RKCPL LIMITED

RISK MANAGEMENT POLICY

1. FOREWORD

1.1 OBJECTIVE

This Risk Management Policy ("Policy") has been approved and adopted by the Board of RKCPL Limited ("Company") on Date 28th July, 2025. The main objective of this Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business of the Company and to attempt to develop risk policies and strategies to ensure timely evaluation, reporting and monitoring of key business risks. In order to achieve the key objective, the Policy establishes a structured and disciplined approach to Risk Management in order to guide decisions on risk evaluating & mitigation related issues. The Policy is in compliance with the Regulations 17(9) and 21 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**SEBI Listing Regulations**") and Section 134(3) of Companies Act, 2013, as amended ("**Companies Act**") which requires the Company to lay down procedures about risk assessment and risk minimization.

1.2. APPLICABILITY

This Policy applies to whole of the of the Company including subsidiaries, branches and functions.

1.3. OBJECTIVE

The objective of this document is to articulate an effective Risk Management Policy and process for the Company to promote a proactive approach in identifying, evaluating, reporting, and mitigating risks associated with the business and, in turn to ensure sustainable business growth with stability

2. DEFINITIONS

2.1. "**Board**" means the Board of Directors of the Company.

2.2. "**Company**" means RKCPL Limited.

2.3. "**Risk**" means a probability or threat of damage, injury, liability, loss, or any other negative occurrence that may be caused by internal or external vulnerabilities; that may or may not be avoidable by pre-emptive action.

2.4. "**Risk Management**" is the process of systematically identifying, quantifying, and managing all Risks and opportunities that can affect achievement of a corporation's strategic and financial goals.

2.5. "**Risk Management Committee**" means the Committee formed by the Board in accordance with the Regulation 21 of the SEBI Listing Regulations.

2.6. "**Risk Assessment**" means the overall process of risk analysis and evaluation.

3. COMPOSITION

The Risk Management Committee shall have a minimum of three members with the majority of them being members of the board of directors, including at least one independent director. The senior executives of the listed entity may also be members of the committee.

4. SECRETARY:

The Company Secretary shall act as a secretary to the Risk Management Committee.

5. RISK MANAGEMENT

PRINCIPLES OF RISK MANAGEMENT

5.1. The Risk Management shall provide reasonable assurance in protection of business value from uncertainties and consequent losses.

5.2. All concerned process owners of the company shall be responsible for identifying & mitigating key Risks in their respective.

5.3 The occurrence of Risk, progress of mitigation plan and its status will be monitored on periodic basis.

Risk Vision

To develop the highest internal capabilities to ensure business continuity and address the issues, and be prepared for disaster management in optimum time, cost and efforts, enabled through the implementation of benchmarked processes across the Company, for risk identification, assessment, mitigation and review keeping future risk alleviation in mind.

Risk Management

Risk management is a set of activities undertaken to continuously monitor organizational risks so as to ensure that any unmitigated or emerging risk does not grow beyond the risk appetite of the organization. Management's response shall be to make and carry out decisions that will minimize the adverse impact of risk elements and, thereby, the accidental losses, upon the organization. Risks to major key performance indicators are to be identified and cascaded to respective functions/ divisions for mitigation actions. Acceptable levels of tolerance are to be set for the identified risks. The risk management process is vital to all the organizational resources and its stakeholders. In financial terms, it is vital to pursue the goals of the Company and to perform duties in an efficient and professional manner with manageable risks

6. RISK MANAGEMENT APPROACH:

The Risk Management is meant to ensure continuity of business and protection of interests of shareholders and thus covers all the activities within the Company and events outside the Company which have a bearing on the Company's business.

The Board is responsible for framing, implementing, and monitoring the risk management plan for the Company. Further, as part of its oversight role, the Board expects it to be assured of a well- grounded organization wherein risk mitigation is considered in all aspects of its operations and strategy. Similarly, the management considers the protection of its personnel and assets as paramount to the existence of the Company.

It is therefore important to develop and implement an integrated risk management process through sound and proven methods which will minimize the impact of risk whilst protecting our teams and all of the Company's assets.

7. APPLICATION OF A CONSISTENT AND EFFECTIVE RISK MANAGEMENT FRAMEWORK WILL:

a) Enhance the organizational capabilities to anticipate the likely areas of risk and develop potential mitigation actions.
b) Support effective decision making and planning through better understanding of risk exposures.
c) Enable management to respond in a manner that reduces the likelihood of downside outcomes and increases the upside.
d) Help coordination / integration – Breaking down internal silos by coordinating various pockets of risk management activity for efficiency.
e) Contribute to Company's profits by substantially optimizing the overall cost of risk.
f) Increase the likelihood of achieving the strategic objectives of the Company.
g) Enhance health and safety performance, as well as environmental protection.
h) Improve stakeholders' confidence and trust.
i) Help comply with relevant legal and regulatory requirements and international norms.

This Risk Management Policy applies to all Business Units, Divisions, and functions of the Company, as per current and revised organizational structures that would evolve from time to time. For subsidiaries the respective board of directors shall be responsible for risk oversight.

However, the Risk Management Committee of the Company ("Committee") may periodically review the risk management of subsidiary of the Company

8. RISK MANAGEMENT PRINCIPLES

For risk management to be effective, the Company shall at all levels comply with the principles given below:

a) Risk management creates and protects value.
   Risk management contributes to the demonstrable achievement of objectives and improvement of performance in, for example, human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product quality, project management, efficiency in operations, governance, and reputation.
b) Risk Management is an integral part of all organizational processes.

Risk Management is not a standalone activity, and not separate from the main activities or processes of the organization. Risk management is part of the responsibilities of management and an integral part of all organizational processes, including strategic planning and all project and change management processes.

c) Risk Management is part of decision making.
Risk management helps decision makers make informed choices, prioritize actions and distinguish between alternative courses of action.

d) Risk Management helps to manage uncertainty.
Risk management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

e) Risk Management is systematic, structured, and timely.
A systematic, timely and structured approach to risk management contributes to efficiency and to consistent, comparable, and reliable results.

f) Risk Management is based on the best available information.
The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts, and expert judgement. However, decision makers shall inform themselves of, and shall take into account, any limitations of the data or modelling used or the possibility of divergence among experts.

g) Risk Management is tailored.
Risk management is aligned with the organization's external and internal context and risk profile. viii. Risk Management takes human and cultural factors into account. Risk management recognizes the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the organization's objectives.

h) Risk Management is transparent and inclusive.
Appropriate and timely involvement of stakeholders and, in particular, decision makers at all levels of the organisation, ensures that risk management remains relevant and up to date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.

i) Risk Management is dynamic and responsive to change.
Risk management continually senses and responds to change. As external and internal events occur, context and knowledge change, monitoring and review of risks take place, new risks emerge, some change, and others disappear.

j) Risk Management facilitates continual improvement within the organization.
The Company shall develop and implement strategies to improve their risk management maturity alongside all other aspects of the business functions

9. RISK UNIVERSE

The risk universe of the Company shall include all its operational units and locations and projects and prospective investments. All investments made by the Company in its subsidiary

company shall also form part of this structure and process. The review of risks shall include the following but not limited to:

a) Strategic Risks
b) Financial Risks
c) Compliance Risks
d) Sectoral Risks
e) Sustainability (Particularly ESG related) Risks
f) Information Technology Risks including Cyber Security Risks
g) Operational Risks
h) Reputation Risks
i) Business Continuity Plan

10. RISK MANAGEMENT PROCEDURES

10.1. **GENERAL**

Risk management process includes four activities: Framework for Risk Identification, Risk Assessment, Measures for Risk Mitigation and Monitoring & Reporting.

10.2. **FRAMEWORK FOR RISK IDENTIFICATION**

The purpose of framework of Risk identification is to identify the events that can have an adverse impact on the achievement of the business objectives. All Risks identified are documented and shall include internal and external risks including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cybersecurity risks or any other risks as may be determined. Risk documentation shall include risk description, category, classification, mitigation plan, responsible function / department.

The head of the respective departments within the Company shall be responsible for implementation of the risk management system as may be applicable to their areas of functioning and report to the Risk Management Committee.

Risk is an integral and unavoidable component of any business and the Company is committed to manage various risks in a proactive and effective manner.

The Risk Management Committee will review and monitor various risks identified, based on their impact and significance. The Risk Management Committee will also suggest the action plans to mitigate critical risks, whereas the risks that are not significant enough shall be dropped for further attention. The objective is to reduce the loss or injury arising out of various risk exposures.

10.3. **RISK ASSESSMENT**

Assessment involves quantification of the impact of Risks to determine potential severity and probability of occurrence. Each identified Risk is assessed on two factors which determine the Risk exposure:

A. Impact if the event occurs

B. Likelihood of event occurrence

Risk Categories: It is necessary that Risks are assessed after taking into account the existing controls, so as to ascertain the current level of Risk. Based on the above assessments, each of the Risks can be categorized as – low, medium and high.

The following are the broad areas to determine the various risks, their probability and available data in the public domain:

a) Economic conditions,

b) Environment related risks,

c) Market related risks,

d) Fluctuations in foreign exchange based on the exposures,

e) Political developments and likely changes in major policies of the Government,

f) Inflation and cost structures,

g) Technological obsolescence,

h) Financial reporting risks,

i) Corporate accounting fraud,

j) Legal risks, includes compliance with local laws, rules and regulations,

k) Challenges to the quality of products,

l) Project quality, implementation and delayed commissioning,

m) Human Resources Management, local cultures and values,

n) Cyber Security risk.

MEASURES FOR RISK MITIGATION

The following framework shall be used for implementation of Risk Mitigation:

All identified Risks should be mitigated using any of the following Risk mitigation plan:

I. Risk avoidance: By not performing an activity that could carry Risk. Avoidance may seem the answer to all Risks but avoiding Risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

II. Risk transfer: Mitigation by having another party to accept the Risk, either partial or total, typically by contract or by hedging / Insurance.

III. Risk reduction: Employing methods/solutions that reduce the severity of the loss e.g. concreting being done for preventing landslide from occurring.

IV. Risk retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small Risks where the cost of insuring against the Risk would be greater than the total losses sustained. All Risks that are not avoided or transferred are retained by default.

V. Develop systems and processes for internal control of identified risks.

VI. Business continuity plan

11.INTEGRATION OF RISK MANAGEMENT PROCESS

Risk management is not a stand-alone discipline but needs to be integrated with the existing business processes to deliver the greatest benefits. As a minimum, risk management must be integrated with the core processes and all critical risks identified must be recorded and risk plans framed in risk register(s).

12. COMPOSITION OF RISK MANAGEMENT COMMITTEE

The Committee shall have a minimum of three Members with the majority of them being members of the Board, including at least one Independent Director. The Chairperson of the Committee shall be a member of the Board and senior executives of the Company may be members of the Committee.

The Company Secretary shall act as the Secretary to the Committee. The Secretary will be responsible for taking adequate minutes of the proceedings and reporting on actions taken in the subsequent meeting.

The Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

13. QUORUM

The quorum necessary for transacting business at a meeting of the Committee shall be either two members or one-third of the members of the Committee, whichever is higher, including at least one member of the Board of the Company being present. A duly convened meeting of the Committee at which the requisite quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

14. MEETINGS

The Committee shall meet at least twice in a financial year or as frequently as may be considered necessary by the Chairperson of the Committee. There should be a gap of at least 110 days between two consecutive meetings.

15. MONITORING AND REVIEWING RISKS

The Company shall record the framework and processes for effective identification, monitoring, mitigation of the Risks. The Audit Committee shall be responsible for the evaluation of internal financial controls and Risk Management systems.

Risk Management Committee to review the Risks at least once a year and add any new material Risk identified to the existing list considering changing industry dynamics and evolving complexity. These will be taken up with respective functional head for its mitigation. The Risk Management Committee shall ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company. The Risk Management Committee shall monitor and oversee implementation of the Policy, including evaluating the adequacy of Risk Management systems periodically review the Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity. The Risk Management Committee shall also keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken in relation to the Risks.1

Appraised by the Risk Management Committee to Board on an annual basis including recommendations made by the Committee and actions taken on it.

The Risk Management Committee shall 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. Further, the Committee shall review appointment, removal and terms of remuneration of Chief Risk Officer, if any.

16. SENIOR MANAGEMENT:

The Company's Senior Management shall design and implement risk management and internal control systems identifying material risks for the Company and taking necessary measures. Management of the Company shall implement the action plans developed to address material business risks across the Company and each of the business units.

The Senior Management shall regularly meet and evaluate the effectiveness of the action plans and the performance of employees in implementing actions plans as appropriate. It should also ensure the compliance with the internal risk control systems and processes by the concerned employees.

17. ROLE AND RESPONSIBILITIES OF THE RISK OFFICER

The Committee shall oversee and monitor the risk universe of the Company through a Risk Officer, if any, appointed by the Company. The Risk Officer shall be responsible to identify, review and mitigate all the risks associated with the business and functions of the Company including those specified under the heading 'Risk Universe' (Sec. 9). The Risk Officer shall keep the Committee apprised of the risks relating to financial, reputational and sustainability related concerns. The Committee shall provide guidance to the Risk Officer on a periodic basis in mitigating the major risks envisaged by the Risk Officer.

18. REVIEW, AMENDMENT AND ENFORCEMENT

Any change in the Policy shall be approved by the board of directors ("**Board**") of the Company. The Board shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. The Audit Committee and the Board will periodically review the Policy and the procedures set out thereunder. Any subsequent amendment/modification in the Companies Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy. This Policy shall be made enforceable immediately on listing of equity shares of the company on any stock exchange.

19. COMMUNICATION OF THIS POLICY

This Policy shall be hosted on the website of the Company.

20. REPORTING

a) The Committee shall report and update the Board periodically, on risk-related matters.
b) The Annual Report of the Company shall disclose, the composition of the Committee, meetings, attendance, and risk-related disclosures under SEBI Listing Regulations, as may be necessary to comply with the requirement