

Independent Review Report

**The Management and Board of Directors
GMR POWER AND URBAN INFRA LIMITED
New Delhi**

Scope: We have been engaged to perform a 'limited review engagement,' of the Ethics processes prevalent in GMR Group, as of 15 March 2024 and for the period from 1 April 2023 to 31 March 2024 (the "Report").

The scope of review for the entity has been agreed upon with the Management and our scope is limited to what has been set out below:

Sl. No.	Review Areas
1.	Assess adequacy of ethics policies and whistleblowing mechanism in GMR and provide recommendations for inclusion of clauses / policies in line with industry best practices.
2.	Assessment of effectiveness of existing ethics program covering people, skills, competencies, mode of conducting the programs, feedback and review mechanisms and the need for updating programs to address any emerging challenges.
3.	Identification of strengths and weaknesses of the ethics programs and its coverage.
4.	Adequacy of dissemination of information of Ethics Helpline, used for whistleblowing & relevant policies
5.	High level coverage included: <ul style="list-style-type: none">• Ethics and Integrity related Policies adopted by the Company. Question at least 100 employees from various levels-either by a questionnaire or VC or both• Ethics and Integrity related processes deployed to ensure conformance of the policies adopted• Level of training and capacity building provided across the company• Measures such as training adopted to ensure ethical conduct across supply chain

RESPONSIBILITY OF REVIEWER

- To draw a review Plan for the scope of work agreed and assess the effectiveness of ethics program implemented by the company and comment on effectiveness of ethics policy and effective dissemination of the policy to all the employees of the company. Responsibility also includes recommending appropriate action plan against any gaps noted during this review.
- PKF Sridhar & Santhanam LLP is an independent, neutral third-party providing Assurance services. PKF S&S states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this review engagement. PKF S&S maintained complete impartiality towards any individuals interviewed during the review engagement.



RESPONSIBILITY OF MANAGEMENT

- Providing universal list of employees of the company for the purpose of selecting samples for interview and questionnaires completion.
- Assisting in fixing meeting and arranging appointments with senior persons to ensure meetings take place.
- Providing all documents and records as requested by reviewer for the purpose of conducting this review.
- Providing timely and accurate data, information, records, personnel etc., and for extending cooperation to the review team.
- Would not influence any employees who are selected for interview or questionnaire process, to ensure that a fair and unbiased view is received by the reviewers.

Our Independence and Quality Control:

We have maintained our independence and confirm that we have verified the documents and met individuals to collect feedback. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited review conclusions.

METHODOLOGY

Description of procedures performed:

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion. We have relied on data provided by GMR and based on the evidence provide a limited level of assurance. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, this engagement was not designed to provide assurance on data collection processes. We have applied analytical and other appropriate procedures.

Our procedures included:

- Review of the data and existing polices & procedures.
- Cross verification of the data with actual field level implementation of the same on a sample basis
- Review of consistency of data / information within the report.
- Studying best practices to give suggestions for improvements.
- The review also includes examining, on a test basis, evidence supporting the controls in the areas selected for review.
- The review was carried out by a team of Team Leader and audit staff under supervision of Director.

For the above purposes, following were reviewed:

1. Policies laid down by the GMR group:
 - a) Anti-bribery & anti-corruption policies.
 - b) GMR Code of Business Conduct and Ethics (CoBCE).
 - c) Conflict of interest policy.
 - d) Disciplinary and Ethics policy.
 - e) Policy on Whistleblower.
 - f) Gifts and Hospitality policy.
 - g) Supplier Code of Conduct and Business Ethics.
 - h) Handbook on ethics provided to new joiners as a ready reckoner.



2. Ethics Manual of GMR group
3. Survey using questionnaire on ethics (*made in consultation with the Ethics department*), with employees:
 - a. Conducted one on one interview with 14 Senior Executives on a random basis on a one-on-one basis with a questionnaire.
 - b. Questionnaires was emailed to select 250 employees (below GM) with the help of the Ethics / IT department, of which 67 responded.
 - c. Responses received from respective individual were kept anonymous.
4. Level of dissemination of Ethics related Policies and training programs were assessed.

SUMMARY OF FINDINGS:

1. **Policy coverage and framework:** Overall, the policies adopted by the Company were found to be adequate.
2. **Ethics & Integrity reporting mechanisms:** GMR has an independent Ethics Helpline outsourced to 3rd party. This Helpline line has multiple channels for lodging complaints which are adequate. Proper confidentiality of complaint is maintained with complaints being sent to a Single SPOC i.e. Group Head Ethics & Integrity and an independent Ombudsperson only.
3. **Employee alignment to ethical conduct:** We observed that overall, the attitude & mindset of GMR Sr. Mgt. as well as junior employees towards complying ethical standards is positive.
4. **Dissemination of Ethics & Integrity related policies and procedures:**
 - a. The group conducts barometer tests on an annual basis by sharing questionnaires with case studies with a view to educating employees in facing dilemmas while performing day-to-day duties.
 - b. Laptops & desktops screens carry wallpapers that are changed on weekly basis with new themes on ethics as well as informing ethics helpline details.
 - c. Monthly mailers are sent to all employees through emails. Many of them carry FAQs, updates of new policies, and training movies.
 - d. In Oct 2023, Vigilance Week was celebrated with a view to emphasizing the ethical requirements of employees.
 - e. Workshops, both classroom and online, are conducted at various locations to facilitate employees understanding of ethical requirements.
 - f. Bi-annual reports on whistle-blower systems are submitted to the audit committee and the Board of concerned legal entities.
 - g. COBCE (*code of business conduct and ethics*) and ABAC (anti-bribery, anti-corruption) are pushed to all employees once in a year while logging into company provided laptop, and online confirmations from all employees have been obtained by the company, conforming such policies have been read.
 - h. COBCE policy was latest modified in Aug 2022 and Anti-bribery / anti-corruption matters have been added during Oct 2022 in line with the provisions of Prevention of Corruption Act 2018
 - i. New Gift and Hospitality policy was added during Aug 2022
 - j. Special training on these new policies are being undertaken regularly.
 - k. All new employees are mandatorily required to attend training on ethics and integrity and clear associated assessment during the induction process.
5. **Training coverage:**
 - a. Based on the sampling and questionnaire surveys conducted, **91%** of the employees confirmed having **undergone ethics related training**.



- b. Current processes do not ensure that all employees are provided training on ethics and integrity and there is a possibility of delay in providing ethics and integrity related trainings, given the manual reconciliation with HR data.
- c. At present legal entities in which GMR holds 50% or more equity interest (with the exception of a few entities) are covered under training. All other entities where equity interest is less than 50% but using the GMR logo are not covered.

6. Data Management:

- a. While planning is detailed – subject-wise, and category-wise training to be conducted, actuals against each of them are not available. It is thus difficult to ascertain subject-wise, and category-wise coverage of training conducted.
- b. RAXA Security Services Ltd. (*a subsidiary of GMR Airports Infrastructure Limited*) has its own training management systems and works in coordination with the Corporate team to conduct trainings on ethics, Corporate Ethics & Integrity Department does not collate the reports on trainings conducted by them.

7. Ethics in Supply Chain:

- a. Ethics and Integrity related training are not being provided to all vendors and may be reconciled in line with the internal systems to ensure coverage. GMR is covering vendors with long term contracts with GMR and whose manpower are working in GMR premises.

Assessment of Ethical Policies & Practices

Based on the above, we feel that ethics policies and programs have by and large been disseminated, reviewed and revised from time to time.

CONCLUSION:

In our opinion, based on the scope of this review engagement, the group has adequate ethics related policies and the same are updated from time to time based on business requirements. These policies are also publicized widely by regular training programs and multiple other initiatives like posters, mailers, wallpapers etc. at regular periodicity.

The main gap found during our review was the training records are only partially digitized and current systems does not provide MIS on status of compliance of training plan.

CONFIDENTIALITY OF WORKING PAPERS & REPORTS

- o The ownership of the working papers rests with us.
- o Upon a request received from the company, copies of non-proprietary working papers will be provided to the company.
- o The intended users of this report issued by us is the GMR management only. However, GMR may choose to share this information it may do so at its on discretion. Our report is not meant to meet the requirements of any specific external agency.



LIMITATIONS

- We shall not be liable to the company for any claims, damages, liabilities or expenses relating to the engagement exceeding the aggregate amount of the fees charged for the year.
- If we are liable to you (or to any others for whom Services are provided) under this Agreement or otherwise in connection with the Services, for loss or damage to which any other persons have also contributed, our liability to you shall be several, and not joint, with such others, and shall be limited to our fair share of that total loss or damage, based on our contribution to the loss and damage relative to the others' contributions.
- No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- You shall make any claim relating to the Services or otherwise under this Agreement no later than three years after discovery of the cause of action in relation to such claim.

COMPLIANCE WITH STANDARDS

The review engagement would be carried out in accordance with the professional Standards applicable to such engagement as on the date of review.

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For **PKF SRIDHAR & SANTHANAM LLP:**

K. Manigandan

Manigandan K
Partner

