IFB AGRO

RISK MANAGEMENT FRAMEWORK/POLICY

Structure and Segregation of Duties & Responsibilities:

The Board of Directors and the management ensures that the risk management plans of the Company are formulated, implemented and monitored.

The Company through its Board has constituted a Risk Management Committee which is responsible for monitoring and reviewing the strategic risk management plans of the Company as a whole and provides necessary directions on the same.

The scope of the Audit Committee includes, inter-alia, risk management, and reviewing internal audit findings and providing guidance on the overall control of the Company.

The responsibility for management of risks at the individual businesses vests with the Divisions.

The annual planning exercise requires all Divisions to identify their top risks and set out Mitigation Plans with timelines and accountability. The action plans for execution of the strategies are agreed and their progress are monitored by the Divisional Head.

The Divisional Head in each Division is made responsible for coordinating and reporting on the risk management activities.

Divisions are required to ensure that Standard Operating Procedures for major areas of operations, are in place, clearly delineating the accountabilities in the systems / process chains and regularly reviewed for ensuring superior quality thereof. Internal Auditors continuously verify adherence to the laid down policies and procedures, and help plug control gaps by assisting operating management in the formulation of control procedures including Standard Operating Procedures for major areas of operation.

RISK MANAGEMENT PROCESS IN THE DIVISIONS

The three phases of Risk Management process are as follows:

- **Risk Assessment**
- **Risk Mitigation**
- **Risk Monitoring and Reporting**

Risk Assessment is an on-going process and consists of the following activities:

- Risk Identification

  This process captures/identifies the significant risks that may have adverse impact on the realisation of business objectives as articulated in the business plans. The Divisional Head of the businesses formally review and adopt the risk and provide directions for their mitigation.

- Risk Prioritisation

  The identified risks are prioritised on the basis of impact, probability of occurrence and effectiveness of mitigation processes. The 'Top 10' risks of each business are identified by the respective Divisional Heads, along with strategies and action plans for mitigation as part of the risk template.

Risk Mitigation

Risk mitigation strategies and action plans are drawn up by the Divisional heads and entails the following:

- Root cause analysis to identify the reasons / drivers for existence of the risk.

- Development of mitigation plans with defined responsibilities, action plans, timelines with milestones and its approval by the Chief Operating Officer.

- Detailed action and schedule for implementation of the mitigation plans as approved by the chief operating officer.

Risk Monitoring and Reporting

This process aims to provide assurance to the Risk Management Committee, Audit Committee and the Board of Directors on the effectiveness of risk management system in the Company.

The Divisions report status of 'Top 10' risks on a quarterly basis through a Risk Mitigation Report, based on a formal and comprehensive review by the respective Divisional head. This report is placed before the Risk management Committee, which independently reviews and validates the same.

In this exercise, Internal Audit works closely with the Divisions and assists through independent validation of progress on risk mitigation plans.

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