Enterprise Risk Management (ERM) Policy

1. Introduction

This **Enterprise Risk Management (ERM) Policy** outlines Deepak Nitrite Limited's approach to managing risks across its business ecosystem. The policy establishes risk management principles to guide employees, management, and stakeholders in integrating ERM into strategic planning and day-to-day operations. It reflects the organization's commitment to creating a risk-aware culture and protecting stakeholder value while pursuing growth and innovation.

2. Purpose

The purpose of this policy is to establish a common, organization-wide understanding of enterprise risk management across Deepak Nitrite Limited. It aims to:

- Promote proactive identification and mitigation of risks.
- Define expectations and actions across all business units.
- Provide a unified framework for risk-informed decision-making.
- Encourage responsible risk-taking within the Company's defined risk appetite.

3. Scope

This policy applies to **all business functions, operations, projects, and geographies** within Deepak Nitrite and its subsidiaries. It considers a wide range of risks that may affect the achievement of the Company's strategic, operational, financial, environmental, compliance, and reputational objectives.

4. Applicability

This ERM Policy is applicable to **all employees, departments and subsidiaries** of Deepak Nitrite, and covers all levels of the organization.

5. Enterprise Risk Management (ERM)

Enterprise Risk Management (ERM) at Deepak Nitrite is a structured and ongoing process that helps the company identify, assess, prioritize, and mitigate risks across all functions and geographies. It enables proactive management of uncertainties by aligning risk practices with business objectives, ensuring informed decision-making, and maintaining a balance between risk and reward. ERM supports long-term value creation by fostering a risk-aware culture and strengthening organizational resilience.

6. Policy Statement

Deepak Nitrite is committed to fostering a **strong risk management culture** that integrates enterprise-wide risk awareness into all strategic and operational decision-making. By embedding a risk-conscious mindset across all

levels, we aim to **enhance organizational resilience, performance, and sustainable growth** and a risk aware culture across the organization for creating and protecting the stakeholder's value.

7. Principles of ERM Policy

To establish and implement a robust ERM framework, Deepak Nitrite shall:

- **Promote Risk Awareness**: Build a risk-informed culture through continuous training, internal communication, and leadership engagement.
- **Define Risk Appetite**: Establish the types and levels of risk the Company is willing to accept in pursuit of its objectives.
- **Integrate Risk and Strategy**: Align risk management with strategic planning, business reviews, major investments, and project execution.
- **Clarify Roles and Responsibilities**: Clearly assign ERM responsibilities to individuals and functions at all levels.
- **Standardize Risk Management**: Apply consistent terminology, risk categorization, and assessment metrics across all units.
- **Ensure Transparency and Reporting**: Maintain open channels for risk reporting and internal communication.
- **Leverage Technology**: Use technology to enable effective and efficient risk monitoring and reporting.
- **Benchmark and Improve**: Regularly review and update the ERM framework against global standards and industry best practices.

8. Roles and Responsibilities

a) Board of Directors

Provides overall oversight and approves the ERM Policy. Ensures that risk management is integrated into governance and strategic decisions.

b) Risk Management Committee

- Guides development and implementation of the ERM framework.
- Monitors strategic, financial, operational, sustainability (ESG), cyber security, and compliance risks.
- Ensures mitigation strategies and internal controls are in place and effective.
- Reviews and oversees Business Continuity Plans (BCPs) periodically.

c) Executive Leadership Team

- Implements the ERM framework.
- Ensures departmental compliance with risk procedures.
- Embeds risk management into daily business decisions.

d) Risk Champions / Functional Heads

- Identify and evaluate risks in their areas.
- Develop mitigation plans.
- Report new or emerging risks to the central ERM function.

e) All Employees

- Responsible for adhering to ERM processes.
- Expected to identify, escalate, and respond to risks as per their roles.

9. Risk Categories Covered

The ERM framework encompasses a broad range of risks including, but not limited to:

- **Strategic Risks**: Market competition, M&A risks, geopolitical events.
- **Operational Risks**: Plant safety, supply chain disruptions, process failures.
- **Financial Risks**: Liquidity, forex fluctuations, credit defaults.
- **Regulatory and Compliance Risks**: Environmental norms, chemical safety standards, SEBI and other legal requirements.
- **Cyber, Information security and IT Risks**: Data breaches, system outages, intellectual property theft.
- **Sustainability and ESG Risks**: Climate change, pollution control, community impact.
- **Reputational Risks**: Product quality issues, adverse publicity, stakeholder dissatisfaction.

10. Business Continuity Planning (BCP)

The Company shall maintain Business Continuity Plans (BCPs) to ensure continued operations during disruptions. These plans shall be regularly tested and updated to reflect new risks and evolving conditions.

11. Review and Approval

This policy shall be reviewed **annually** or in response to significant changes in the business, regulatory, or risk landscape. Updates will be proposed by the Risk Management Committee and approved by the Board of Directors.

CEO & Executive Director
June 15, 2025