GMR Hyderabad International Airport Limited

EXPERIENCE EPIC EVERYDAY

HYD RAJIV GANDHI INTERNATIONAL AIRPORT

GMR AERO ENTERPRISE

Enterprise Risk Management (ERM) Policy

GMR

Table of Contents

1. INTRODUCTION:

Organizations of all types and sizes face internal & external factors and influences that make it uncertain whether and when they will achieve their business objectives. The effect this uncertainty has on an organization's objectives is “RISK”. In recent times, all sectors of the economy have shifted focus towards the management of risk as the key to making organizations successful in delivering their objectives while protecting the interests of their stakeholders.

Risk may be defined as events or conditions that may occur, and whose occurrence, if it does take place, has some impact (positive or negative) on the achievement of the organization’s business objectives. The exposure to the consequences of uncertainty constitute a risk. Organizations that are most effective and efficient in managing risks to both existing assets and to future growth will, in the long run, outperform those that are less so. Simply put, companies make money by taking intelligent risks and lose money by failing to manage risks intelligently.

Risk management is a holistic, integrated, structured and disciplined approach to managing risks with the objective of maximizing shareholder’s value. It aligns strategy, processes, people & culture, technology and governance with the purpose of evaluating and managing the uncertainties faced by the organization while creating value. With the vision to integrate risk management with the overall strategic and operational practices, an Enterprise Risk Management Framework has been established by GMR Hyderabad International Airport Limited (hereinafter referred as “GHIAL” or “the Company”) as a comprehensive set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization.

2. LEGAL FRAMEWORK

The provisions of Section 134(3)(n) of the Companies Act, 2013 necessitate that the Board’s Report should contain a statement 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.

Further, the provisions of Section 177(4)(vii) of the Companies Act, 2013 require that every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include evaluation of risk management systems.

Also, Section 149(8) and Schedule IV of the Companies Act, 2013 prescribe the roles and functions of the independent directors according to which the independent director shall “help in bringing an independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct and also satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible”.

Further, as per Regulation 4(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) also provide key functions of the board of directors where they are required to review the risk policy. In terms of Regulation 17 (9) (b) of the Listing Regulations, the board of directors shall be responsible for framing, implementing and monitoring the risk management plan for the listed entity. The listed entity shall also be required to comply with the requirements of Regulation 21 of the Listing Regulations with respect to “Risk Management Committee.”

In line with the above requirements, it is therefore, required for the Company to frame and adopt a “Risk Management Policy” of the Company.

3. OBJECTIVES

- To provide a sound basis for Risk Governance practices;
- To promote an effective risk management system that supports the Company's growth strategy;
- To support the achievement of the Company's mission, vision, and strategic priorities in line with its core values, through risk-informed decision-making;
- To identify and pursue existing and new opportunities in accordance with the Company's risk appetite, and strategy;
- To establish structured processes for identifying, assessing, responding, monitoring, and reporting on risks;
- To facilitate compliance with all applicable regulatory requirements, related to risk management and reporting;
- To establish a process to identify and assess risks which can impact business continuity of the Company and define response recovery plans for such risks:

Risk Management is based on the pillars of:

- Taking informed decisions;
- Establish an effective process of risk identification, analysis and mitigation.

Thus, it is important to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within their relevant scope of responsibility and authority.

4. ERM POLICY STATEMENT

The Company is committed to establish a robust mechanism for proactive risk management, which is based on the following underlying principles:

- The Company shall strengthen the culture of accountability and transparency towards risk reporting and governance
- The Company will align and integrate varying views on risk management to ensure a uniform risk management framework across all line of business and functions.
- The Company strives to anticipate, monitor, and take preventive action to manage or mitigate risks.
- The Company endeavors to create and foster risk awareness across the organization, through continuous education and training on risk management.
- All employees of the Company take responsibility for the effective management of risks in all aspects of the business.

5. ERM GOVERNANCE STRUCTURE

The responsibility for risk management is shared across the organization. The Company has established three pillars of risk management responsibilities in its Governance structure, that cascades the scope of activities to senior management and all employees of the Company.

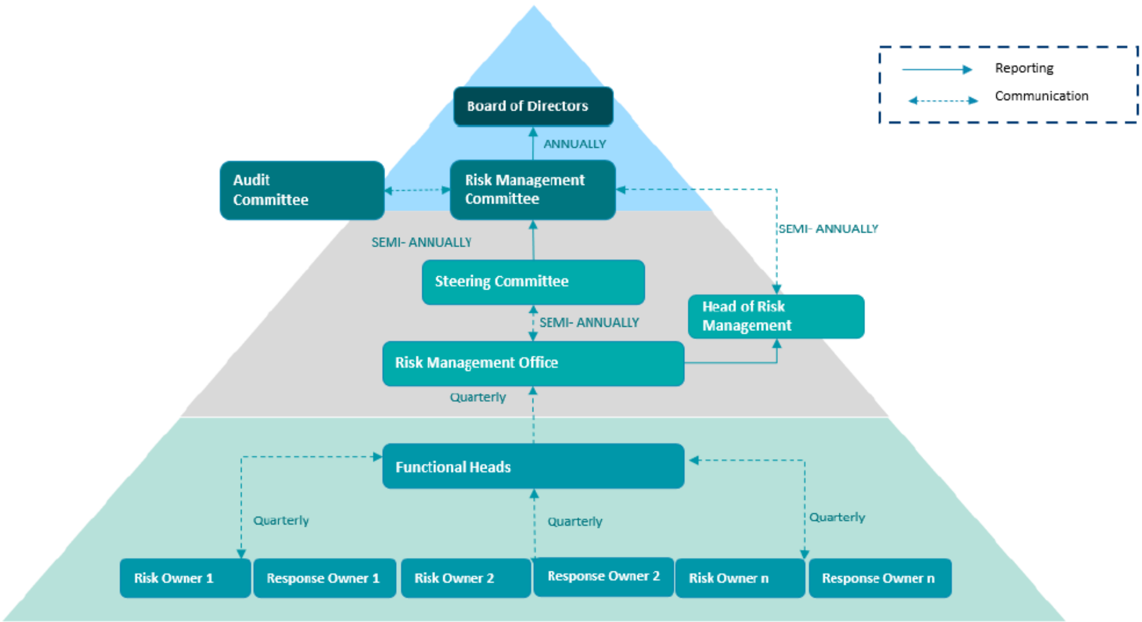

Figure 1: ERM Governance Structure

6. CONSTITUTION OF THE RISK MANAGEMENT COMMITTEE

The Board of Directors of the Company shall constitute a Risk Management Committee comprising a minimum of three members with majority of them being members of the board of directors, including at least one independent director or such other composition as may be prescribed by the applicable Listing Regulations or other statutes.

The Chairperson of the Risk Management Committee shall be a member of the Board of Directors and Senior Executives of the listed entity may be members of the Committee.

The Board of Directors may re-constitute the composition of the Committee, as it may deem fit, from time to time.

The Risk Management Committee shall meet at least twice a year and as and when it may deem fit.

Currently a Committee titled "Risk Management and Environment, Social and Governance (ESG) Committee" (hereinafter referred as Committee) The Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

The role and responsibilities of the Committee shall mandatorily include the performance of functions as specified by the Board of Directors as mentioned under Listing Regulations and as modified from time to time.

7. RISK STRATEGY

Risk management will protect and add value to the organization and its stakeholders through supporting the organization's objectives by improving decision-making, planning and prioritization by comprehensive and structured understanding of business activity, volatility and project opportunity/threat.

GHIAL practices risk management as part of its detailed framework that carefully considers severity of present risks and enables future business activity to take place in a consistent and controlled manner. The framework helps in creating an environment in which risk management is consistently practiced across the Company and where GHIAL Management can take informed decisions to reduce the possibility of surprises.

8. RISK MANAGEMENT FRAMEWORK

In principle, risk always results as a consequence of routine activities or as a consequence of non-routine activities. Therefore, Risk Management and Risk Monitoring are important in recognizing and controlling risks. There is a Board approved risk management framework for identification, rating, prioritization, risk mitigation and reporting established in consonance with this ERM Policy which is currently being followed in the Company.

The Company will consider activities and its risk management with focus on three key elements, i.e.:

1) Risk Identification & Rating- study of threats and vulnerability and resultant exposure to various risks;
2) Risk Prioritization and Monitoring- prioritizing the risks in terms of likelihood, impact and velocity, estimated using available data and information.
3) Risk Mitigation- Measures adopted to mitigate risk by the Company.

Maintenance of Risk Registers - Risk Registers shall be maintained showing the risks identified, treatment prescribed, persons responsible for applying treatment, status after the treatment etc. Risk Owners and Response Owners to be identified for proper maintenance of the Risk Registers which will facilitate reporting of the effectiveness of the risk treatment to the Risk Management Committee and the Board.

9. GOVERNANCE MECHANISM:

Roles and Responsibilities of the Risk Management & ESG Committee:

The role of the Committee shall, inter alia, include the following:

1) To formulate a detailed risk management policy which shall include:
    a) A framework for the 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;
    b) Measures for risk mitigation including systems and processes for internal control of identified risks;
2) Business Continuity plan;

3) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6) To keep the Board of Directors informed about the nature and content of discussions of the Risk Management Committee, recommendations and actions to be taken;
7) The appointment of the Head of Risk Management of the Company shall be subject to review by the Risk Management Committee.

Board of Directors ("the Board"): The Board, through the Risk Management and ESG Committee shall oversee the establishment and implementation of an adequate system of risk management across the Company. The Board shall comprehensively review the effectiveness of the company's risk management system, its assessment and minimization procedures on an annual basis.

Audit Committee: The Audit Committee will review on an annual basis the risk assessment & minimization procedures across the Company.

10. AMENDMENTS:

This Policy may be amended subject to the approval of "Risk Management and Environment, Social and Governance (ESG) Committee" Committee and the Board, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

* * *

This Policy was originally approved by the Board of Directors on 31-01-2015 and further amended on 24-03-2023 and 24-01-2025.

S. No.	Reviewed By	Review Date	Approved By	Approval Date
1.	Audit Committee	30-01-2015	Board of Directors	31-01-2015
2.	Risk Management and ESG Committee	24-03-2023	Board of Directors	24-03-2023
3.	Risk Management and ESG Committee	24-01-2025	Board of Directors	24-01-2025