



RISK MANAGEMENT POLICY

1. Philosophy behind the Risk Management:

Star Cement Limited (SCL) believes that the risk management is essential element in achieving business objectives and deriving opportunities from market. Effective risk management practice is an essential element in attaining corporate goals.

For expansion and safeguarding businesses a comprehensive approach to the risk management requires. This policy is to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit and to ensure that no risks result in any material impact to the financial as well as operational performance of the Company.

2. Objective:

Employees at all levels shall consider the risk involved in the decision making and should continuously monitor and find ways to improve the risk management framework. All employees are expected to accountable for the risk and risk management at all levels.

3. Constitution of Risk Management Committee

The Board has constituted the “Risk Management Committee” and it is in line with the requirements of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’). The Board has the authority to reconstitute the Risk Management Committee from time to time as it may deems appropriate.

3.1 The Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including atleast one Independent Director.

3.2 The Chairperson of the Risk Management Committee shall be the member of the board of directors and senior executives of the listed entity may be members of the committee.

3.3 The Committee shall meet atleast twice in a financial year.

3.4 The quorum for the meeting of the committee shall be either two members or one third of the members of the committee, whichever is higher, including atleast one member of the board in attendance.

3.5 Not more than two hundred ten days shall elapsed between any two consecutive meetings.

3.6 The role of the committee shall, inter alia, include the following:

- i. To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular 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.
- ii. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- iv. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- v. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

4. Risk Framework:

The risk management principles applies all over the offices of the Company.

Risk ownership is bestowed to management for risk assessment and risk treatment plan determination.

Risk assessment be conducted using risk matrix taking existing controls into consideration. Risk assessment

covers the followings:

- i. Financial
- ii. Government policy
- iii. Regulatory changes
- iv. Judiciary directives
- v. Employees
- vi. Reputation and brand
- vii. Availability of raw materials

In order to identity and assess material business risks, the Company defines risks in light of its business plans and strategies. This involves providing an overview of each material risk, making an assessment of the risk level and preparing action plans to address and manage the risk.

The Company undertakes Internal Audit which is a requirement of the accreditation procedures.

4. Risk treatment options

The Company has approach to business risk management. Backed by strong internal control systems, the current risk management framework consists of the following elements and It covers planned actions for mitigating the risk and inter alia includes the followings:

- a. Avoid risk
- b. Reduce occurrence
- c. Reduce consequences of occurrence
- d. Transfer risk
- e. Retain risk

However, risk treatment may vary from case to case depending different situations and magnitudes of risks factors.

6. Risk Management responsibilities & authorities

Board of Directors

The Board of Directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. 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 and such other functions as it may deem fit such function shall specifically cover cyber security. The Board shall review the risks faced by the Company and the status of their mitigation plan.

Audit Committee

The Audit Committee shall oversee the evaluation of risk management systems of the Company.

Risk Management Committee

Risk Management Committee shall assist the Board in framing policy, guiding implementation, monitoring, and reviewing the effectiveness of Risk Management Policy and practices.

7. Control process

The Company is maintaining number of processes to ensure that control process in place is adequate.

- Quarterly and Annual Audit
- Planned review by the Internal Auditors
- Monthly review of financial performance and comparison between budgeted and actual performance.

8. Control process

- This Policy is framed based on the provisions of the Listing Regulations.
- In case of any subsequent changes in the provisions of Listing Regulations or any other applicable law which make the provisions in the Policy inconsistent with the Listing Regulations or any other applicable law, the provisions of the Listing Regulations and such law shall prevail over the Policy and the provisions in the Policy shall be modified in due course to make it consistent with the law.
- The Policy shall be reviewed once in every two years by the Risk Management Committee. Any changes or modification to the Policy shall be recommended by the Committee and be placed before the Board of Directors for approval.

9. Date of Approval & Amendment, if any:

The Policy is approved and adopted by the Board of Directors of the Company on May 21, 2025 and is effective from same date.