

# **STAR CEMENT LIMITED**

## **RISK MANAGEMENT POLICY**

### **1. Philosophy behind the Risk Management:**

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 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.

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.

### **2. 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

Senior level management required to monitor and review risks associated with the business and to identify new risk. It is responsibility of the management to ensure all risks are identified.

Reports on risk management to be reviewed by the Audit Committee/Board of Directors as and when required.

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

### **3. Risk treatment options**

It covers planned actions mitigating the risk and inter alia includes the followings:

- i. Avoid risk
- ii. Reduce occurrence
- iii. Reduce consequences of occurrence
- iv. Transfer risk
- v. Retain risk

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

### **4. Risk Management responsibilities & authorities**

The Board to oversee the risk management framework of the Company and can review the overall modus operandi as and when required.

The Audit Committee monitors the internal aspects/factors for identifying and determining key risks to which the Company is exposed.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall periodically appraise the Board that the Company's Risk Management system is operating effectively in all material aspects.

However, effective management of risk is the responsibility of all Functional heads, Managers, Staffs and others engaged to act on behalf of the Company.

### **5. 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.