establish a structured approach to the ERM process for the Company and to facilitate risk-based decision making. The specific objectives of this Policy are:

- Facilitate and improve risk governance and accountability across the organization
- Promote a proactive risk management system that supports the Company's growth strategy
- Support the achievement of the Company's mission, vision, and strategic objectives in line with its core values, through risk-informed decision-making
- Identify and pursue existing and new opportunities in accordance with the Company's risk appetite, and strategy
- Strengthen the ability of role holders and constituent committees through defined roles and responsibilities for identifying, assessing, responding, monitoring, and reporting on risks.
- Establish a process to identify and assess risks that have the potential to impact business continuity of the Company and define response recovery plans for such risks.

5. ERM Policy Statement

By implementing Enterprise Risk Management, the Company aims to build and foster an effective risk management system, that is based on the following underlying principles:

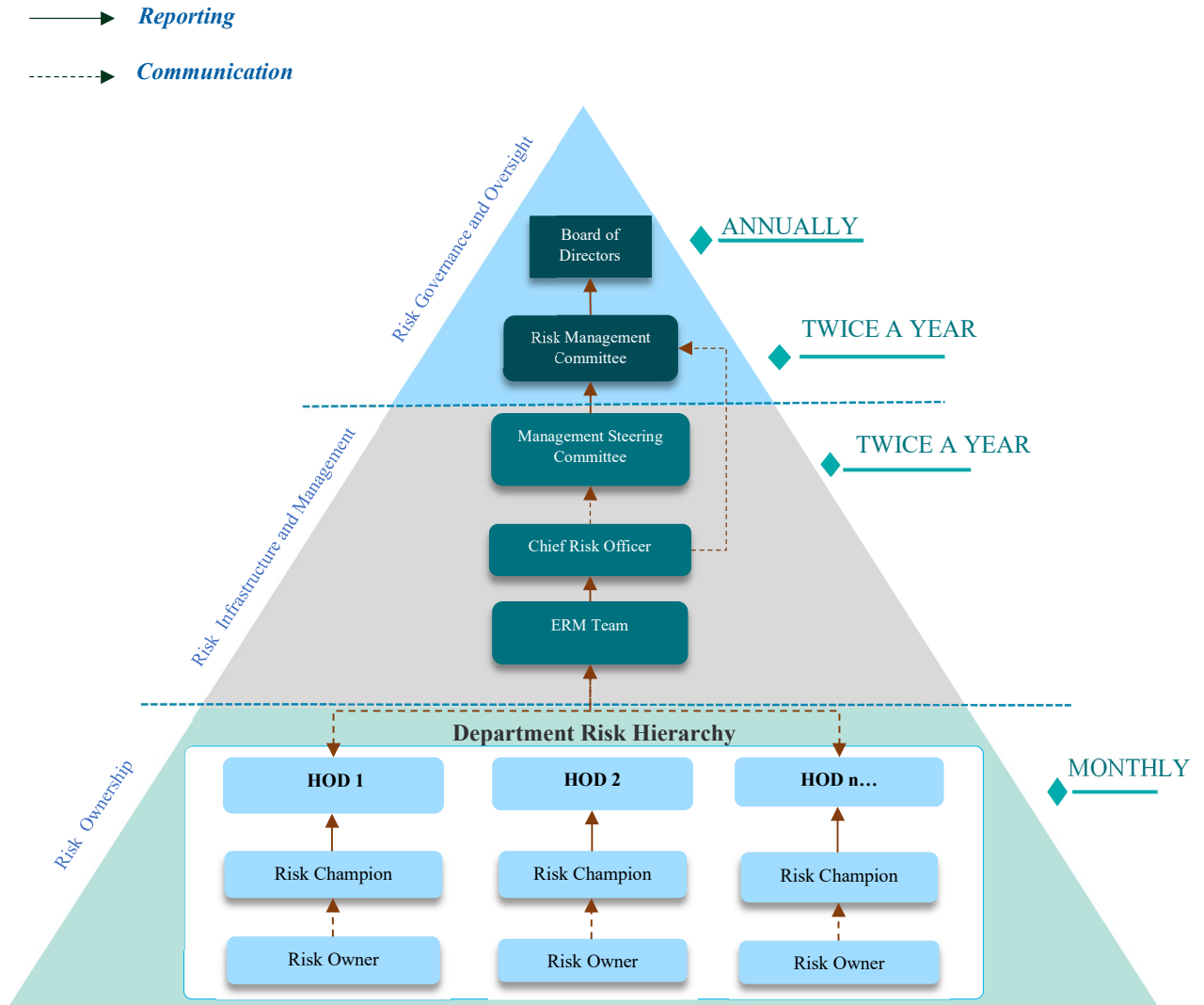
- The Company shall embed and strengthen the culture of accountability and transparency towards risk reporting and governance covering its people, processes, and technology
- The Company will align and integrate varying views on risk management to ensure a uniform risk management framework across decision making within operations and functions.
- The Company strives to anticipate, assess, monitor, and take preventive action to manage or mitigate risk exposure.
- The Company endeavors to create and foster risk awareness across the organization, through continuous education and training on risk management.

All employees of the Company shall strive towards participating in the risk management during their day-to-day activities and operations.



6. ERM Governance Structure

The following risk governance structure has been adopted by the Company to create a risk aware culture across the organization.



6.1 Risk Governance and Oversight

6.1.1 Board of Directors

The Board is committed to the objectives of Enterprise Risk Management, and to promote oversight of organizational risk exposures, in achieving the Company's strategic objectives. The Board plays a critical role in facilitating an enterprise-wide approach to risk management by formulating organizational objectives, strategies, and approving broad-based resource allocation.

The Board will meet annually to review the key residual risks and associated response plans.

Roles and responsibilities of the Board with respect to ERM are broadly classified as follows:

- Approve the ERM Policy
- Review and approve the Company's risk profile and risk appetite



- Evaluate the effectiveness of risk management systems on an annual basis covering key risks and associated risk response plans.
- Review and approve risk disclosures to external stakeholders in adherence to regulatory requirements.

6.1.2 Risk Management Committee

The Risk Management Committee (hereafter referred to as the “*Committee*” or “*RMC*”), has been constituted in alignment with the requirements laid down by the Regulation 21 of the SEBI Listing Regulations and as amended from time to time.

According to SEBI Listing Regulations, the Board of Directors shall define the role and responsibility of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee. The Board of Directors has constituted the Risk Management Committee to assist the Board with the review and oversight on risk management responsibilities.

Composition

The Board of Directors has constituted the RMC to assist the Board in review and oversight of risk management. The composition of the Committee is as follows;

- a) The Committee shall consist of minimum three members;
- b) Majority members of the Committee shall be Board members; *and*
- c) The Committee shall include at least one independent director.

The Chairperson of the Committee shall be a member of the Board and shall be responsible for overseeing the functioning of the Committee. The Company Secretary shall act as the Secretary to the Committee.

Quorum

The quorum necessary for transacting business at a meeting of the RMC shall be either two members or one third of the members of the committee, *whichever is higher*, including at least one member of the Board in attendance. *(Regulation 21 (3B) of the Listing Regulations)*

Meetings

- The Committee shall meet at least twice in a year with a gap of not more than one hundred and eighty days elapsing between any two consecutive meetings;
- All or any members may participate in a meeting by video conferencing or by other audio-visual means. A member so participating is deemed to be present in person at the meeting and shall be counted for the purpose of quorum at the meeting of the RMC;
- The Company Secretary shall be responsible, in conjunction with the Chairperson for compiling and circulating the agenda and papers for the meeting;
- Formal decisions shall be made by simple majority, in case of equality the Chairperson of the meeting shall have the casting vote;
- The Company Secretary shall prepare minutes of all the meetings of the RMC and shall circulate the same to the Board and RMC for consideration;
- RMC shall report the outcomes of all its meetings to the Board periodically.

Roles and Responsibilities

The roles and responsibilities of the RMC as defined in the Terms of Reference are;

- Review the 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 (particularly, ESG



- related risks), information, 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) Business continuity plan.
- Monitor and oversee implementation of the risk management policy, including evaluation of the adequacy of risk management systems.
 - Ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company.
 - Keep the Board informed about the nature and content of RMC discussions, recommendations, and actions to be taken.
 - Periodically review the risk management policy, at least once in two years, and recommend to Board for approval.
 - The appointment, removal, and terms of remuneration of the Chief Risk Officer shall be subject to review by the RMC.

The Risk Management Committee shall coordinate its 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.

6.2 Risk Infrastructure and Management

The Risk Governance and Oversight function comprises of the Board and Risk Management Committee, who played a pivot role in framing the ERM Policy and guidelines. The next two levels of risk responsibilities, namely Risk Infrastructure and Risk Ownership, are shared by the key executives and employees of the Company. The roles and responsibilities for teams constituting the Risk Infrastructure function as per the risk governance structure are as elaborated below;

6.2.1 Management Steering Committee

The Management Steering Committee (hereafter referred to as “*MSC*”) shall assist the Board and RMC in fulfilling its oversight responsibility for the risk management process and deliberate on the key risks to be reported to the RMC and Board respectively.

Composition

The MSC shall comprise of the Company’s senior management, as below, who may participate in the meeting(s) at their discretion, depending on the agenda:

1. Managing Director (MD)
2. Chief Executive Officer (CEO)
3. Chief Risk Officer (*Convenor*)

The respective Head of Departments (HoDs) or their nominated Risk Champions shall be invited to the MSC meetings whenever their presence is deemed required (*to be decided by MSC members*) to present their respective key risks and associated response plans. They may be invited to attend part or all MSC meetings as appropriate. The ERM Team shall be an invitee to the meetings of the MSC.

Quorum

The quorum necessary for transacting business at a meeting of the MSC shall be either *one of the two members* (i.e., MD & CEO), in addition to the Chief Risk Officer in attendance.



Roles and Responsibilities

The roles and responsibilities of the MSC are as follows:

- Review key risk(s), associated response plans, and the changes in risk rating, as presented by the CRO. Thereafter, the MSC shall prioritize on the key enterprise risks and associated response plans to be reported to the RMC.
- Review Critical project risks and associated response plans, to be reported to the RMC.
- Review the existing risk management process and documentation and evaluate the assessment of risks.
- Deliberate and evaluate the appropriateness of risk response plans for key risk(s), especially for risks where cross-functional inputs are required.
- Review various scenarios that may adversely impact business continuity of the Company and the Company's readiness in responding to such scenarios.
- Review risks associated with proposed capital investments prior to investment decisions and to continue monitoring the associated risks till operationalization of the project.
- Monitor and review the consolidated Risk Register for the Company and evaluate the appropriateness of response plans for key residual risk(s).
- The MSC shall approve risks proposed by respective departments/plants, propose new risks if required, review response plans, and monitor KRI threshold breaches.
- Recommend training programs for staff with specific risk management responsibilities to enhance awareness.
- Deliberate and help establish limits on risk appetite for the Company in consultation with the Finance and constituent departments.

6.2.2 Chief Risk Officer

The **Chief Risk Officer** (hereafter referred to as “CRO”) shall facilitate the risk management processes and support the implementation of the ERM program by driving initiatives to foster a risk-aware culture across the Company

The roles and responsibilities of the CRO shall include:

- Drive ERM framework and concepts throughout the Company and oversee the governance of risk management processes throughout the Company
- Exercise oversight and monitor implementation of risk management activities including key timelines
- Periodic interactions with the ERM Team on the risk management processes and deliberate on key risks from the consolidated risk register
- Convene the MSC meetings and present updates / changes to risk assessment to the MSC for approval. Further, compile and circulate the agenda and papers for the MSC meetings and minutes.



All key risks shall be first addressed at the department/plant/project level and thereafter reported to the MSC and RMC.

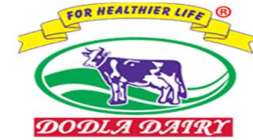
- Support management in determining risk appetites, identifying trends, and emerging risks; collaborate in identifying and assessing risks for new business initiatives, and in evaluating strategic alternatives.
- Update MSC on key initiatives taken around risk management. Report to the MSC on the organization's risk exposures and challenges on any business strategy relative to its risk appetite and risk tolerance
- Collaborate closely with Head of Departments (HoDs) and executives to assess management preparedness and challenge assumptions in response plans or robustness of controls
- Ensure timely reporting and monitoring of key risks and associated response plans through ERM Team
- Discuss and highlight best practices with respect to risk response or risk management practices to foster a risk management culture across the Company's operations.
- Organize training programs, in coordination with the HR department on various risk topics for staff with specific risk management responsibilities, as recommended by the MSC, to enhance awareness across the organization.
- Ensure risk register is updated based on inputs from the MSC and RMC

6.2.3 ERM Team

The ERM Team shall be responsible for administrative and operational activities in the ERM process and reporting requirements. The ERM Team will coordinate with each of the Risk Champions of respective departments/plants/projects, to consolidate the risk register for the Company.

Roles and responsibilities of the ERM Team are:

- Support the execution of risk management practices including risk identification, impact assessment, response planning, monitoring, and reporting across the Company, through collecting and reviewing risk specific data and consolidating risk registers.
- Consolidate the Enterprise Risk Register from each department/ plant along with their respective response plans for reporting to the Chief Risk Officer. All key risks shall be first addressed at the department/plant/project level and reported by the CRO to the MSC and RMC.
- Liaise with the Risk Owners and Risk Champions to coordinate flow of information and escalation of key risk issues/concerns between the CRO and Head of Departments
- Enable the implementation of the ERM Framework and concepts by provide guidance and support to the Risk Champions, as needed.
- Provide insights on new and existing risks basis workshops and research and assess adequacy of mitigating controls.



- Evaluate assessment of existing risks and interact with risk owners and champions across departments on potential risks
- Support the CRO for development of communications and organize training programs, in coordination with HR department on risk management
- Provide guidance and support to the Risk Owners and Risk Champions and challenge assumptions in risks assessment and associated response plans, on a continuous basis.
- Prepare and maintain relevant documentation and risk management reports for the Company
- Monitor the Key Risk Indicators (KRIs) of the Key Risks on a continuous basis.
- Track action items from previous MSC and RMC meetings and recommendations, and update CRO on implementation thereof.

6.3 Risk Ownership

6.3.1. Head of Departments (HoDs)

Sound risk management is best achieved by embedding it across the Company's functions. The risks identified by the departments and associated response plans are reviewed by their respective HoDs, who may participate in the MSC meetings as invited. Discussions around risk management and risk related reviews shall be undertaken during the monthly department/ unit level meetings, and risk management shall accordingly form a part of the agenda of such meetings. The departments/ units/ projects shall deliberate on key risks & emerging risks monthly and on moderate and low risks on a quarterly basis with their respective HoDs.

The roles and responsibilities of the HoDs includes the following:

- Identify new and emerging risks for the department
- Review the risk register and progress, timelines, and appropriateness of the response plans on a monthly basis
- Monitor the Key Risk Indicators for key risks at the department level on a continuous basis.

6.3.2 Risk Champions

Risk Champions will be responsible to coordinate with risk owners on the risk management related activities for their respective function. They help in consolidating the risk register. The roles and responsibilities of the Risk Champions include;

The roles and responsibilities of the Risk Champions include:

- Coordinate and manage the risk management activities for their respective departments/units.
- Assist in keeping risk register/risk profile and related response plans updated by coordinating with respective Risk Owners
- Report key risks, progress on risks assessment and response plans of the department to ERM Team



- Escalation of challenges, concerns, or unforeseen developments pertaining to existing or emerging risk(s) to the ERM Team. Further, any significant changes in risk ratings (*upward/downward movement*) post risk refresh exercise, should be reported to the HoDs in the next review cycle.
- Ensure adequate justification is given to the ERM Team on the changes in risk ratings, vis-a-vis the internal and external factors that have played a role in the change in risk ratings, adequacy of existing controls/risk response plans implemented or reasons for not addressing the emerging risk(s) in previous review cycles.

6.3.2 Risk Owners

The final ownership of enterprise risks and treatment rests with the Risk Owners. The Risk Owner is one who can drive and monitor the progress of the response plans. The Risk Owners may further delegate the response plans and action plans down the hierarchy to ensure ground-level implementation of response plans. Risk Response Owners may be appointed to monitor existing controls and risk response plans developed, monthly.

The roles and responsibilities of the Risk Owners are elaborated in the **ERM Framework** document.

7. ERM Process and Framework Overview

To effectively manage uncertainty, respond to risks and exploit opportunities as they arise, the Company shall implement an ERM Framework based on leading risk management standards such as COSO 2017 ERM Framework and ISO 31000:2018 Risk Management Framework, that lays down guidelines on the risk management process

The detailed guidelines on the risk management process, including identification, assessment, prioritization in line with a uniform assessment and prioritization matrix to enable treatment of varied risk domains (*including financial, operational (manufacturing/ force majeure events), strategic (R&D/ product development), talent, technological (cyber-attacks/ new technology adoption among other categories)*) is elaborated in the ERM Framework

8. Communication

This policy shall be communicated to all operations, departments, plant operations, projects and stakeholders involved in the risk management process of the Company.

9. Review

This Policy shall be reviewed at least every two years to ensure that it is aligned with the changes in business environment and regulatory requirements; *and*

The Board of Directors on its own and / or as per the recommendations of Risk Management Committee/Audit Committee approve any changes to this Policy, as and when deemed fit.

10. Disclaimer- Amendments to the Policy

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the applicable rules, regulations, notifications as may be issued by relevant regulatory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

This Policy was last amended on 12/02/2024.