Indraprastha Apollo HOSPITALS

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ENTERPRISE RISK MANAGEMENT (ERM) POLICY

Indraprastha Medical Corporation Limited (IMCL)

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Contents

PREAMBLE 2
1.0 OBJECTIVES OF THE POLICY 2
2.0 SCOPE 2
3.0 THE ERM POLICY 3
4.0 RISK MANAGEMENT ORGANIZATION STRUCTURE 4
4.1 Role of the Board of Directors ('the Board') 4
4.2 Constitution of Risk Management Committee ('RMC'): 5
4.3 Roles and functions of RMC: 5
4.4 Role and functions of Chief Risk Management Officer (CRMO): 6
4.5 Departmental Risk Unit Owners: 6
4.6 Role and function of the Internal Auditor: 6
5.0 AMENDMENT, CONFLICTS AND SEVERABILITY 7
6.0 LIMITATIONS 7
7.0 DEFINITIONS & ABBREVIATIONS 8

PREAMBLE

The exposure to various Risks and uncertainties broadens as organizations grow, expand and embrace new systems and technologies. These Risks and exposures, including unpredictable events such as COVID-19, present massive challenges to an organization and can adversely impact achievement of business goals and objectives. Therefore, the Company and its Management must ensure that these Risks are proactively monitored and mitigated / prevented in order to stay ahead of any possible disruption. Organizations not only need to predict new threats, but also detect changes in the existing Risk landscape.

1.0 OBJECTIVES OF THE POLICY

The objectives of ERM Policy are to:

- Create a comprehensive Risk Management framework for the Company.
- Evaluate potential risks in order to take preventive/mitigating actions.
- Create organizational culture of risk awareness and its ownership in order to maximize risk free work environment.
- Improve business productivity and performance.
- Strengthen stakeholder relationships and reputation, by maximizing risk free business performance.
- Facilitate regulatory compliance and adherence to best possible risk management practices.

2.0 SCOPE

This ERM Policy applies to the whole of the Company organization and includes all the departments and functions, locations and projects related to the Company.

3.0 THE ERM POLICY

The ERM Policy comprise of:

3.1 Risk Management Process which lays down the overall governance process for the Risk Management at an entity level, inter-alia;

- Identification of external and internal risks via structured workshops, occurrence of a loss or near miss events, review of existing documents including policies and reports etc.;
- Risk Analysis comprising identification of risk drivers, likelihood, potential impact, key risk indicators (KRIs) and effectiveness of control measures in place to mitigate the Risks;
- Risk Evaluation for prioritization of risks as high, medium or low (risk rating) based on likelihood and impact score;
- Risk Mitigation for development and implementation of Risk Response plans;
- Risk monitoring and reporting comprising continuous risk monitoring and reporting on key risk and mitigation plans to the Risk Management Committee.

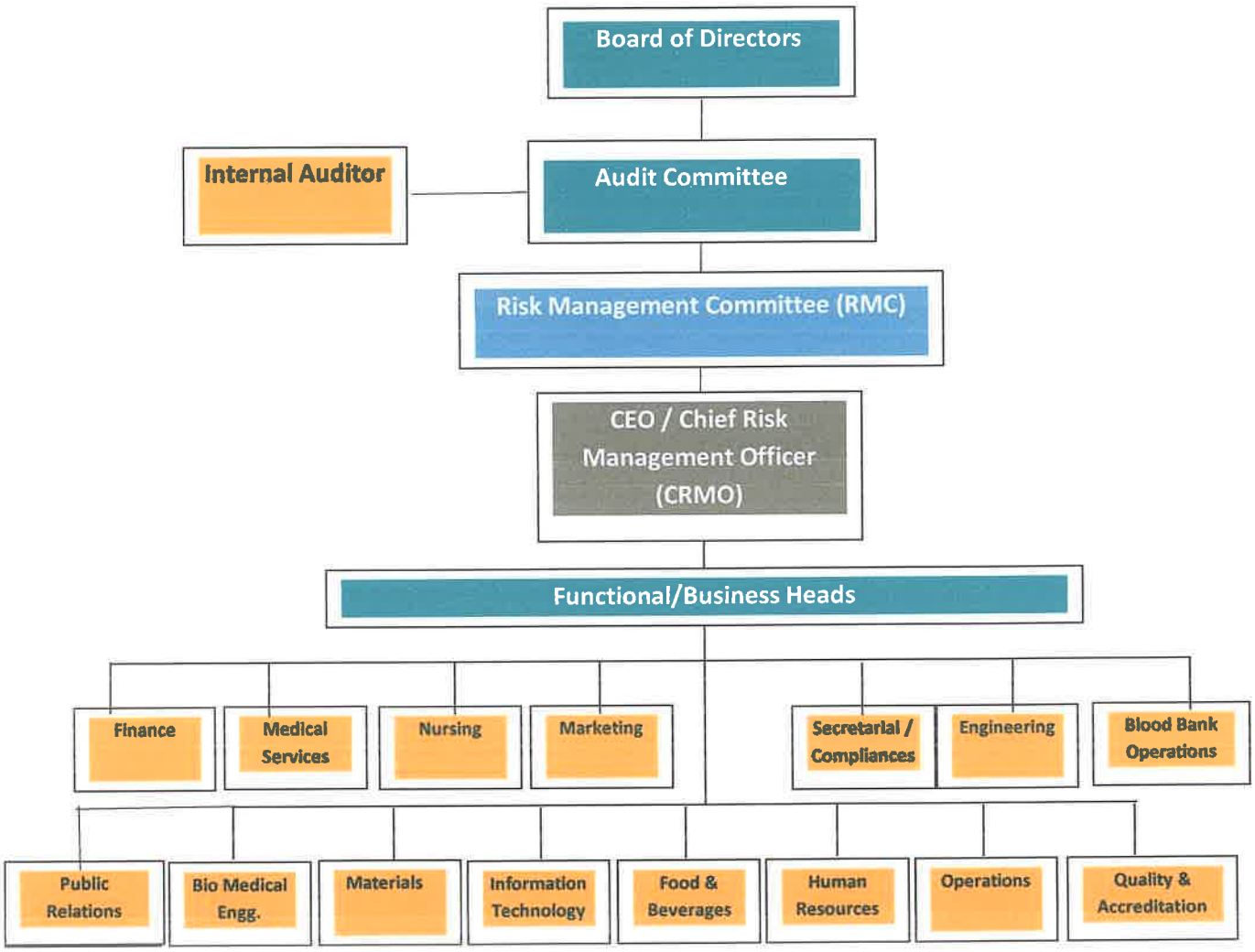
The Risk Management Process has been elaborated in a separate document "ERM Risk Management Process at IMCL".

3.2 Risk Management Organization structure which shall enable implementation and effective functioning of the Risk Management Process.

4.0 RISK MANAGEMENT ORGANIZATION STRUCTURE

The ERM Policy shall be implemented through the establishment of a Risk organization structure. The Risk Management functions, governance and oversight shall be managed by establishing an RMC.

Following figure describes the proposed Risk Management organization structure at IMCL:



4.1 Role of the Board of Directors ('the Board'):

- The Board shall Constitute the RMC and appoint its Chairman;
- The Board shall define the role and responsibility of the RMC and may delegate monitoring and reviewing of the Risk Management plan to the committee and such other related functions as it may deem fit, such function shall specifically cover cyber security;

- Review, consider and approve Risk Management reports;
- Ensure the inclusion of a statement indicating development and implementation of the ERM Policy for the Company, including identification therein of critical elements of risks in the Board Annual Report.

4.2 Constitution of Risk Management Committee ('RMC'):

- RMC shall have minimum three members with majority of them being members of the Board, including at least one independent director.
- RMC shall meet at least twice in a year.
- Quorum for a meeting of RMC shall be either two members or one third of the members of RMC, whichever is higher, including at least one member of the Board in attendance.
- The meetings of RMC shall be conducted in such a manner that on a continuous basis not more than 210 (two hundred and ten) days shall elapse between any two consecutive meetings.
- The Company Secretary shall act as Secretary to the Committee.
- RMC shall apprise the Audit Committee and Board on the risk profile of the Company at least twice in every financial year.

4.3 Roles and functions of RMC:

- Carry out responsibilities as assigned by the Board;
- Recommend the Risk Management Policy to the Board for their approval.
- Formulate a detailed Risk Management policy which shall include:
  - (a) A framework for 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.
  - (c) Business continuity plan.
  - (d) Ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
  - (e) Monitor and oversee implementation of the Risk Management policy, including evaluating the adequacy of Risk Management systems;
  - (f) Periodically review the Risk Management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(g) Keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

(h) The appointment and removal of the Chief Risk Management Officer (CRMO) shall be subject to review by the RMC;

(i) The RMC shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board;

(j) Review risk management policy at least once in 2 (two) years or as frequently as the RMC deems fit and proper considering industry dynamics and evolving complexity.

4.4 Role and functions of Chief Risk Management Officer (CRMO):

- The CRMO of the Company shall serve as the Secretary to the Committee;
- Ensure periodic RMC meetings;
- Report to the RMC on the Risk Management activities.
- Coordinate and work within the organization for the implementation of the Risk Management Policy

4.5 Departmental Risk Unit Owners:

- Responsible for identifying Risks for their Department / Function;
- Responsible for reassessing Risks on a periodic basis;
- Responsible for preparing Risk Register and documenting mitigation plan in Risk profile for approval from RMC;
- Responsible for managing Risk by implementing mitigation plans and reporting on the Risk Management activities to the RMC through the CRMO;
- Communicate risks, including critical Risks and near miss incidents, to RMC through the Risk Coordinator; along with suggestions for their prevention/mitigation.
- Ensure that the Risk Register is reviewed and updated periodically for any new Risks and / or changes in existing Risks:
- Inculcate the risk awareness culture at all levels of the Company.

4.6 Role and function of the Internal Auditor:

- Audit the overall ERM Policy compliance processes;

- Internal audit resources shall be directed at those areas, which are key and/or significant as brought out periodically through the Risk Management process.

5.0 AMENDMENT, CONFLICTS AND SEVERABILITY

The Board may amend or modify this policy in whole or in part as it may deem fit and proper. In the event of conflict between this policy and any applicable laws then such law shall prevail and remaining parts of the Policy shall remain in force.

In the circumstances, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company then in such event such law, rule, regulation or standard will take precedence over this Policy and shall be duly incorporated in this Policy.

6.0 LIMITATIONS

This ERM Policy does not intend to provide complete assurance against failures to achieve business objectives, nor does it provide full assurance against material misstatements, losses, frauds, human errors, misjudgments in decision-making and violations of legislation and regulations.

7.0 DEFINITIONS & ABBREVIATIONS

TERM	DESCRIPTION
a. Risk	Risks are events or conditions that may occur, and whose occurrence, if it does take place, has a harmful or negative Impact on the organization's business objectives; and may arise out of routine or non-routine actions of the Company and be internal or external to the Company
b. Risk Management Process	Identification of applicable external and internal risks, analysis, evaluation, prioritization, management, monitoring, review and reporting and take mitigation measures.
c. Risk Tolerance	Risk tolerance indicates the maximum quantum of Risk which the company is willing to take as determined from time to time.
d. Risk Register	A prioritized risk register highlighting the Key Risks for the Department / Function.
e. Key Risks	A measure used to indicate the extent of risk of any activity which would adversely affect the Company's business.
f. Key Risk Indicators (KRIs)	Events, alarms and /or signs/trends /events that Risk is likely to occur
g. Risk Drivers	Events or conditions that could lead to the Risk.
h. Impact	The degree of Consequences to the organization should the event occur.
i. Likelihood	The likelihood of the event occurring expressed as an indicative frequency.
j. Risk Rating	The relative rating determined from the risk score derived from qualitative analysis of Impact and likelihood. Categorized as high, medium or low.
k. Interpretation	Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors/RMC.

For and on behalf of the Board

Shivakumar Pattabhiraman
Managing Director

Place: New Delhi
Date: 16th May, 2025