ENTERPRISE RISK MANAGEMENT FRAMEWORK

VERSION 1.0

Bharti Airtel Limited

1.0 Risk Management Framework

Bharti Airtel Ltd. (hereinafter called 'Company') recognizes that it operates in an extremely dynamic environment and is exposed to a number of risks and uncertainties emanating, for example, from fierce competition in the Sector, very frequent technological changes, high sensitivity around data security etc.

With an intent to proactively protect stakeholders' interests that can be adversely impacted if such risks are not managed well in time, and also to comply with various Statutory Provisions (as Listed in **Appendix – I**), the Company has now established a comprehensive Enterprise Risk Management (ERM) Framework that aims to ensure that the key stakeholders are aware of the Risks to which the company is exposed and also plan and monitor the mitigation plans against such risks. The approach of the ERM framework for the Company follows the below steps:

i. Risk Identification & Categorisation
ii. Risk Prioritisation
iii. Risk Mitigation
iv. Monitoring and reporting

2.0 Risk Identification & Categorisation

Risk identification is a continuous process of scanning the internal as well as the external environment and an ongoing simulation of possible future events, whether at Organisation, Industry or Geography level to identify potential events that can negatively impact the Company. Some of the areas where potential risks are to be continuously monitored are Regulatory Environment, Networks, Competitive Landscape, Data Integrity, Internal Controls etc.

The risks that are identified can be either 'Strategic Risks' or 'Operational Risks'. For a risk to be treated as a 'Strategic Risk', potential adverse impact of non-mitigation of such risk should fall under any one or more of the below criteria:

- *Can lead to prolonged disruption to supplies and operations, loss of access to essential assets, or critical failures in distribution*
- *Can significantly impact the ability of the organisation to continue as a "going concern"*
- *Can significantly dent the brand value / market standing.*

- *Can put the Company behind the Technological advancement curve as compared to its 'best in class' local as well as international peers.*
- *Can have a sustained impact on expansion and ability to serve customers.*
- *Can significantly impact the ability to raise funds from Capital Markets*
- *Can have severe regulatory and compliance risks*

Any risk that is not a 'Strategic Risk' is to be treated as an 'Operational Risk'

For Each Risk, whether Strategic or Operational, an owner shall also be identified who would be take the end-to-end ownership of the Risk.

3.0 Risk Mitigation

Risk mitigation involves identification of action(s) to reduce/eliminate exposure to potential risks and to reduce the likelihood and negative impact of such risks. Once the risks are identified, mitigation plan against such risks is formulated by the owner of the risk. Criteria that are generally used for identifying effective mitigation plan is that it should:

- *Eliminate or significantly delay the occurrence of the risk and / or its impact on a near term basis.*
- *Ensure that if and when actual risk-event happens, the organisation is adequately prepared for the same all controllable steps to counter the risk are in place.*
- *Eliminate the risk / significantly blunt the impact on long-term basis.*
- *Act as a Contingency plan / compensatory control to deal with the risk should it occur*
- *Enable a technological leap to ensure that the fall out of the risks become significantly redundant.*
- *Be capable of being objectively monitored on a continuous basis*

4.0 Monitoring and Reporting

The Monitoring and Reporting of the Risk Management Framework for 'Strategic Risks' and 'Operational Risks' shall be as per the following process :

4.1 Strategic Risks

Each risk-owner shall be responsible for updating the status of the Mitigation plan(s) against their respective risks to the Chief Risk Officer within 15 days from the end of the quarter in the form of 'Risk Mitigation Dashboard'. The status against each of the planned mitigation activity should be clearly spelt out and any deviation from the intended timelines or efficacy for achieving the mitigation should be duly flagged.

The template for the 'Risk Mitigation Dashboard' is given in **APPENDIX - II**

The Chief Risk Office (CRO) shall be responsible to review the 'Risk Mitigation Dashboards' sent by the respective risk owners and seek evidences / clarifications as may be appropriate. The CRO shall update the 'Risk Management Committee (RMC)', on the Status the said review of the Risk Mitigation Dashboard.

The RMC shall have a detailed review of the Risks and the Mitigations (i.e. an 'ERM Update') on a periodic basis on the risk identified, alongwith the Management team (i.e. CEO, CFO, Respective Functional Heads and Business owners of each of the risks).

4.2 Operational Risks

The operational Risks are to be managed through a combination of controls, actions, reviews etc. at the operating level. The broad framework for managing various operational risks is through:

i. Revenue Assurance (RA)
ii. Internal controls, including controls over financial Reporting (ICoFR)
iii. Internal Governance Reviews
iv. KPIs deck to Manage business / operational risks

5.0 Ownership

This compliance to this policy shall be the joint responsibility of the Chief Risk Officer and the Chief Financial Officer of the Company.

APPENDIX – I : Legal Obligations for Comprehensive Risk Management Framework

A. The **Companies Act, 2013** casts the following obligations to be met with respect to the Risk Management Framework

Sl	Responsibility Cast on :	Obligation	Section / Reference
1	Board	The report of the Board of Directors must include status of the "Risk Management Policy" for the Company, including highlighting risks that may threaten the existence of the Company	134 (n)
2	Audit Committee	Audit committee is required to evaluate the Risk Management Systems of the Company	177(4)(vii)
3	Independent Directors	The Independent Directors are required to satisfy themselves that the systems of risk management are robust and defensible	Schedule IV [Part II-(4)]

B. **The SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015** casts the following obligation to be met with respect to the Risk Management Framework

Sl	Responsibility Cast on :	Obligation	Section / Reference
1	Board	To review and provide guidance for risk policy and ensure that appropriate 'Risk Management' systems are in place.	Regulation 4 (2) f (ii) (1)
2	Company	Lay procedures to inform Board about risk assessment and minimization procedures	Regulation 17 (9) (a)
3	Board	Framing, implementing and monitoring of Risk Management Plan	Regulation 17 (9) (b)
4	Audit Committee	The Audit committee is required to evaluate the risk management systems	Regulation 18 (3) Part C A (11)
5	Board	Formation of 'Risk Management Committee (RMC)' for monitoring and reviewing the Risk Management Plan and define its roles and responsibilities	Regulation 21 (1) & (4)
6	RMC	The RMC should meet at least once in a year	Regulation 21 (3A)

Appendix – II : Template of the 'Risk Mitigation Dashboard'

Risk Mitigation Dashboard – ______Risks

Risk due to

ERM Risk # 1		**Owner**	
		Function	
Sub-Risks			

Sl	**Mitigation Plan**	**Status**	**Mitigation Effectiveness**