METROPOLIS HEALTHCARE LIMITED

RISK MANAGEMENT POLICY

Reviewing Authority	Risk Management Committee of the Company
Approving Authority:	Board of Directors of the Company
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Review Cycle:	At such Intervals as prescribed under SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.
Applicability	The Company and its Subsidiaries

1. INTRODUCTION

1.1 Enterprise Risk Management is a structured, consistent, and continuous process of measuring or assessing risk and developing strategies to manage risk within the risk appetite. It involves the identification, assessment, mitigation, planning, and implementation of risk and developing an appropriate Enterprise Risk Management policy.

1.2 Enterprise Risk Management consists of Risk identification, risk evaluation, and analysis, risk mitigation, Risk Monitoring, etc.

1.3 This document sets out the guidelines governing Risk Management governance, structure, procedure, etc. This policy forms part of MHL's Internal control and governance framework.

2. OBJECTIVE

2.1 The Company is prone to inherent business risks. The main objective of this policy is to ensure sustainable business growth with stability and to promote a proactive approach in reporting, evaluating, and resolving risks associated with the business. To achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, to guide decisions on risk-related issues.

2.2 This document is intended to formalize a risk management policy, the objective of which shall be the identification, evaluation, monitoring, and minimization of identifiable risks.

2.3 The policy sets out the principles, processes, and responsibilities for risk management across the organization. The primary objective of a risk management policy is to help the company achieve its goal by minimizing potential losses and maximizing opportunities.

2.4 This policy is in line with Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation, 2015) which requires the Company to lay down procedures for risk assessment and risk minimization.

3. SCOPE

3.1 This policy is meant to ensure to mitigate or minimize potential risks to the business to an acceptable low level and thus covers all activities within the company and events external to the company which have an impact on the business operations. The Risk Management Policy is documented in conjunction with the Risk Management Procedure, which covers below: -

a) Risk Management Framework
b) Risk Management Structure
c) Risk Assessment Criteria
d) Categorization of Risks
e) Risk Management Procedure

3.2 The policy guidelines are devised in the context of the present business profile, future growth objectives, and new business endeavors/services that may be necessary to achieve the goals & benchmarking with best practices adopted by organizations.

3.3 To achieve the key objective of delivering quality and reliable diagnostic services, this Policy establishes a structured and disciplined approach to Risk Management, to guide decisions on risk-related issues. These include:

a) Identifying and assessing risks.
b) Optimizing Strategic, Operational & Financial efficiency.
c) Preparedness for contingency or occurrence of unforeseen events.
d) Mitigation of risks to an acceptable low level / eliminate adverse impact of risk on operations.
e) Improving decision-making, planning, and prioritization by a comprehensive and structured understanding of business activities, volatility, and opportunities/threats.
f) Protecting and enhancing assets and company image.
g) Continuous monitoring of the business environment and evaluation of potential events which may lead to adverse impact on the company's operations or image.
h) Training concerned stakeholders for ensuring the existence and effectiveness of mitigation measures against risks associated with respective functions.
i) Enable concerned stakeholders to identify risk triggers for potential / identified risk.
j) Accountability and Responsibility amongst various stakeholders for ensuring the effectiveness and existence of mitigation measures.
k) Structure of Risk Management reporting and procedure.

4. DEFINITIONS

4.1 **"Audit Committee"** means "Audit Committee" constituted by the Board of Directors of the Company under Section 177 of the Companies Act, 2013 and the provisions of the Listing Regulations, 2015, from time to time.

4.2 **"Board"** means the Board of Directors of Metropolis Healthcare Limited.

4.3 **"Company"** means Metropolis Healthcare Limited.

4.4 **"Risk"** is defined as the chance of a future event or situation happening that will have animpact upon the company's objective favourably or unfavourably. It is measured in terms of consequence and likelihood.

4.5 **"Risk Management"** encompasses risk assessment plus the evaluation of risks against established tolerances, their treatment, andmonitoring.

4.6 **"Risk Classification"** Risk classification is the process of categorizing risks based on their characteristics or attributes to facilitate better understanding, prioritization, and management of those risks.

5. RISK APPETITE & RISK TOLERANCE INCLUDING MEASURABILITY

5.1. Risk Appetite:

A critical element of the Company's Risk Management Framework is the risk appetite, which is defined as the extent of willingness to take risks in pursuit of business objectives.

5.1.1. The key determinants of risk appetite are as follows:

i. Shareholder and investor preferences and expectations.
ii. Expected business performance (return on capital).
iii. The capital needed to support risk taking.
iv. The culture of the organization.
v. Management experience along with risk and control management skills.
vi. Longer-term strategic priorities.

5.1.2. Risk appetite is communicated through the Company's strategic plans. The Board and management monitor the risk appetite of the Company relative to the Company's actual results to ensure an appropriate level of risk tolerance throughoutthe Company.

5.2. Risk Tolerance:

Risk tolerance sets the boundaries of risk-taking that the organization should not go beyond in pursuit of its long-term objectives. To support boundary setting, measures such as key risk indicators are used to align with risk tolerance limits, ensuring that the organization remains within its risk appetite and on track to achieve its objectives.

Risk Tolerance relates to an organization's willingness or capability to tolerate or retain risk after risk treatment has taken place.

Risk appetite and risk tolerance can be viewed as the "two sides of the same coin" as they relate to organizational performance over time. Risk appetite is about "taking risk" and risk tolerance is about "controlling risk." For risk appetite to be adopted successfully in decision-making, it must be integrated with the control environment of the organization through risk tolerance.

5.3. Risk Measurability:

Risk measures are statistical tools and formulas that assess the risk involved.

Risk Measurement is a broad term denoting any activity aiming to quantify risks to an organization, thereby enabling alignment of the company's tolerance limit and appetite level with risks.

Risk measurability parameters with impact are captured in the Risk Register against each of the risks.

6. RISK MANAGEMENT FRAMEWORK

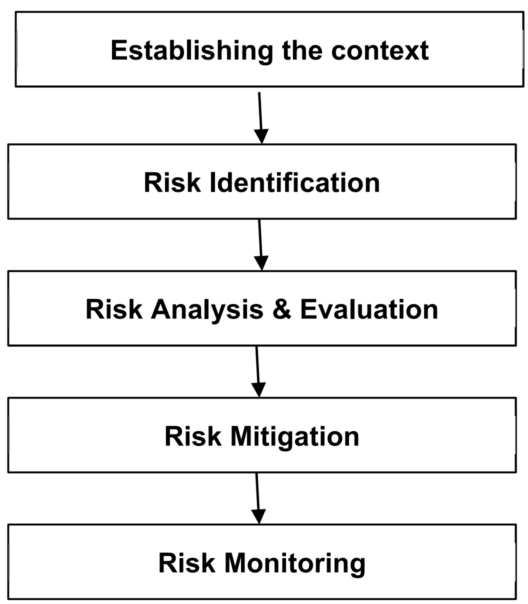
6.1 Define and Develop a Risk Management Framework:

The Company has adopted a comprehensive Enterprise Risk Management framework to identify and mitigate risks at the overall entity level.

A risk management framework is a set of references and tools that management as decision-makers will rely on to make decisions about how to mitigate risk.

The framework will help in creating an environment in which risk management is consistently practised across the company and where management can take informed decisions to reduce the possibility of contingencies.

Mitigation of risk is a continual process of systematically assessing, measuring, monitoring, and mitigating risks in the company. Detailed Assessment Criteria for each of the risks are mentioned in Risk Assessment



6.2 The Company's approach to risk management is summarized as below:

- 6.2.1) Establishing the context and understanding risk
- 6.2.2) Identification of risks, which includes both due to internal environment and external factors influencing business.
- 6.2.3) Risk analysis and evaluation define the risks in the context of the category to analyse the consequence of risk and likelihood, including the impact.
- 6.2.4) Develop strategies to mitigate the risk or bring the impact to an acceptable low level.
- 6.2.5) Regularly reviews and updates of the risk profiles.

6.3 Establishing the context:

It includes the process of gathering and analysing the internal and external information and parameters to be taken into consideration for defining risk category, parameters, and mitigation measures including the organizational objectives, stakeholders, goals, etc. to provide a comprehensive understanding of the risk.

6.4 Risk Identification:

This stage involves the identification of sources of risk (i.e., internal/external), areas of impact, events (including changes in circumstances), and their causes and triggers.

The objective of this step is to prepare a comprehensive list of risks based on potential/existing events that might create, enhance, prevent, degrade, accelerate, or delay the achievement of goals and objectives.

Risk identification is most essential since a risk that is not identified at this stage will not be included in further analysis until the occurrence of an unforeseen event and that would lead to detective or corrective actions rather than preventive measures being undertaken.

6.5 Risk Analysis and Evaluation

Risk analysis includes:

1) Identification of the source of risk
2) Identification of trigger point of risk to initiate action on mitigation measures.
3) Understand the cause of risk.
4) Understand the impact on business (This includes both pre – mitigation and post – mitigation measures) in both financial and –non-financial parameters.
5) Understand the likelihood of risk.

Risk Evaluation is done based on the outcome of risk analysis for risk mitigation and prioritization for action.

The risk evaluation process would determine which risks need treatments and how treatments can be prioritized toward those risks.

Risk scoring and approach to record and evaluate the risk, in line with the company's modus operandi, is detailed in Risk Management procedures.

6.6 Risk Mitigation:

Post risk identification and analysis, the mitigation measures are defined and documented against each of the risks, along with stakeholders responsible for ensuring the effectiveness and existence of said measures. Further, the below alternatives based on thorough analysis are evaluated:

1) Acceptance of the risk (where it is assessed the risk is acceptable).
2) Avoiding the risk (presents a greater risk through lost opportunity).
3) Mitigating the risk (through controls and procedures).
4) Avoiding the risk (by stopping the activity).
5) Transferring the risk
6) Financing the risk (through insurance arrangements wherever applicable).

This further includes the development of specific strategies and action plans to mitigate each identified risk. The strategies can vary depending on the nature of the risk. This stage involves the assignment of responsibilities and timelines for implementing the identified mitigation strategies and ensuring that individuals or teams are accountable for executing the action plan effectively.

6.7 Monitoring:

The Company's Risk Management Framework requires a continuous cycle of implementing, monitoring, reviewing, and managing the risk management processes.

7. RISK PROFILE

7.1 The identification and effective management of risks is critical in achieving strategic and business objectives of the Company. The Company's activities give rise to a broad range of risks, which are considered under the following key categories of risk:

7.1.1 Financial Risk

a) Financial performance does not meet expectations.
b) Capital is not effectively utilized or managed.
c) Cash flow is inadequate to meet financial obligations.
d) Financial results are incorrectly accounted for or disclosed; and
e) Credit, market and/or tax risk is not understood or managed effectively.

7.1.2 Reputational Risks

a) Non-conformance with or inability to comply with regulations, prescribed practices and procedures, or ethical standards.
b) Inability to successfully confront security breaches, data breaches and cyber-attack.
c) Non-performance or failure to meet stakeholder expectations.
d) Employee misconduct due to inadequate or lack of training.

7.1.3 Human Capital Risks

a) Inability to attract and retain quality people.
b) Inadequate succession planning.
c) Inappropriate work culture & ethics.
d) Inefficient whistle-blower mechanism and.
e) Inappropriate policy for women's safety at the workplace.

7.1.4 Operational Risks

a) Difficulties in commissioning and operating a particular business.
b) Unexpected increase in the costs of the components required to run a business.
c) Adverse market conditions.
d) Failure to meet the expenditure commitments on prospecting/marketinga particular business.
e) Inadequate or failed internal processes, people, and systems for running aparticular business.

7.1.5 Strategic Risks

a) Lack of responsiveness to the changing economic or market conditions, including commodity prices and exchange rates, that impact the Company's operations.
b) Ineffective or incorrect consideration of factors in strategy (unrealistic financial assumptions, inadequate due diligence, non-materialization of synergies because of poor integration) for mergers and acquisitions.
c) Risk related to expansion in international and domestic markets.

7.1.6 Health & safety Risk

a) Improper work environment/infrastructure leading to health issues.
b) Inadequate safety measures like improper fire exit, and non-working of water sprinkles.

7.1.7 Regulatory Risks

a) Legal / Commercial rights and obligations are not clearly defined or misunderstood.
b) Commercial interests not adequately protected by legal agreements.

8. STRUCTURE

8.1 Risk Management Committee.

The Risk Management Committee is a committee that has powers delegated by the Board to oversee and manage the organization's risk management activities.

Its primary purpose is to ensure that effective risk management practices are in place to identify, assess, mitigate, and monitor risks within the company.

The committee works to safeguard the organization's assets, reputation, and overall sustainability by providing guidance and oversight on risk-related matters.

The composition of the Risk Management Committee is as per Regulation 21 of SEBI Listing Obligations and Disclosure Requirement 2015, Risk Management Committee shall have a minimum of three members with the majority of them being board members of the board of directors.

The Chairperson shall be a Board Member

9. ROLES AND RESPOSIBILITES OF RISK MANAGEMENT COMMITTEE

9.1 Role

i. To formulate a detailed risk management policy, which shall include but is not limited to;
   - Framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, information, cybersecurity risks or any other risk as may be determined by the Committee.
   - Measures for risk mitigation, including systems and processes for internal control of identified risks.

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

iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

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

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

vi. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with the activities of such committees, as per the framework laid down by the board of directors.

9.2 Responsibility

i. Review the Company’s risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management, including the risk management plan.

ii. Review and approve the Enterprise-wide Risk Management (ERM) framework.

iii. To review the alignment of the ERM framework with the strategy of the Company.

iv. Monitor the Company’s risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, cybersecurity risk, forex risk, commodity risk, product risk and reputational risk, as well as the guidelines, policies, and processes for monitoring and mitigating such risks.

v. Oversee Company’s process and policies for determining risk tolerance, and review management’s measurement and comparison of overall risk tolerance to established levels.

vi. Review and analyse risk exposure related to specific issues, concentrations, and limit excesses, and provide oversight of risk across the organization.

vii. Review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action.

viii. Nurture a healthy and independent risk management function in the Company.

ix. Carry out any other function as is referred to by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

9.3 Lead – Internal Audit and Risk Management

A lead auditor oversees a company's Internal Audit and ERM function. He/She is being assigned with the responsibility of managing ERM activity covering risk identification, maintenance of risk register, ensuring effectiveness of mitigation measures etc. His roles and responsibilities are narrated as below:

a) Facilitate the identification of risks through meetings with Process Owners or any other mode.
b) Report existing risks captured in the Risk Register, including addition / deletion during the current reporting period and the action taken w.r.t the existing and new risks.
c) Ensure that the scoring techniques used by the team are consistently and accurately applied and align with any corporate requirements.
d) Ensure that each risk is assessed quantitatively where appropriate and possible using quantification techniques or measurability factors.
e) Root causes and mitigation plans for the Key Risk.
f) Status of effectiveness of implementation of mitigation plans for the risks identified till date.
g) Assist in the development of risk responses (threat mitigation and opportunity realization) and associated actions and contingency plans.
h) Provide support as required to risk owners / Risk Champions to help them routinely and accurately report progress for the risk mitigation measures and to complete their actions in a timely manner.
i) Maintain the completeness and accuracy of the data in the risk register and generate routine risk reporting as specified within the risk management plan.
j) Reporting to Risk Management Committee and Board over new risks identified, changes in Risk register, Effectiveness of Risk Framework designed etc.

10. RISK CLASSIFICATION

10.1 External Risks

External risks, are due to external factors or external threats, referring to potential events, circumstances, or influences that arise from outside an organization or system and have the potential to impact its operations, performance, and / or objectives. These risks originate from the external environment and are often beyond the direct control of the organization. External risks arise from various sources, including economic, political, social, technological, environmental, and legal factors as below:

1) Geopolitical Risks-Political risk consists of changes in the political environment or governmental policy that relate to financial affairs.
2) Technology Risks-The potential for any technological failure to disrupt a business. Companies face many types of technology risks, such as information security incidents, cyber-attacks, password theft, service outages, and more.
3) Country Risk-Potential losses due to change in business activities in a particular country
4) Anti-Money Laundering Risk-Aids detect and report suspicious activity including the predicate offences to money laundering and terrorist financing, such as securities fraud and market manipulation.
5) Exchange Rate Risk-Investing or operating in a foreign country may expose a company to exchange rate risk.

6) Pandemic situations like COVID-Economic damage through multiple channels, including short term fiscal shocks and long-term negative shocks to economic growth.
7) Risk of Reputation- Reputational risk is a threat or danger to the good name or standing of a business or entity.

10.2 Internal Risk

Internal risk is a risk that exists within the organization. It can be thought of as any risk that can be identified and managed by that same organization. These risks can include operational risks such as fraud, errors, or system failures, as well as strategic risks such as poor decision-making or inadequate risk management processes.

1) Concentration Risks- A financial institution's relationship with a correspondent may result in credit (asset) and funding (liability) concentrations.
2) HR Risks-Human resource risk management identifies potential employee-related risks to your business, so you can minimize any problems before they arise.
3) Info security Risks-Theconsequences of security incidents include theft of private information, data tampering, and data deletion.
4) Legal Risks-Is the potential for losses due to regulatory and legal action.
5) Compliance Risks-The potential for fines and penalties for an organization that fails to comply with the rules and regulations.
6) Covenants Breaching Risk- A breach of a term of a lease where a tenant has covenanted (agreed) to do, or to not do, something, such as to pay rent or not to part with possession.
7) Liquidity Risks-The potential that the company will not be able to acquire the cash required to meet the short or intermediate-term obligation.
8) Investment Risks-Companymay not be able to raise equity financing in a timely manner and on terms acceptable to management.
9) Operational Risks-Potential for losses due to failure of an organization's core business processes.

11. RISK MANAGEMENT ACTIVITY CALENDAR

Activity	Timeline
Meeting of the Risk Management Committee	The Committee shall meet as deem necessary, but in no case not more than 180 days shall elapse between any two consecutive meetings.
Agenda circulation for Risk Management Committee meetings	Prior to 7 days from the date of the Risk Management Committee meeting
Circulation of Minutes of meetings of Risk Management Committee	Within 15 days from the date of conclusion of the Risk Management Committee meeting
Report Risk Register to Risk Management Committee	Every 6 months during Risk Management Committee meetings

Input from stakeholders / Risk Owners to Lead IA and ERM	Once in every quarter (Within 10 days from the end of the quarter)
Review of Risk Management Policy	The Policy will be reviewed on a needed basis, but not later than 2 years from the date of previous review.

12. EFFECTIVE IMPLEMENTATION OF RISK MANAGEMENT FRAMEWORK

12.1 Risk Management Framework is essential for MHL due to below reasons:

a) To enable to take a comprehensive and integrated approach to risk management.
b) To adopt structured methodology to identify and evaluate risks across all levels and functions of the organization, rather than managing risks in isolation.
c) To enable Proactive Risk Identification
d) To enable to make risk-informed decisions that align with objectives and risk appetite.
e) To strengthen company's resilience by enhancing its ability to anticipate, prepare for, and respond to risks.
f) To integrate risk management into the organization's culture and processes, it fosters a proactive and risk-aware mindset.
g) To enable the company to navigate uncertainties, adapt to changing environments, and recover more effectively from disruptions.

Overall, an Enterprise Risk Management framework is crucial for organizations to proactively manage risks, make informed decisions, enhance resilience, ensure regulatory compliance, and build stakeholder confidence.

It enables organizations to navigate uncertainties and challenges while creating a risk-aware and resilient culture.

12.2. The Governance Structure of Risk Management (TOP – DOWN APPROACH)

The key elements for effective implementation of Risk Management Framework through Top-Down Approach are listed below:

- Commitment of Leadership
- Establishment of Governance Structure
- Establishment of Risk Management Framework
- Assessment of risks
- Prioritization of risks
- Defining the Risk Tolerance and Appetite
- Integration with Strategic planning and decision-making.
- Define or adopt risk mitigation strategies.
- Ensuring and implementation of mechanism for continuous monitoring

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12.3 The Governance Structure of Risk Management (BOTTOM – UP APPROACH)

The key elements for effective implementation of Risk Management Framework through Bottom-Up Approach including understanding of effectiveness of Internal Control Environment within the company are as below:

- Risk awareness sessions for identification of risks
- Identification of risks at process level
- Assessment of risk and analysis
- Reporting of risks for considering into Risk register
- Define the mitigation strategies.
- Incorporation of mitigation measures into procedures and processes
- Periodic review
- Continuous monitoring and defining and implementing action plans for new risks.

12.4 Agenda, Quorum, Minutes

Sr. No.	Particulars	Description
1	**Agenda**	The Agenda for Risk Management Committee is circulated by the company secretary prior to 7 days indicating action items to be taken up in Risk Management Committee meetings. The agenda includes: • Discussion on previous meeting action points. • Top Risks for the Company and mitigation measures for the same. • Presentation / Update from respective CXO over the Top risk for respective function, Risk Indicator, Mitigation measures undertaken etc. • Any other agenda as the Committee may deem appropriate
2	**Quorum**	The quorum for the meeting of the Committee shall be any two members or one-third of the members of the Committee, whichever is greater, with at least one Independent Director being present. A duly convened meeting of the Committee at which the requisite quorum is present shall be competent to exercise all or any of the authorities, powers, and discretions vested in or exercisable by the Committee.
3	**Minutes of meetings**	Minutes of meetings of the Risk Management Committee are circulated to members within 15 days by the Company Secretary.

<u>12.5</u> Components for transparency in ERM framework.

MHL has set ERM framework with below:

- ERM roles and responsibilities are clearly defined.
- Risk Profile, Internal / External context is clearly defined.
- The mission, Core values, goals of the company are shared with employees and risk owners.
- Transparent Risk reporting and communication throughout the company

This ensures transparency in Risk reporting along with effective ERM implementation.

13. REVIEW / AMMENDMENT OF THE POLICY

This Policy will be reviewed at least once in two years by the Board / Committee. The Board of Directors, either on its own or as per the recommendations of the Risk Management Committee, can amend this Policy, as and when it is deemed necessary. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

14. PUBLICATION OF POLICY

The key features of the Policy will be published in the Annual Report of the Company every year.