



Creating tomorrow today

**GMR AIRPORTS LIMITED**

**Compliance Policy**



Table of Contents

- 1. INTRODUCTION ..... 3
- 2. OBJECTIVES OF THE POLICY ..... 3
- 3. DEFINITIONS ..... 3
- 4. SCOPE OF POLICY ..... 4
- 5. COMPLIANCE PROGRAMME ..... 4
- 6. RESPONSIBILITY OF THE BOARD AND SENIOR MANAGEMENT ..... 5
- 7. RESPONSIBILITIES OF COMPLIANCE FUNCTION ..... 5
- 8. COMPLIANCE STRUCTURE: ..... 6
- 9. POLICY AMENDMENT ..... 8
- 10. APPLICABILITY ..... 8



## 1. INTRODUCTION

- 1.1 GMR Airports Limited (the "Company") holds a valid Certificate of Registration dated July 29, 2022 conferring it a status of Core Investment Company.
- 1.2 This policy is framed pursuant to Circular No. Ref.No.DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated April 11, 2022 read with Revised Scale based Regulatory Framework for NBFCs Circular No.REC.No.60/03.10.001/2021-22 dated October 22, 2021 issued by RBI.

## 2. OBJECTIVES OF THE POLICY

- 2.1 To introduce standards and procedures relating to compliance functions, which are in line with best practices.
- 2.2 To Frame the compliance function and make it an integral part of Governance, Internal Control and Risk Management Process, that will help Senior Management and the Board of Directors in recognising the legal and reputation risks and their monitoring and mitigation in the Company;
- 2.3 To prevent the Company from any event of Compliance risks.
- 2.4 To have a Policy for the company in compliance with the provisions of the aforesaid RBI Circulars to identify and assess the major Compliance risk facing the Company and formulate plans to manage it;
- 2.5 To define Compliance philosophy, frame the , structure and role of the Compliance function and CCO, which would help Senior Management and the Board of Directors in identifying, assessing, monitoring, managing, mitigating and reporting on Compliance risk;
- 2.6 To introduce a healthy compliance culture within the organization so that compliance functions are effectively complied with.

## 3. DEFINITIONS

- 3.1 "Policy" means this Compliance Policy;
- 3.2 "Company" means GMR Airports Limited;
- 3.3 "RBI" means Reserve Bank of India;
- 3.4 "Non-Banking Financial Company" means NBFC;
- 3.5 "CIC" means Core Investment Company;
- 3.6 "CCO" means Chief Compliance Officer
- 3.7 "Board" means Board of Directors
- 3.8 "Committee" means Audit / Risk Management Committee of the Board;



- 3.9 "NRC" means Nomination and Remuneration Committee of the Board;
- 3.10 **Compliance risk** is the risk of legal or regulatory sanctions, material financial loss or loss of reputation a Company may suffer, as a result of its failure to comply with laws, regulations, rules and codes of conduct, etc., applicable to its activities.

#### 4. SCOPE OF POLICY

- 4.1 To adopt Company's existing structure as the Compliance Function and to freely disclose findings and views to senior management, Board / Committee;
- 4.2 Focus on various regulatory and statutory Compliance requirements;
- 4.3 To have monitoring mechanism for the Compliance testing procedure;
- 4.4 To have reporting requirements, including Compliance risk assessment and change in risk profile, etc. to the Senior Management and Board / Committee;
- 4.5 The authority of the CCO/ Compliance Function is to communicate with the staff member and to have access to all records or files necessary in respect of Compliance issues.
- 4.6 To have mechanism for dissemination of information on regulatory prescriptions and guidelines among staff and periodic updating of operational manuals; and
- 4.7 To lay down the approval process for all new processes/products by the Compliance Department, prior to their introduction.

#### 5. COMPLIANCE PROGRAMME

- 5.1 Company shall carry out an annual Compliance risk assessment in order to identify and assess major Compliance risks and prepare a plan to manage the risks.
- 5.2 The annual review, shall ensure coverage of at least the following aspects:
- 5.2.1 Compliance failures, if any, during the preceding year and consequential losses and regulatory action and steps taken to avoid recurrence of the same;
- 5.2.2 Listing of all major regulatory guidelines issued during the preceding year and steps taken to ensure compliance;
- 5.2.3 Compliance with fair practices codes and adherence to standards set by self-regulatory bodies and accounting standards; and



5.2.4 Progress in the rectification of significant deficiencies and implementation of recommendations pointed out in various audits and RBI inspection reports.

5.3 Compliance Function shall be subject to regular internal audit and Compliance risk shall be part of risk assessment framework.

5.4 Compliance Function shall have adequate staff members with knowledge of statutory / regulatory prescriptions, law, etc. applicable to the Company and will be supported by finance, information technology, risk management, audit etc functions for ensure implementation of this policy

## **6. RESPONSIBILITY OF THE BOARD AND SENIOR MANAGEMENT**

6.1 To ensure that an appropriate Compliance Policy is in place and implemented;

6.2 To prescribe periodicity for review of Compliance risk .he Senior Management shall:

6.2.1 carry out an exercise, at least once a year, to identify and assess the major Compliance risk faced by the Company and formulate plans to manage it;

6.2.2 submit to the Board / Committee a review at the prescribed periodicity and a detailed annual review of Compliance; and

6.2.3 report promptly to the Board / Committee on any material Compliance failure while ensuring that appropriate remedial or disciplinary action is taken.

## **7. RESPONSIBILITIES OF COMPLIANCE FUNCTION**

7.1 Assist the Board and the Senior Management in overseeing the implementation of Compliance Policy, including policies and procedures, prescriptions in Compliance Manuals if any, internal codes of conduct, etc.,

7.2 Play the central role in identifying the level of Compliance risk in the organisation. The Compliance risks in existing / new products and processes as applicable shall be analysed and appropriate risk mitigants put in place. The Chief Compliance Officer (CCO) shall be a member of the 'new product' committee/s. All new products shall be subjected to intensive monitoring for at least the first six months of introduction to ensure that the indicative parameters of Compliance risk are adequately monitored.

7.3 Compliance Function shall monitor and test Compliance by performing sufficient and representative Compliance testing, and the



- results of such Compliance testing shall be reported to the Senior Management. It shall periodically circulate the instances of compliance failures among staff, along with the required preventive instructions. Staff accountability shall be examined for major Compliance failures.
- 7.4 Ensure compliance of regulatory/ supervisory directions given by RBI in both letter and spirit in a time-bound and sustainable manner. RBI will continue to expect an effective Compliance Program where all Risk Mitigation Plan (RMP) / Monitorable Action Plan (MAP) points are complied with within the timelines prescribed.
  - 7.5 Attend to compliance with directions from other regulators in cases where the activities of the entity are not limited to the regulation/supervision of RBI. Further, discomfort conveyed to the Company on any issue by other regulators, and action taken by any other authorities / law enforcement agencies, shall be brought to the notice of RBI.
  - 7.6 The Compliance Department may also serve as a reference point for the staff from operational departments for seeking clarifications / interpretation of various regulatory and statutory guidelines.
  - 7.7 Compliance to RBI inspection reports shall be communicated to RBI necessarily through the office of the Compliance Function

## **8. COMPLIANCE STRUCTURE**

### **8.1 COMPLIANCE DEPARTMENT**

- 8.1.1 The Company will adopt its independent Corporate Secretarial Department as the Compliance function which will be headed by CCO for meeting the prescribed requirements.
- 8.1.2 The Compliance Function will be sufficiently resourced with clear responsibilities;
- 8.1.3 The activities of the Compliance Function will be subject to periodic and independent review.

### **8.2 ROLE OF CCO**

- 8.2.1 The CCO shall be the nodal point of contact between the Company and the regulators / supervisors and shall necessarily be a participant in the structured or other regular discussions held with RBI.
- 8.2.2 The Secretarial Department of the Company shall be looking after the applicable compliances under different statutory and



other requirements. However, the Compliance Function will ensure overall oversight.

- 8.2.3 The CCO shall be kept informed of audit findings related to Compliance, which shall serve as a feedback mechanism for assessing the areas of Compliance failures.
- 8.2.4 the CCO shall not be given any responsibility including membership of any committee which brings elements of conflict of interest, especially any role relating to business. In case the CCO is a member of any such committee, that would only be an advisory role.
- 8.2.5 The staff in the Compliance Department shall primarily focus on Compliance Functions. However, the Compliance staff could be assigned some other duties while ensuring that there is no conflict of interest.

### **8.3 APPOINTMENT & TENURE OF CCO**

- 8.3.1 The CCO shall be appointed for a minimum fixed tenure of not less than 3 years. However, in exceptional cases, the Board / NRC may relax the minimum tenure by one year, provided appropriate succession planning is put in place to avoid any future skill gap;
- 8.3.2 The CCO shall be transferred / removed before completion of the tenure only in exceptional circumstances, with the explicit prior approval of the Board / NRC, after following a well-defined and transparent internal administrative procedure;
- 8.3.3 The CCO shall be a senior executive of the Company with a position not below three levels from the CEO. Pursuant to Revised Scale based Regulatory Framework for NBFCs Circular dated October 22, 2021, the company is categorised as NBFC-Middle Layer.
- 8.3.4 The CCO shall have a good understanding of the industry and risk management practices, knowledge of regulations, legal requirements, and have sensitivity to Supervisory expectations;
- 8.3.5 The CCO shall have the ability to exercise judgment independently, freedom & authority to interact with regulators / supervisors directly and ensure compliance;
- 8.3.6 CCO shall have a clean track record and unquestionable integrity.



8.3.7 Selection of the candidate for the post of the CCO shall be made based on a well-defined selection process and recommendations made by NRC of the Company. The Board shall take final decision in the appointment of CCO.

8.3.8 The CCO shall have direct reporting lines to the Board of Directors of the Company. The CCO shall not have any reporting relationship with the business verticals. Further, the performance appraisal of the CCO shall be reviewed by NRC.

## 9. POLICY AMENDMENT

9.1.1 The Board shall review this policy at least once a year and make such amendments / changes as they may consider necessary;

9.1.2 The changes notified by RBI or any other applicable law from time to time with respect to the said circular, shall get applicable to this Policy without any amendment to this Policy.

## 10. APPLICABILITY

10.1.1 The policy shall be effective from the date of approval by the Board of Directors of the Company.

\*\*\*\*\*

