SK MINERALS & ADDITIVES LIMITED

RISK MANAGEMENT POLICY

BACKGROUND

Section 134(3) of the Companies Act, 2013 and Regulation 17(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") requires a statement to be included in the report of the Board of Directors ("**Board**") of SK Minerals & Additives Limited (formerly SK Minerals & Additives Private Limited) (the "**Company**"), 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.

Risk: Risk is an event which can prevent, hinder or fail to further or otherwise obstruct the enterprise in achieving its objectives. A business risk is the threat that an event or action will adversely affect an enterprise's ability to maximize stakeholder value and to achieve its business objectives. Risk can cause financial disadvantage, for example, additional costs or loss of funds or assets. It can result in damage, loss of value and /or loss of an opportunity to enhance the enterprise operations or activities. Risk is the product of probability of occurrence of an event and the financial impact of such occurrence to an enterprise.

1. OBJECTIVE AND PURPOSE

In line with the Company's objective towards increasing stakeholder value, a risk management policy has been framed, which attempts to identify the key events/ risks impacting the business objectives of the Company and attempts to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks. The objectives of the Policy can be summarized as follows:

a. To safeguard the Company's and its subsidiaries'/ joint ventures' property, interests, and interest of all stakeholders;
b. To manage risks with an institutionalized framework and consistently achieving desired outcomes;
c. To protect and enhance the corporate governance;
d. To implement a process to identify potential / emerging risks;
e. To implement appropriate risk management initiatives, controls, incident monitoring, reviews and continuous improvement initiatives;
f. Minimize undesirable outcomes arising out of potential risks; and
g. To align and integrate views of risk across the enterprise.

The purpose of this Policy is to define, design and implement a risk management framework across the Company to identify, assess, manage and monitor risks. Aligned to this purpose is also to identify potential events that may affect the Company and manage the risk within the risk appetite and provide reasonable assurance regarding the achievement of the Company's objectives. This will present a wide approach to ensure that key aspects of risk that have a wide impact are considered in its conduct of business.

This policy applies to all employees, departments, and stakeholders involved in the operations of the Company. It encompasses governance, health and safety, information and communication technologies, compliance, and other operational areas integral to risk management.

2. POLICY

Our risk management approach is composed primarily of three components:

2.1. Risk Management Procedure

Risk management is most effective when systematically and holistically applied to all systems, processes, and services, taking into account factors such as clinical safety, performance, environment, finance, health and safety, infection control and prevention, information and communication technologies, information governance, operational issues, user experience, and reputation. The core process involves defining objectives and understanding risks in relation to corporate strategic goals, identifying and assessing potential risks, putting immediate or planned controls in place to reduce the likelihood of these risks occurring, and continuously monitoring and reviewing the situation to ensure ongoing assurance and adaptation.

2.2. Risk Governance:

2.2.1. The functional heads of the Company are responsible for managing risk on various parameters and ensuring implementation of appropriate risk mitigation measures.

2.2.2. The Board of Directors provides oversight and reviews the risk management policy from time to time.

2.3. Risk Identification:

External and internal risk factors that must be managed are identified in the context of business objectives.

2.4. Risk Assessment and Control:

2.4.1. This comprises the following:

2.4.1.1. Risk Assessment and Reporting: Assigning risk levels using an RAG rating system:

i. Red: High risk requiring immediate action
ii. Amber: Moderate risk requiring monitoring.
iii. Green: Low risk requiring periodic review.

2.4.1.2. Risk Control: Recognizing potential risks and their causes

2.4.1.3. Capability Development: All managers and employees will undergo risk management training every three years as part of the Company's capacity-building initiatives. Training will focus on risk assessment methodologies, reporting mechanisms, and mitigation strategies.

2.4.2. On a periodic basis risk, external and internal risk factors are assessed by responsible managers across the organization. The risks are identified and formally reported through mechanisms such as operation reviews and committee meetings. Internal control is exercised through policies and systems to ensure timely availability of information that facilitate pro-active risk management. Examples of certain of these identified risks are as follows:

2.4.2.1. Broad market trends and other factors beyond the Company's control significantly reducing demand for its services and harming its business, financial condition and results of operations;
2.4.2.2. Failure in implementing its current and future strategic plans;

2.4.2.3. Significant and rapid technological change;
2.4.2.4. Damage to its reputation;
2.4.2.5. Its products losing market appeal and the Company not being able to expand into new product lines or attracting new types of investors;
2.4.2.6. Its risk management methods and insurance policies not being effective or adequate;
2.4.2.7. Fluctuations in trading activities;
2.4.2.8. Changes in interest rates;
2.4.2.9. Changes in government policies;
2.4.2.10. Security risks and cyber-attacks;
2.4.2.11. Insufficient systems capacity and system failures.

3. POWERS OF THE BOARD OF DIRECTORS/ COMMITTEE

The Board of Directors, or the Committee thereof, is responsible for overseeing and reviewing risk management across the Company. The terms of reference are as follows:

3.1. review of strategic risks arising out of adverse business decisions and lack of responsiveness to changes;
3.2. review of operational risks;
3.3. review of financial and reporting risks;
3.4. review of compliance risks;
3.5. review or discuss the Company's risk philosophy and the quantum of risk, on a broad level that the Company, as an organization, is willing to accept;
3.6. the extent to which management has established effective enterprise risk management at the Company;
3.7. inquiring about existing risk management processes and review the effectiveness of those processes in identifying, assessing and managing the Company's most significant enterprise-wide risk exposures;
3.8. review the Company's portfolio of risk and consider it against it's risk appetite by reviewing integration of strategy and operational initiatives with enterprise-wide risk exposures to ensure risk exposures are consistent with overall appetite for risk; and
3.9. review periodically key risk indicators and management response thereto.

4. ROLES AND RESPONSIBILITIES OF THE BOARD/ COMMITTEE

4.1. To formulate, review and amend, from time to time, a detailed risk management policy which shall include:

4.1.1. A framework for identification of internal and external risks specifically faced by the Company, 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.
4.1.2. Measures for risk mitigation including systems and processes for internal control of identified risks.
4.1.3. Business continuity plan.

4.2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4.3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4.4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

4.5. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

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

4.7. To 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.

5. PERIODICAL REVIEW OF EFFECTIVENESS

Effectiveness of risk management framework is ensured through periodical review of this Policy, provided that such review should be undertaken at least once in two years. As the risk exposure of any business may undergo change from time to time due to the changing industry dynamics, evolving complexity and continuously changing environment, the updation and review of this Policy will be done as and when required, by the risk management committee to ensure it meets the requirements of legislation and the needs of organisation.

In the event of any conflict between the Companies Act, 2013 or the SEBI Listing Regulations or any other statutory enactments and the provisions of this Policy, the Regulations shall prevail over this Policy. Any subsequent amendment/modification in the SEBI Listing Regulations, in this regard shall automatically apply to this policy.

6. DISSEMINATION OF THE POLICY

This Policy and any amendments thereto shall be published/ posted on the website of the Company.

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