Risk Management Policy

VOTORANTIM cimentos

Summary

1. OBJECTIVE

1.1. This Risk Management Policy of Votorantim Cimentos S.A. ("VCSA" or "Company") ("Policy") aims to establish the principles, guidelines and responsibilities to be observed by the Company's administrators in the corporate risk management process of VCSA in order to ensure the identification, analysis, evaluation, response, communication and adequate governance of the risks applicable to the Company's and its Investees' businesses (as defined below), contributing to the generation of value and strengthening of the Risk Management culture (as defined below).
1.2. The purpose of Risk Management is to create and protect value for the Company and its Investees, contributing to improving performance, innovation and, above all, achieving the Objectives (as defined below) of VCSA and its Investees, and should contribute to the process of decision-making and prioritization of actions, being an integral part of all organizational activities, covering all levels of the Company and its Investees.

2. APPLICATION

2.1. This Policy applies to all businesses and regions where the Company and its Investees operate, and should serve as a reference for approving the respective risk policies of VCSA's affiliated companies.

3. REFERENCES

ABNT NBR ISO 31000:2018: Risk Management – Guidelines.

ABNT NBR ISO/IEC 31010:2012: Risk Management – Techniques for the risk assessment process.

Committee of Sponsoring Organizations of the Treadway Commission - (COSO): Enterprise Risk Management.

4. DEFINITIONS

4.1. In addition to the terms defined above, capitalized terms and expressions used in this Policy have the meaning assigned to them below:

"Risk Appetite": means the quantitative or qualitative Impact of a total or aggregated Portfolio Risk Event that the Company or Investee is willing to assume considering its Purposes.

"COAUD": means the Company's audit committee.

"Cause": means what can generate a Risk Event. One or more causes combined have the potential to generate a Risk Event. In Risk Management, it is important that all possible causes and scenarios are considered.

"Board of Directors": means the Board of Directors of the Company.

"Risk Owner": person responsible for the area in which the risk was identified, who is responsible for risk management and proper treatment.

"Risk Event": means an occurrence or change in circumstances that lead to a consequence that may have negative effects on the Purposes of the Company and Investees. A Risk Event can have several causes and/or consequences.

"Risk Exposure": means the level of criticality of the risk expressed from the combination of the likelihood of occurrence and the impacts generated (qualitative or quantitative).

"Risk Management": means the coordinated and integrated process that seeks to cover the entire Company and its Investees, promoting communication and cooperation between the areas, offering methodology, structure and formal processes for the management of business risks.

"GRC & AI": means the Governance, Risks and Compliance and Internal Audit area.

"Impact": means the result of a Risk Event that affects the Purposes of the Company and its Investees. The Risk Event may generate positive and/or negative consequences with direct or indirect effects on VCSA's objectives. A Risk Event can have more than one consequence that can be expressed in qualitative or quantitative terms, ranging from low to critical.

"Uncertainty": means the state, even if partial, of the deficiency of information related to an event, its understanding, level of knowledge, its consequence and probability.

"Investees": means the companies controlled by the Company headquartered in Brazil or abroad.

"Objective": means the goal or purpose to be achieved, which may have different aspects (such as financial, health and safety and environmental goals) and be applied at different levels (strategic, organizational, project, product or processes).

"Corporate Risk": means the risk represented by the possibility that a Risk Event will occur and may affect the achievement of the Objectives and purposes of the Company and its Investees.

"Inherent Risk": means the risk that arises from the activity that the Company and its Investees carry out and is not related to the absence or deficiency of management or control, so that any actions that may reduce the likelihood of its occurrence will not have a mitigating impact of the likelihood of occurrence.

"Residual Risk": means the risk remaining after risk treatment. Risk level at which it is already considered that all controls and actions to deal with the risk have already been implemented and considered.

"Three Lines": has the meaning established in item 7.3 below.

"VCBR": means the companies of Votorantim Cimentos S.A., located in Brazil.

"VCEAA": means the companies of Votorantim Cimentos EAA Inversiones S.L., located in Europe, Asia and Africa.

"VCNA": means the St. Marys Cement Inc., located in North America.

5. VALUES AND PRINCIPLES

5.1. Risk control and management activities must be carried out at all organizational levels of the Company.

5.2. The processes, procedures and internal controls should allow management and other managers involved to manage risks in accordance with the policies and limits established by the Company, seeking an environment of continuity and sustainability for VCSA's businesses.

5.3. In this sense, the Company's Risk Management process was defined with the objective of:

(i) align the Company's Risk Appetite with the strategy adopted by the administrators;

(ii) strengthen the decisions of the Company's management in response to the Corporate Risks to which the Company is exposed in order to enable rigor in the identification and selection of alternative responses to risks (how to avoid, reduce, share and accept risks);

(iii) improve the ability to identify potential events and establish responses to them, reducing surprises and associated costs or losses;

(iv) identify and manage multiple risks that may affect different areas of the Company, in order to enable an effective response to interrelated impacts and, also, integrated responses to the various risks;

(v) taking advantage of opportunities, since the Company, when considering all potential events, will be able to proactively identify and take advantage of opportunities;

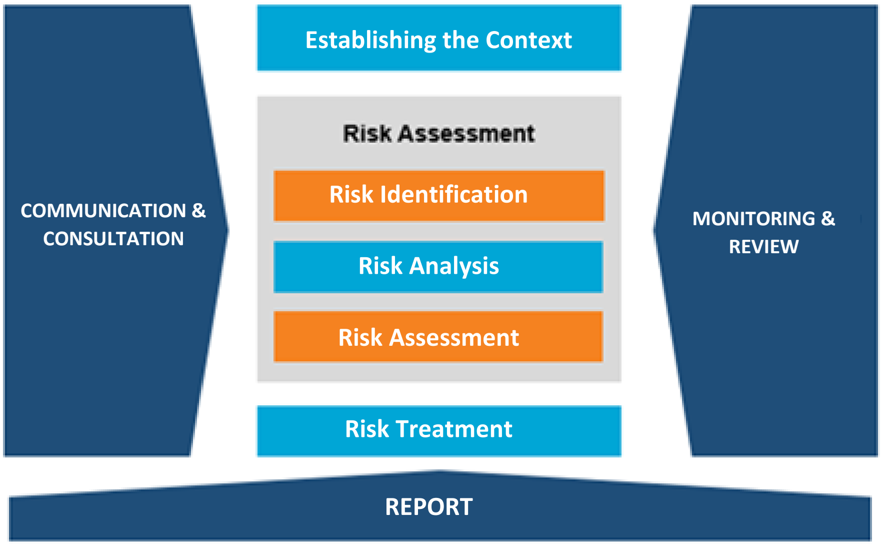
(vi) optimizing capital, since obtaining adequate information about risks makes it possible for the Company's management to carry out an effective assessment of capital needs as a whole and to improve the allocation of this capital;

(vii) ensure effective communication and compliance with laws and regulations; and

(viii) avoid damage to the Company's reputation and its consequences.

6. RISK MANAGEMENT PROCESS

6.1. Risk Management Process. VCSA's Risk Management process was defined based on ABNT NBR ISO 31000:2018, ABNT NBR ISO/IEC 31010:2012 and Committee of Sponsoring Organizations of the Treadway Commission (COSO): Enterprise Risk Management. Risk mapping consists of the process of risk identification, analysis, assessment and treatment. This process must be conducted in a systemic, interactive and collaborative manner in the Company.



6.2. Establishment of Context. It comprises the study of the Company's Objectives and external and internal environments. The objective of this phase is to contextualize the identification of risks and ensure alignment of the focus that the process should have throughout the following stages, in addition to inserting Risk Management into the dynamics of VCSA's business.

6.2.1 The main stakeholders, business environment, values, mission, strategy and objectives of VCSA are identified here.

6.3. Risk Identification. The risk identification stage aims to identify potential Risk Events and the respective Causes that may affect the scope and/or achievement of VCSA's Objectives. The Company identifies risks through the use of appropriate techniques including, but not limited to:

(i) interviews with key people from VCSA and its Investees and market professionals with recognized technical expertise (auditors, consultants, lawyers and others);
(ii) workshops with the participation of professionals from different roles and hierarchical levels to identify Risk Events using collective knowledge;
(iii) benchmark with competitors and companies with similar structures;
(iv) analysis of historical data to identify trends;
(v) risk indicators; or
(vi) analysis of organizational processes

6.3.1. The risk identification stage is carried out jointly with the business areas during the risk mapping and review process according to the schedule previously established in each of the regions.

6.3.2. Records will be made using an electronic spreadsheet and/or risk software, considering all aspects necessary for a proper understanding of the process and its risks, ensuring the traceability of all information and appropriate documentation.

6.4. Types of Risks. At VCSA and its Investees, risks are conceptually segregated into 4 (four) groups (i.e. Compliance, Financial, Strategic, Operational) through the Inherent Risks map to facilitate the process of identifying Risk Events and delimiting the necessary treatment. Additionally, these are also evaluated from the perspective of the internal and external environment.

(i) Compliance Risk: consists of risks associated with exposure to legal or regulatory sanctions that the organization may suffer in case of failure to comply with laws, agreements, regulations, code of conduct and Company policies. Cases like this are commonly associated with financial losses and/or impact on the reputation and image of the organization.
(ii) Financial Risks: consists of risks related to the Company's financial liquidity and can be generated from different sources: (i) operational (cash generation and preservation); (ii) financial (indebtedness level and profile); (iii) market (currency and interest rate exposures); and (iv) credit (investment grade, counterparty and receivables);
(iii) Strategic Risk: consists of risks that go beyond the internal environment of the Company and its Investees. They are identified based on the key factors and trends in the sector in which the Company and its Investees operate that have an impact on the Objectives of VCSA and its Investees, also considering relations with external stakeholders and their perceptions and values. They include, for example, political and socioeconomic risks, market behavior, etc. Strategic risks are associated with VCSA's strategy in seeking to create and maintain value in its business model;
(iv) Operational Risk: are associated with the possibility of losses resulting from failures, deficiencies or inadequacy of internal processes, people and systems. These are risks related to the infrastructure of the Company and its Investees that may affect operational efficiency and efficient use of resources. They include, for example, socio-environmental, cybernetic, technological risks, etc. Operational risks are generally associated with the reduction or interruption of activities, which may have a negative impact on the image and reputation of VCSA and its Investees and the potential generation of contractual, regulatory, safety and environmental liabilities;

6.5 Risk analysis. The purpose of risk analysis is to understand the nature of the Risk Event, its Causes and characteristics. Risk analysis involves a detailed analysis of Uncertainties, risk sources, likelihood of occurrence and possible Impacts. A Risk Event can generate Causes and consequences with direct or indirect effects on the Purposes of the Company and its Investees.

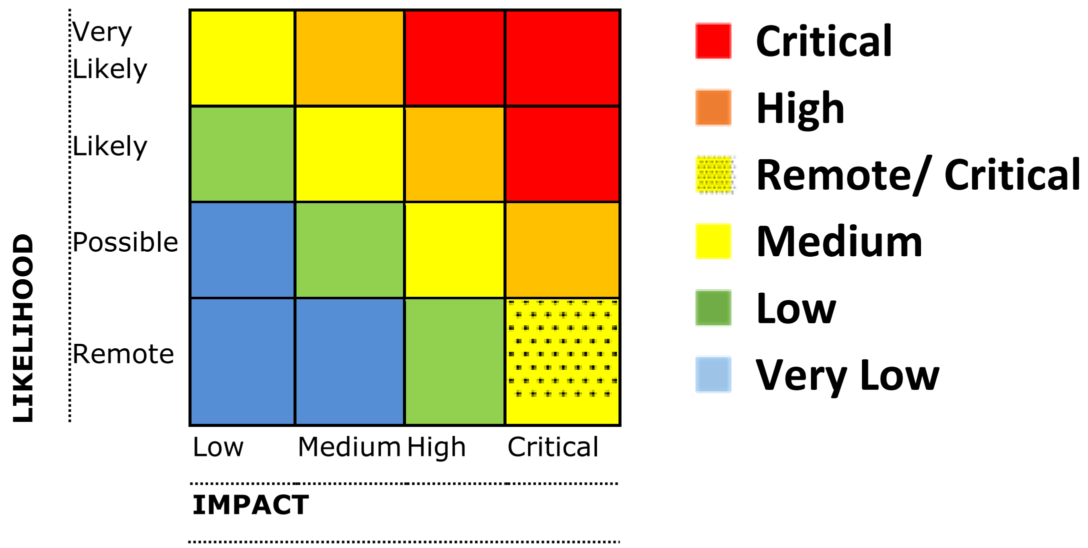
6.5.1 The likelihood of occurrence of the Risk Event is defined as remote, possible, probable or very probable. To define the likelihood of occurrence of risks, techniques such as the following can be employed:

- (i) use of relevant historical data to identify Risk Events or situations that occurred in the past and extrapolate the probability of occurrence in the future;
- (ii) predictive analyzes of failure or success;
- (iii) expert opinion; such as
- (iv) assessment of the existence or not of mitigating controls.

6.5.2. The risk consequence analysis determines the nature and type of Impact that may occur with the materialization of the Risk Event. A Risk Event can have Impacts of different magnitudes that can affect different Objectives and stakeholders.

6.5.3. The analysis of Impacts considers 4 (four) levels of exposure, namely: (i) low; (ii) medium; (iii) high; and (iv) critical, and is carried out based on the qualitative and quantitative spheres of Impact defined in the Risk Appetite of the Company and its Investees.

6.6. Risk assessment. The risk assessment step determines the level of risk resulting from the previously performed likelihood and impact analysis. The risk can be assessed as: (i) critical; (ii) high; (iii) remote/critical; (iv) medium; (v) low; or (vi) very low, according to the image below:



6.6.1. The main purpose of risk assessment is to support the decision-making process and determine where further action is needed. The result of the risk assessment must be recorded, communicated and validated in the appropriate governance forums as described in item **Erro! Fonte de referência não encontrada.** below.

6.7. Risk Treatment. Risk Treatment consists of selecting and implementing techniques to deal with the Causes of Risk Events according to the exposure defined during the assessment. This step involves the formulation and selection of risk treatment options; planning and implementation of the chosen treatment; analysis of the effectiveness of the treatment and assessment of whether the Residual Risk is acceptable. If it is not acceptable, it is necessary to define additional treatment. In addition to risk mitigation, it is also expected that in certain situations the treatment of risks can enhance the assets or businesses of the Company and its Investees.

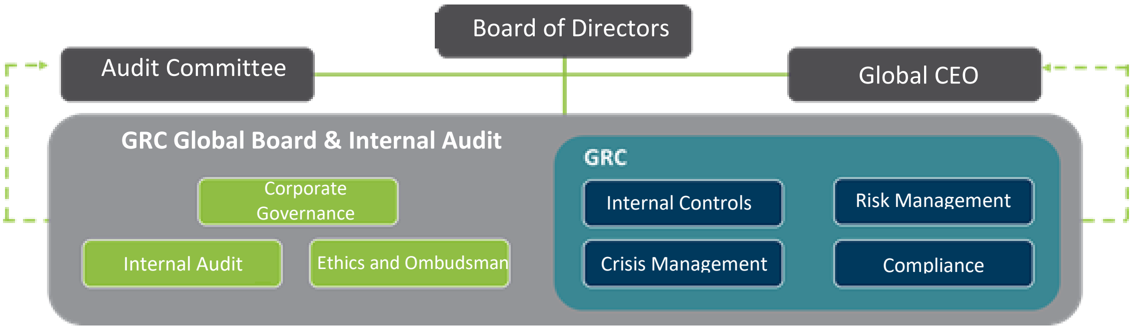
6.7.1. Among the existing options for risk treatment, the Company and its Investees may:

(i) avoid: implement actions aimed at discontinuing the Causes that generate the Risk Event;
(ii) reduce: adoption of measures to reduce the likelihood and/or the Impact of Risk Events;
(iii) share: transfer the Risk Exposure with other entities that will absorb part or all of the losses (e.g. insurance) or will be responsible for the processes or activities at risk and their impacts (e.g. third parties); and
(iv) accept: not define any additional action or control to influence the likelihood of occurrence and/or severity of the risk. Risks whose Impact is less than the benefit of its management – as long as it is aligned with the established Risk Appetite – may be maintained, as long as they are known and continuously monitored. Accepted risks must be submitted for formal approval according to the competent authority.

6.7.2. Once the Risk Event has been measured and the exposures defined, action plans must be adopted in order to reduce the risk to an acceptable level. The actions must prioritize the Causes of the risks or minimize the Impacts. Those responsible for the risks must indicate the actions and deadlines necessary for the implementation of the action plans.
6.7.3. As a standard, all risks should have action plans, even if these are in some cases monitoring actions to prevent the risk from escalating. Once approved, critical, high and remote/critical risks must have action plans formalized within a maximum period of up to 2 (two) months. For other risk levels, it will be up to the definition of an action plan within 4 (four) months after approval.
6.7.4. Substantial changes to action plans related to critical, high and remote/critical risks must be dealt with by the statutory boards of the respective regions and reported to COAUD during the annual reports.
6.8. Risk Monitoring and Review. The purpose of the monitoring and review process is to ensure the quality and effectiveness of the Risk Management process. It is an ongoing process to assess whether assumptions about Risk Events remain valid, whether expected results are being achieved, and whether risk handling are effective.
6.8.1. Critical, high and remote/critical risks must be monitored at least quarterly by the Risk Management area or when action plans expire, whichever occurs first. For the other risk levels, monitoring by the Risk Management area will take place at least annually. It should be noted that this periodicity does not exempt monitoring and follow-up by the Risk Owner.

7. ATTRIBUTIONS AND RESPONSIBILITIES

7.1. VCSA's Global Risk Management area is responsible for defining, disseminating and applying guidelines, methodologies and tools related to Risk Management in the Company. Each region where the Company operates must have a person formally responsible for local Risk Management reporting to the Global Risk Management area, as defined in the organizational structure.
7.2. The Global Risk Management area reports to the Global Board of GRC & AI which reports directly to the Board of Directors, with functional reporting of technical advice to COAUD and the Global CEO.



7.3. VCSA operates in accordance with the three lines model advocated by The Institute of Internal Auditors ("Three Lines").

7.3.1. The Three Lines provide a simple and effective model for optimizing governance and risk management by understanding key roles and responsibilities. This establishes responsibilities for decision-making and risk management, provides independence and enables supervision of management activities in order to ensure the achievement of the Objectives of VCSA and its stakeholders.

7.3.2. The Three Lines model differentiates 3 (three) groups involved in risk management:

(i) roles that manage and own risk;
(ii) roles that oversee risks; and
(iii) roles that provide independent assessments.

7.3.3. The first line is formed by the business areas and is directly responsible for the processes, being equally responsible for the management of their respective risks, controls and implementation of the action plans. It is up to the first line to ensure that the risks under its responsibility are identified and managed in accordance with this Policy, as well as timely monitored in order to ensure that the responses adopted result in the conservation of risk at appropriate levels.

7.3.4. The second line supports the first line in process review, risk assessment, monitoring and reporting. Along with the other GRC & AI areas, the Risk Management area makes up this line, as detailed in item 7.8 below.

7.3.5. The third line independently and objectively assesses, tests and advises the other lines on risk management and achievement of strategic objectives. The internal audit area is responsible for this role.

7.4. It will be up to the Board of Directors to:

(i) approve this Policy and its reviews;
(ii) promote and encourage the Company's Risk Management culture;
(iii) ensure that Risk Management is integrated into all the Company's activities;
(iv) ensure that the necessary resources are allocated to manage risks;
(v) assign/delegate authorities and responsibilities at appropriate levels within the Company;
(vi) monitor global high and critical risks, in addition to their respective mitigation and contingency plans, which may affect the Company's strategic Objectives. To this end, it must receive adequate information from the Risk Management area for the decision-making process;
(vii) approve the Company's Risk Appetite; and

7.5. It will be up to the COAUD to:

(i) monitor, evaluate and direct the methodology, structure of the Risk Management area, as well as the Company's risk management process;
(ii) report to the Board of Directors the results of the business risk assessments and the defined treatments, as well as any significant changes in the process. To this end, this body has the continuous support of the Risk Management area through periodic reports;
(iii) monitor at least one (1) time a year the matrix of critical, high and remote/critical risks at the regional level (Global, VCBR, VCNA and VCEAA) and their respective mitigation and contingency plans;
(iv) evaluate and recommend this Policy to the Board of Directors; and
(v) assess and recommend the Company's Risk Appetite.

7.6. It will be up to the Global CEO to:

(i) ensure that this Policy is in line with the Company's Purposes, reflects VCSA's needs and best market practices, reverberating its application;
(ii) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of the risk management culture in the Company;
(iii) recommend the Company's Risk Appetite to COAUD and the Board of Directors;
(iv) evaluate and monitor the risk matrix and the results of the evaluations of each region, at least 2 (two) times a year; and COAUD
(v) ensure the establishment of appropriate responses in accordance with the established governance to the risks identified with the other officers and the Risk Owner.

7.7. It will be up to the Regional CEO and CFO to:

(i) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of risk management culture in the Region;
(ii) evaluate and monitor the risk matrix and the results of the evaluations in its region, at least 2 (two) times a year; and
(iii) ensure the establishment of appropriate responses in accordance with the established governance to the risks identified with the other officers and the Risk Owner in the Region.

7.8. It will be up to the Global GRC & AI Board to:

(i) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of the risk management culture in the Company;
(ii) approve and validate the Company's Risk Management guidelines, concepts, methodology and tools in all regions defined by Global Risk Management;
(iii) define this Policy, in line with VCSA's Objectives and good market practices;
(iv) define, review and recommend every 2 (two) years or as needed the Company's Risk Appetite to senior management;
(v) evaluate and monitor the risk matrix and evaluation results of each region, at least 3 (three) times a year;
(vi) support the Global CEO, the COAUD and the Board of Directors in the Company's Risk Management process; and
(vii) support in establishing appropriate responses to the risks identified with the other directors and the Risk Owner.

7.9. It will be up to the Global Risk Management area to:

(i) define the overall Risk Management targets;

(ii) provide, validate and update the process, concept, method and tool guidelines for adequate Risk Management in the regions, ensuring the standardization of products in the area according to the defined action fronts;

(iii) continually render accounts to the direct superior (GRC & IA Board), to the COAUD and to the Board of Directors regarding the effectiveness of the process, as well as the degree of exposure to risks, facilitating the process of establishing its Risk Appetite;

(iv) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of the risk management culture in the Company, as well as the roles and responsibilities of the parties involved in the process;

(v) prepare and update this Policy when relevant changes occur in the process and approve it in the appropriate governance forums;

(vi) prepare, review every 2 (two) years or as needed and approve VCSA's Risk Appetite in the qualitative and/or quantitative spheres in the appropriate governance forums. Regarding the latter, on the date of publication of this Policy, the current financial appetite represents 2% (two percent) of the Company's enterprise value. Therefore, it will be revised when the result of dividing the appetite by the Company's enterprise value corresponds to a variation different from the range of 1.5% (one and a half percent) to 2.5% (two and a half percent);

(vii) support the business areas in the process of identifying, assessing and responding to risks in global projects and initiatives, as required; and

(viii) act in an independent, transparent and structured manner in all regions where VCSA is present in order to guarantee consistent, comparable and reliable results, providing a solid basis for global risk governance.

7.10. It will be up to the Regional Risk Management area (VCBR, VCNA and VCEAA) to:

(i) support the business areas in the risk identification, assessment and response process. It is important to consider that its performance is defined according to the objective, context involved and the degree of maturity of the management of the related areas. The area is structured to act both through recurring cycles and on a one-off basis, using methodologies that are always in line with the phases of the Risk Management process;

(ii) follow global guidelines and ensure the correct use of concepts, methods and tools, suggesting updates and adaptations whenever necessary;

(iii) report at least 2 (two) times a year to the Regional CEO and regional statutory officers applicable to the region's risk matrix to monitor risk exposure and assessment and treatment decisions in line with global guidelines;

(iv) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of the risk management culture in the region, as well as the roles and responsibilities of the parties involved in the process;

(v) report to the Global Risk Management area the risk matrix and the results of assessments in the region at least 2 (two) times a year or according to demand;

(vi) support the decision-making process in the region, in line with the principles and guidelines defined in the Risk Appetite; and

(vii) communicate the Risk Appetite at VCSA in a clear and objective manner, in order to contribute to the correct understanding of the current situation as well as the effectiveness of the action plans.

7.11. It will be up to the VCBR, VCNA, VCEAA Statutory Board to:

(i) disseminate the Risk Management culture in the Company, prioritizing Risk Assessment and Management as a basis for achieving the Company's strategic Objectives;
(ii) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of the risk management culture at VCSA;
(iii) support the Company's decision-making process, aligned with the principles and guidelines defined in the Risk Appetite;
(iv) participate in the review, validation and monitoring process of the region's risk matrix and ensure the establishment of appropriate responses in accordance with the guidelines established in the Risk Appetite;
(v) support the Regional CEO and Global CEO in the Risk Management process in the Company and establishment of appropriate responses to the risks identified with the Risk Owner; and
(vi) monitor the risk matrix of their respective region at least 2 (two) times a year.

7.12. Risk Owner:

(i) know the environment in which the Company's business operates;
(ii) seek to understand the risks of their activities;
(iii) implement management processes and practices that routinely mitigate, control and monitor risks;
(iv) guarantee and strengthen the Risk Management principles and guidelines, reinforcing the importance of the risk management culture at VCSA;
(v) participate in the Risk Management process, contributing to the identification, analysis, evaluation and treatment of the risks under their responsibility;
(vi) ensure the establishment of appropriate responses, implement processes and practices to deal with identified risks and report to Risk Management in the region, according to the local update process; and
(vii) monitor and report the risks under its responsibility to Risk Management in the region, according to the local risk mapping and review process.

8. IMPACTS ARISING FROM NON-COMPLIANCE WITH THIS POLICY

8.1. Failure to comply with this Policy may affect the ability to identify and establish an appropriate response to risks at VCSA and its Investees, compromising the generation of value and the achievement of the Objectives of the Company and its Investees.

8.2. Failure to comply is also subject to the appropriate measures provided for in the Company's consequences management process.

9. COMMUNICATION AND CONSULTATION

9.1. The Risk Management process and its results need to be documented and reported through mechanisms and appropriate governance. The purpose of communication and consultation is to communicate Risk Management activities across the organization, provide information for decision-making and contribute to interaction between different stakeholders.

9.2. Risk communication must be implemented at all stages of the process, with the objective of reaching all stakeholders, in a clear and objective manner, respecting the best governance practices.

10. DEVELOPERS

Name	Area
Guilherme Augusto da Costa	Global Risk Management
Lilian Faria do Nascimento	Global Risk Management
Wellington de Paula Oliveira	Global Risk Management
Adjarbas Guerra Neto	Global Risk Management

11. GENERAL PROVISIONS

11.1. The Board of Directors is exclusively responsible for approving any amendments to this Policy.

11.2. This Policy comes into force on the date of its approval by the Board of Directors.

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