Shriram Properties Limited

Risk Management Policy

Effective August 12, 2025

1. INTRODUCTION:

Risk management is an integral part of effective management practice. There is a strong correlation between risk and opportunity in all business activities. It is essential for Shriram Properties Limited (the "Company" or "SPL") to identify, measure, and manage risks in order to capitalize on opportunities and achieve its strategic objectives and goals.

Rapid and continuous changes in the business environment have increased the need for management to adopt a strong risk-focused approach. Risk management does not aim to eliminate risks entirely but rather to ensure that risks are understood and addressed through a pragmatic and effective process.

1.1 What is Risk?

Risk is any event or non-event that can adversely affect the Company's objectives, either by increasing costs, decreasing revenue, or causing a loss of market share. Risks may be internal or external, strategic or operational, and can arise from routine or non-routine activities. They may be:

- Strategic
- Operational
- Compliance-related
- Financial
- Regulatory
- Technological

1.2 What is Risk Management?

Risk management is central to SPL's strategic and operational decision-making. It is a structured process that enables the Company to identify and address risks in its activities, increasing the probability of success while reducing the likelihood of failure or uncertainty in achieving objectives.

1.3 Why Risk management

Risk management is a structured, consistent, and continuous process across the organization for identifying, assessing, responding to, and reporting on opportunities and threats that may impact the achievement of objectives.

2. RISK MANAGEMENT FRAMEWORK:

SPL's risk management framework is shaped by its business model, strategies, organizational structure, culture, risk appetite, and resources. Effective risk management requires consistent identification, prioritization, mitigation, monitoring, and communication of risks across the organization, aligned with strategic planning and annual budgeting.

The Risk Management Policy ("the Policy") outlines the Company's approach to managing risks in compliance with applicable regulations requiring risk assessment and minimization procedures.

- Board Oversight – The Board of Directors has established a Finance and Risk Management Committee ("the Committee") to periodically review the Policy and oversee risk controls.

The Board may reconstitute the Committee as required.
- Management Responsibility – Senior Management and Functional Heads are responsible for identifying, assessing, managing, and reporting risks and opportunities in their areas.
- Committee Role – The Committee provides oversight and reports to the Board, which retains ultimate responsibility for risk governance.
- The Business Continuity Plan (BCP) should be construed as integeral part of the Risk Management Policy of the Company.

3. RISK MANAGEMENT PROGRAM:

SPL's risk management program consists of processes, structures, and guidelines to identify, assess, monitor, and manage business risks, including material changes to the risk profile.

Responsibilities are clearly defined:

- The Board oversees and approves the risk management framework.

- The Committee ensures effective processes and regular reporting.

- Senior Management and Functional Heads develop and maintain the program.

Regular communication and review ensure the program's effectiveness.

3.1 Elements of the risk management program

The key elements of SPL's risk management program are:

3.1.1 Risk Identification

Risks are identified in the context of SPL's business plans and strategies. Risk profiles are prepared, outlining each material risk, assessing its level, and defining action plans. SPL focuses on:
- Strategic risk
- Operational risk
- Regulatory risk
- Technological risk
- Financial risk
- Quality-related risk
- Cost-related risk
- Human resource risk
- Material availability risk
- Safety risk

3.1.2 Oversight and management

- Board of Directors – Reviews and ratifies the risk management structure, processes, and guidelines developed by the Committee and Senior Management.

- Risk Management Committee (RMC) – Oversees daily program implementation, monitors action plans, evaluates risk controls, ensures compliance, and reports to the Board.

- Senior Management – Designs and implements risk controls, promotes a risk-aware culture, ensures compliance, and reports regularly to the RMC.

- Employees – Implement and monitor action plans relevant to their roles.

3.2 Review of risk management program

The program's effectiveness is regularly evaluated to ensure that internal controls remain current and effective. Clear role definitions between the Board, the RMC, and Senior Management ensure accountability. Regular reporting keeps the Board informed of material risks and mitigation actions.

4. AMENDMENT:

All changes, amendments to the policy including amendments needed due to regulatory changes shall be approved by the Board of Directors or RMC (as authorized by the Board of Directors).