DELHI INTERNATIONAL AIRPORT LIMITED

ENTERPRISE RISK MANAGEMENT POLICY

1. **PREFACE**:

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 a harmful or negative impact 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 Delhi International Airport Limited, 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"

Further, as per Regulation 4(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") also provide key functions of board of directors where they are required to review the risk policy. The Company 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. PURPOSE:

- The policy forms part of DIAL Internal control & Governance arrangements.
- The policy explains DIAL's approach to risk management, documents the roles & responsibilities of the concerned departments.
- It also outlines the key aspects of the risk management process & identifies the reporting procedures.
- This policy shall operate in conjunction with other business and operating / administrative practices.
- The Investment decisions should be based on the principles of Liquidity, Safety and Sustainable long term return through optimal use of resources are followed.

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. CONSTITUTION OF RISK MANAGEMENT COMMITTEE:

(Pursuant to Regulation 21 of Listing Regulations)

I. The Board of Directors of the Company shall form a Risk Management Committee (hereinafter referred to as "Committee") comprising of minimum three (3) members with majority of them being members of the Board of directors, including at least one independent director.

II. The Chairperson of the Committee shall be a member of the Board of directors and senior executives of the listed entity may be members of the Committee.

III. 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;

IV. The Risk Management Committee shall provide oversight and will report to the Board of Directors who have the sole responsibility for overseeing all risks.

A Committee titled "Risk Management and Environment, Social and Governance (ESG) Committee" for DIAL is constituted as follows:

S. No.	Name	Designation
1	Mr. GBS Raju - Managing Director	Chairman
2	Mr. Amarthaluru Subba Rao - Independent Director	Member
3.	Mr. Indana Prabhakara Rao - Executive Director	Member
4.	Ms. Denitza Weismantel – Director	Member
5.	Mr. Videh Kumar Jaipuriar - Chief Executive Officer	Member

5. MEETING AND QUORUM OF COMMITTEE:

I. The risk management committee shall meet at least twice in a year.
II. The quorum for a meeting of the Risk Management 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 directors in attendance.
III. The meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.

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

6. 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.

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

7. 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.

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

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

8. GOVERNANCE MECHANISM:

Roles and Responsibilities:

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 identification of internal and external risks specifically faced by the listed entity, 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.

c) Business continuity plan.

2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

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

5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

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

Board of Directors: The Board, through the Audit Committee shall oversee the establishment and implementation of an adequate system of risk management across the company. 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 would review on annual basis, the risk assessment & minimization procedures across the Company.

9. <u>AMENDMENTS:</u>

This Policy may be amended subject to the approval of the Audit Committee and Board of Directors of the Company, from time to time in line with the business requirement of the Company or any statutory enactment or amendment thereto.

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