BLUE DART EXPRESS LIMITED

RISK MANAGEMENT POLICY

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1. Foreword

1.1. Context

Risk Management is an integrated approach to proactively manage risks which affect the achievement of Blue Dart Express Ltd. (herein referred to as "Blue Dart" or the "Company") vision, mission and objectives. RISK MANAGEMENT is aimed at protecting and enhancing stakeholder value by establishing a suitable balance between harnessing opportunities and containing risks.

1.2. Definition of Risk Management

Risk management is the identification, evaluation, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events or to maximize the realization of opportunities. This involves:

- Identifying potential risks related to Financial, Operational, Sectoral, Information, Environment Sustainability Governance (ESG), Business Continuity, Cyber Security, Reputation, Technology, Human resources, Data protection and other risks.
- Assessing the potential impact of each Risks
- Identification of measures for Risk Mitigation
- Implementing actions to minimize the potential impact through various mitigation plans.
- Monitoring and reporting on the status of Key risks on a regular basis

Risk Management also provides Blue Dart with the opportunity to identify risk-reward scenarios and to realize significant business opportunities.

1.3. Purpose and Benefit of Risk Management

The purpose of risk management is to identify potential problems before they occur, so that risk-handling activities may be planned and invoked as needed to manage adverse impacts on achieving objectives.

The objective of risk management is not to eliminate risk, but to understand it so that the Company can minimize the downside and take advantage of the upside. This requires clarity on what risks the Company is prepared to take, how much, and ensure that the Company has the processes in place to manage these risks.

An integrated and clearly structured risk management policy can help support the maximization of shareholders' value in several ways, which include:

- Clarity of roles and responsibilities
- Greater management responsibility and accountability.
- Quicker, risk-oriented decisions by focusing on key risks.
- Better informed and greater management agreement on key decisions taken.
- Integrated governance practices
- Minimize surprises & negative impact of risks on business objectives.
- Achieve business objectives and strategic goals.
- Reduced earnings volatility and increased profitability.
- Enhanced communication to RMC / Audit Committee / Board

2. Risk Management Policy

2.1. Purpose & Objective

This policy is intended to support and assist Blue Dart in achieving their business objectives by providing standards for identifying, assessing and managing their business risks in an efficient and cost-effective manner and at the same time ensuring effective monitoring and accurate reporting of these risks to the key stakeholders. This Policy is drafted in accordance with Section 134 of the Companies Act, 2013 and relevant regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

The key objectives of this policy are to:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management.
- Define the organizational structure for effective risk management.
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

The policy is to be reviewed at least once every two years, or even earlier due to material changes in laws, strategy or risk profile changes recommended by the RMC.

2.2. Scope and Applicability

This policy applies to every part of Blue Dart's business and functions, including its subsidiaries. The policy complements the corporate governance initiatives of Blue Dart and does not replace other existing compliance programs, such as those relating to environmental, quality, and regulatory compliance matters.

2.3 Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 ("**Act**") or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") or any other statutory enactments, rules, the provisions of the Act or LODR Regulations or statutory enactments, rules shall prevail over and automatically be applicable to this Policy and the relevant provisions of the Policy would be amended / modified in due course to make it consistent with the law.

2.4 Risk Management Guiding Principles

To fulfill this commitment, Blue Dart and its management abide by the following principles:

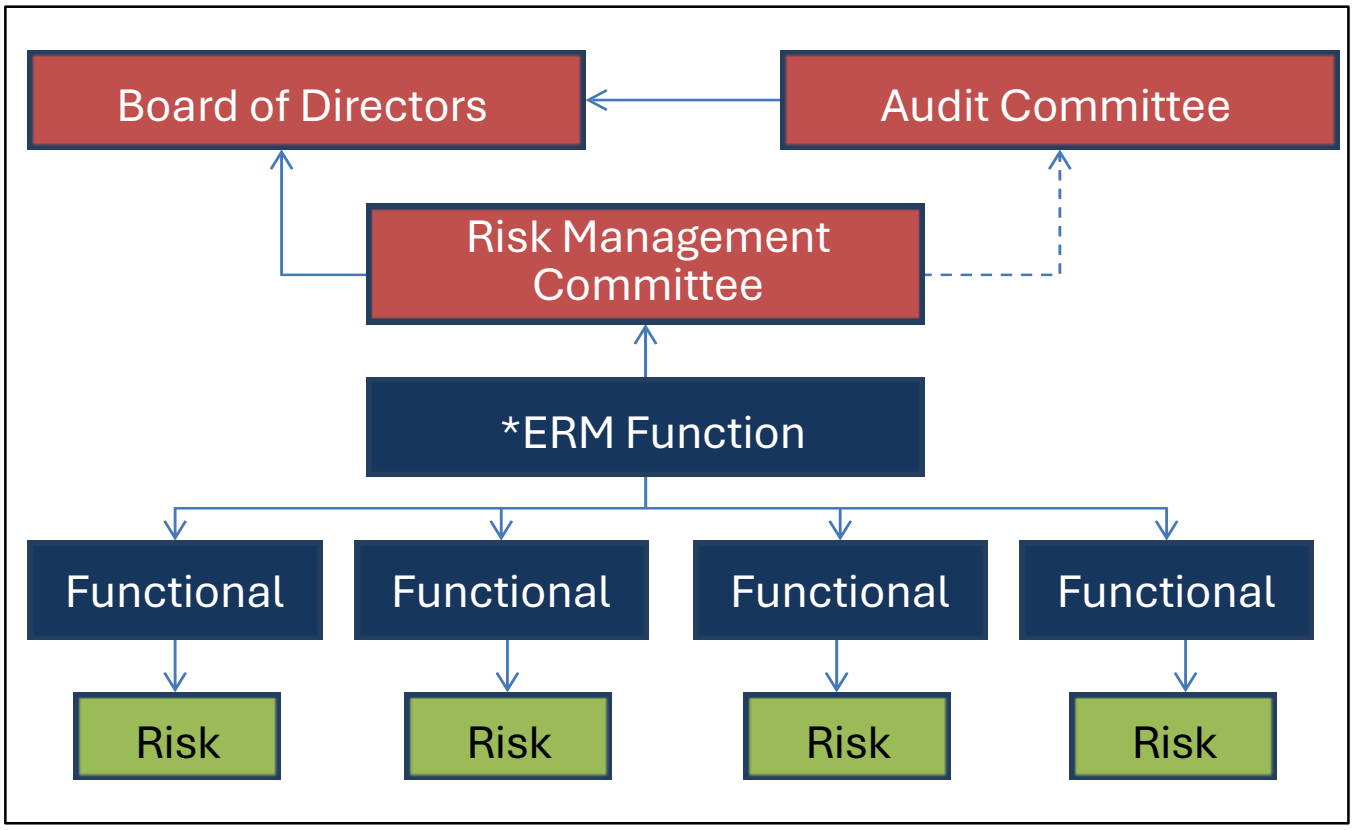
- Risk management is everyone's responsibility, from the RMC / Audit Committee/ Board of Directors Risk Committee to individual employees. Risks should be primarily managed by the business function transacting the business. All employees should actively engage in risk management within their own areas of responsibility.

- Blue Dart will manage its significant risks through a holistic approach that optimizes the balance between risks and returns across all verticals and functions. Optimization ensures that the Company only accepts the appropriate level of risk to meet its business objectives.
- All identified critical functions shall conduct periodic risk assessments and maintain Functional Risk Registers (FRR) in line with the organization's risk management framework. Risk Management will be integrated with major business processes such as strategic planning, business planning, operational management (including subsidiary), and investment decisions to ensure consistent consideration of risks in all decision-making.
- Blue Dart recognizes that the implementation and responsibility of the policy remain with the **Risk Management Committee (RMC)**, thus all risk strategies and risk appetite levels developed by the functions must be approved and endorsed by the RMC for approval of the **BOD**.

3. Risk Management Governance

3.1 Risk Management Organization Structure

The chart below provides the risk management organization structure within Blue Dart



*ERM stands for Enterprise Risk Management

3.2 Risk Management Roles and Responsibilities

Roles and responsibilities for each member within the Risk Management Organization Structure are detailed below:

- **Board of Directors (BOD)**

  BOD has the ultimate responsibility for managing the risk profile of the organization. They will approve of the organization's risk appetite. The Board will be responsible for ensuring that the risk management framework is contributing to achieving business objectives, safeguarding assets and enhancing shareholder value. The BOD is also responsible for the management of all key identified risks across the organization and ensuring that risks are being managed actively and effectively. However, it may delegate this responsibility to the Risk Management Committee for administrative reasons.

- **Audit Committee**

  Audit Committee shall overview the entire risk management process, review the risk profile of the organization on a periodic basis, review the organization's risk appetite and provide its input to the management and to RMC.

3.3 Risk Governance Structure

3.3.1 Risk Management Committee (RMC)

The Risk Management Committee (RMC) is responsible for overseeing the Company's enterprise risk management framework in accordance with applicable regulatory requirements.

The RMC shall, inter alia:

- Formulate and recommend the Risk Management Policy to the Board for approval.
- Oversee implementation of the risk management framework across the organization.
- Establish a structured process for identification, assessment, mitigation, and monitoring of risks, including strategic, operational, financial, compliance, cybersecurity and IT and ESG.
- Review significant risks and associated mitigation plans.
- Evaluate the adequacy and effectiveness of risk management systems and internal controls.
- Review emerging risks and evolving risk exposures.
- Recommend the Company's risk appetite to the Board.
- Keep the Board informed of key risk developments and material risk exposures.
- Coordinate with other Board Committees where risk oversight responsibilities overlap.
- Seek information from management or obtain external professional advice, where necessary, for effective discharge of its responsibilities.

The RMC shall meet at such intervals as required under applicable regulations, and at least as frequently as prescribed thereunder.

3.3.2 Composition of the RMC

The composition of the Risk Management Committee shall be in accordance with the Companies Act, 2013 and SEBI (LODR) Regulations, as amended from time to time.

The Committee shall comprise members of the Board, including at least one Independent Director, and can be chaired by any member of a committee.

The Board shall approve the composition and membership of the RMC. The Committee may invite senior management personnel or external advisors to its meetings, as required.

3.3.3 Risk Management Function

The Risk Management Function shall facilitate implementation of the risk management framework across the Company.

Its responsibilities include:

- Coordinating risk identification and assessment exercises across functions.
- Maintaining consolidated risk registers.
- Monitoring movement of key risks and the action plan to mitigate the risks.
- Reporting significant risk exposures to the RMC, Audit Committee, and Board.
- Promoting risk awareness and training within the organization.

3.3.4 Risk Owners

Risk Owners (typically Functional or Business Heads) are responsible for supervising risks within their respective areas.

They shall:

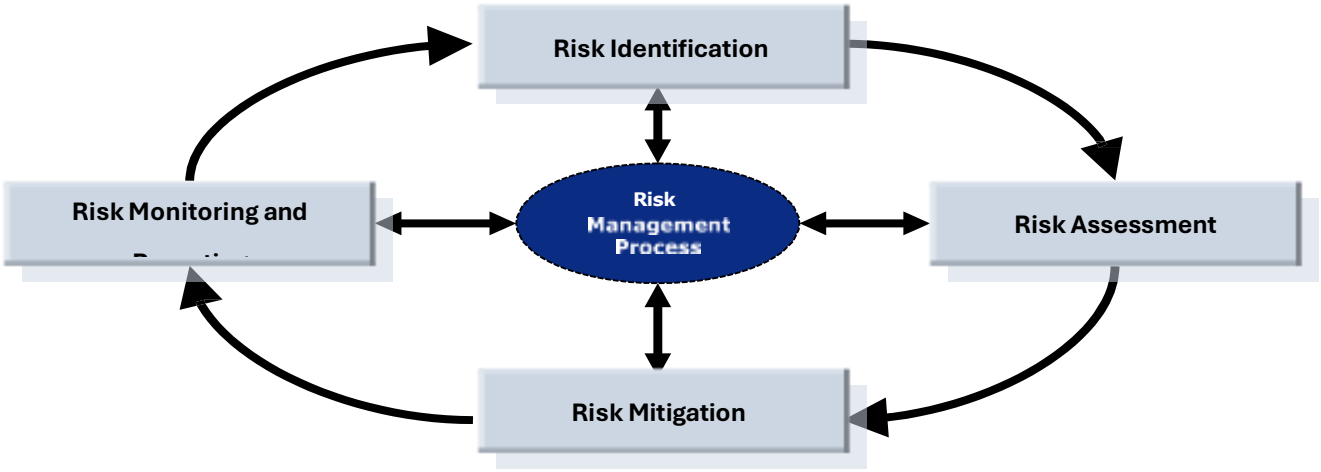
- Identify and assess risks relevant to their operations.
- Implement mitigation plans.
- Monitor risk indicators.
- Escalate significant risks in a timely manner.
- Ensure risk considerations are embedded in decision-making processes.

Risk management is a shared responsibility across the organization.

4 Risk Management Procedures

4.1 General

The risk management process should be an integral part of management, be embedded in culture and practices and tailored to the business processes of the organization. The risk management process includes four activities: risk identification, risk assessment, risk mitigation and risk monitoring and reporting as shown in the figure below:



4.2 Risk Identification

The identification of risks is the first step in the risk management process. The purpose of risk identification is to identify the events that have an adverse impact on the achievement of the business objectives. Further, risk identification not only refers to the systematic identification of risks but also to the identification of their root causes.

All critical risks identified are documented in the form of a Risk Cards. The Risk Card incorporates the risk description, root cause, existing control and mitigation plan.
Techniques of Risk Identification:

The following risk identification methods can be deployed to enable focused risk identification:

- Surveys / Questionnaires
- Structured Risk interviews and brainstorming
- Scanning the internal and external environment.
- Risk management workshops
- Functional Risk Registers

The process of risk management should be integrated within the strategy setting process. Risks should be identified at the time of strategy setting exercise. Risk identification should primarily be a top-down process with significant time commitment provided by the MD, CFO, and Functional heads to the process. The process should also involve participation from select middle and junior management to provide a 360-degree view on risks.

Risk Categories

For better risk identification, it is important to know various risk categories. Some sample categories are provided below:

Risk Category	Definitions
Strategic	Potential risks affecting high-level goals, aligned with and supporting the entity's mission/ vision.
Operational	Potential risks affecting the effectiveness and efficiency of the entity's operations.
Financial	Potential risks affecting the performance and profitability goals of the Company including safeguarding resources against financial losses.
Compliance	Risk relating to adherence to relevant laws and regulations. They are dependent on external factors and tend to be similar across all entities in some cases and across an industry in others.
Cyber Security Information Technology	Potential risks affecting the integrity of networks, programs, technologies and data
Environment / Sustainability	Potential risk related to climate change impacts mitigation and adaptation, environmental management practice, working and safety conditions, respect for human rights, and compliance with ESG relevant laws and regulation

4.3 Risk Assessment

Assessment involves quantification of the impact of risks to determine potential severity and probability of occurrence.

Risks may be assessed in workshops or using anonymous surveys. Each identified risk is assessed on two factors which determine risk exposure:

A. Likelihood of event occurrence

B. Impact if the event occurs.

It is necessary that risks are assessed after considering the existing controls and mitigation plan, so as to ascertain the current level of risk. Based on the above assessments, each of the Risks can be plotted on a Risk Assessment table and can be categorized as – Low, Medium and High.

Risk Appetite

Risk appetite refers to the amount of risk exposure or potential adverse impact from an event that the organization is willing to accept / retains in order to achieve its strategic objectives. It supports conscious decision-making based on risk-reward trade-off and ensures management works within established limits to control exposure.
Blue Dart may express its risk appetite qualitatively, whereby any risks which have an >= 4 on a 5 pointer Scale (For Both in likelihood or in impact) are deemed beyond acceptable limits. These risks would require compulsory management attention for further mitigation. Blue Dart's Risk Management Committee should decide Blue Dart's risk appetite and propose to the Board for approval.

4.4 Risk Mitigation

Risk mitigation involves selecting one or more options for managing risks and implementing such action plans. This phase of the Risk Management process is intended to:

- Understand existing practice/ mitigation mechanisms in place for managing risks.
- Generate new action plans for treatment of risks.
- Assess the effectiveness of such treatment plans through KRI's.

Risk mitigation can be a choice from the above or a combination of multiple options.

The choice of an appropriate mitigation option must consider balancing the costs and efforts of its implementation against the benefits derived.

Below are some generic steps for risk treatment: -

- Evaluate the strategic mitigations in place of key risks.
- Evaluate monitoring requirements.
- Verify and evaluate the monitoring practices currently in place of key risks.
- Identify and evaluate the post event measures in place of risk.
- Review the financial risk protection measures in place to respond to the consequences of risk events, if quantifiable
- Take decisions on the acceptability of identified risks and controls.
- Document action plans for risk mitigation

4.5 Monitoring and Reporting risks

Risk monitoring, reviewing and reporting are critical components of the Risk Management process. Once risks are identified, it is necessary to prioritize them based on the impact, effectiveness of existing controls etc. The intent of monitoring and reviewing risks is to:

- Analyze and track events, changes in the business processes, operating and regulatory environment & future trends which affect identified risks. As part of this, the impact of such events on treatment plans is also assessed.
- Review risks which have materialized
- Reviewing new emerging risks.
- Detect changes and assess the impact of changes to risk portfolio and risk treatment plans.
- Ensure that risk treatment mechanisms are effective in design and operation.
- Inter-dependence and cumulative impact of risks is discussed with all concerned to decide what is expected from whom.
- Provide cushions for non-measurable and unknown risks.

Risks do not normally exist in isolation. They usually have a potential effect on other functions, business processes and risk categories. These cause-and-effect relationships must be identified and understood. Many cross-functional effects of risk may not be immediately apparent without deliberate and systematic analysis, so a formal approach is required.

The RMC shall meet at least twice in a financial year to review all risks escalated through the review meetings. The review shall include identifying / framing mitigating controls for the newly identified risks and discussing the status of mitigation in respect of already identified risks. In case the newly identified risks have been approved by RMC then the same will be added to the risk card. Further, the key risks along with the mitigating controls will be submitted to the Audit Committee and Board of Directors on a half yearly basis.

Functional Risk Registers

A framework for maintaining Functional Risk Registers is already in place and is performed and managed by the management.

Key Risk Indicators (KRIs):

As a part of Risk Monitoring and Review, a process for identifying Key Risk Indicators for critical risks within the organization has been established. These KRIs provide real-time insights into potential threats, enabling proactive responses to emerging issues. Each KRI is developed with quantifiable metrics, tolerance levels, and review frequencies, facilitating monitoring of risk movement—whether it has escalated, de-escalated, or remains in a watchful category.

Risk reporting refers to the preparation and submission of periodic Risk Reports to facilitate pro-active monitoring of major risks by Senior Management.
Risk reporting shall be carried out in compliance with the risk management organization structure depicted in Section 3.1.

4.6 Managing Materialized Risks

In case a risk materializes, it is necessary to have in place a Crisis/ Incident Management Plan for timely and effective management of such events. The Incident Management Plan is a set of well-coordinated actions aimed at preparing and responding to unpredictable events with adverse consequences. The intention of this plan is to preserve the confidence of internal and external stakeholders in the Company's risk readiness for potentially adverse events. The relevant risk owner would be responsible for chalking out a detailed response plan in consultation with RMC to handle the risk which has materialized.

4.7 Managing Emerging Risks

The Company is subject to various risks and challenges emerging from the internal environment (e.g. operations, strategy, systems and processes etc.) and external environment (e.g. competition, changes in government policies, forex fluctuation and global economic environment etc.); which may have a significant impact on the organization. Hence, it is important to assess and take action steps in advance to mitigate such risks. Hence, emerging risks form an important part of Risk Management process.

All emerging risks should form an integral part of the risk management discussion. If any additions have to be made in the Risk Cards, it will be approved by the Functional Heads and will be forwarded to the RMC for reference.

5. Reference

This section seeks to provide specific reference documents for the Risk Management personnel, including guidelines on Risk Management documentation, document retention and glossary of useful terms.

5.1 Documentation

The following document is generated during the Risk Management exercise.

- Risk Card – Presentation for Identified Risks along with movement of risks.
- Presentation for Emerging Risks
- Presentation on key risks & status on how they are managed.
- Identification of action plans and mitigation measures for the key risks.

5.2 Document Management

Any changes to this policy document need to be processed through RMC and require the consensus of the Board for ratification. RMC shall ensure that updates to the policy are communicated across the organization and shall also be responsible for promoting risk awareness across the Company. Risk Management Committee may use tools, workshops, newsletters, formal training sessions, and undertake other initiatives as may be required for this purpose.

5.3 Record Retention

For the purpose of ensuring traceability of Risk Management activities, documentation should be maintained in electronic form. Electronic Records at an Enterprise level shall be maintained at the Corporate Office on behalf of the Board. However, those at the functional level shall be maintained by individual functions and the respective Functional Head shall be responsible for the same