

Risk and Mitigation Framework

Staying Ahead in an Unpredictable Landscape

Operating in diverse and often volatile markets across Asia and Africa, Airtel faces multifaceted risks stemming from political instability, economic fluctuations and regulatory unpredictability. The rapidly evolving technology landscape, intense competition, climate-related disruptions and increasing data privacy obligations add to the complexities that further compound these challenges. This necessitates a proactive approach to identifying, assessing and mitigating multiple risks to ensure long-term sustainability.

Responsibility and Accountability

The Board of Directors

The Board of Directors, the apex body, reviews critical risks and approves risk mitigation plans. Along with the Risk Management Committee (RMC), the Board conducts an annual evaluation of Airtel's risk management framework. The RMC carries out periodic assessments, formulates the risk management policy and monitors its implementation. The Chief Risk Officer, working closely with the RMC, independently reviews risk assessments and related action plans.

Airtel's Management

The CEOs of Airtel's businesses in India and Africa (AMB and Africa Exco) manage the strategic risks that may impact their operations. These risks are identified by Circle teams, the national leadership and teams from the international operating companies. The management also uses internal audit reports to identify risks and monitors internal and external environments to detect potential material risks.

Operational Teams

The Executive Committees (EC) of Circles in India and international operations manage risks at the ground level, with local representation from all functions – central (Finance, Supply Chain, Legal & Regulatory) and customer-facing functions (Customer Service, Sales & Distribution and Networks). The Circle CEO or Country MD engages with functional leaders and partners to manage and identify risks, escalating them to the central teams for mitigation planning.

Risk Identification and Management Process



Top Risks

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| 01 Regulatory and political uncertainties | 06 Gaps in prevention of Data Loss |
| 02 Economic uncertainties | 07 Increase in cost structures ahead of revenues thereby impacting liquidity |
| 03 Poor Quality of networks and IT, including redundancies and disaster recoveries | 08 Inability to provide high-quality network experience with exponential growth in data demand |
| 04 Fiercely competitive battleground | 09 Lack of digitisation and innovations |
| 05 Gaps in internal controls | 10 Climate change and energy management |

Regulatory and Political Uncertainties (Legal and Compliance)

Outlook from last year > Emerging

Capitals Impacted



Material Issues for Airtel

- Regulatory compliance
- Corporate governance & business ethics

Context

Airtel operates in India and 14 African countries, with presence in Bangladesh and Sri Lanka. Some of these countries (or regions within countries) are prone to political instability, civil unrest, pandemic and social tension. Besides, the political systems in a few countries are fragile, resulting in regime uncertainties and hence, the risk of arbitrary actions.

Impact

Regulatory uncertainties and changes, such as escalating spectrum prices, subscriber verification norms and penalties and changes in Standing Advisory Committee on Radio Frequency Allocation (SACFA) norms and Electromagnetic Field (EMF) radiation, etc. are potential risks faced by the Company.

Mitigating Actions

Airtel engages proactively with key stakeholders in the countries in which it operates, continuously assessing evolving political and social dynamics. The Managing Director concerned and Circle CEOs are responsible for

maintaining neutral relationship with the government and government authorities, such as the Telecom Regulatory Authority of India (TRAI), Universal Service Obligation (USO) Fund, Municipal Pollution Control Boards and other stakeholders. Through its CSR initiatives (Bharti Airtel Foundation, etc.), the Company contributes to the socio-economic development of communities, especially in the field of education.

Airtel also actively works with industry bodies such as the Cellular Operators Association of India (COAI), Confederation of Indian Industry (CII), Associated Chambers of Commerce of India (ASSOCHAM), Global System for Mobile Communications Association (GSMA), Internet Service Providers Association of India (ISPAI) and Federation of Indian Chambers of Commerce & Industry (FICCI) to voice industry concerns such as penalties, right of way, tower sealing, among others. The Company maintains a strict oversight on compliance with applicable regulations and byelaws, ensuring its operations are within the legal framework and ensures that a business continuity plan is implemented when required.



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Risk and Mitigation Framework

Economic Uncertainties (Operational)

Outlook from last year > Emerging

Capitals Impacted



Material Issues for Airtel

- Sustainable supply chain management
- Regulatory compliance

Context

Airtel targets growth in emerging and developing markets which have low-to-medium mobile penetration, low internet penetration or modest per capita incomes. But these opportunities come with challenges – from capital controls, inflation, interest rate volatility and currency fluctuations. Their import dependence also makes these markets vulnerable to economic downturns, primarily due to commodity price fluctuations and reduced financial inflows.

Impact

An economic slowdown tends to affect consumer spending and could adversely impact the telecom sector. The Company has foreign currency borrowings at floating rates, which are prone to market risks and this could impact its earnings and cash flows. Supply chain disruptions due to geopolitical conflicts could hamper timely deployment and expansion.

Mitigating Actions

As a global telecom player, Airtel diversifies its risks and opportunities across markets through a broad portfolio that includes voice, data, Airtel Money, Digital Services and value-added services that widen its customer base.

The Company follows a prudent cash management policy, including currency hedging and regular upstreaming of surplus cash to minimise risks during challenging periods. Over time, Airtel has consciously renegotiated foreign currency-denominated opex and capex contracts in Africa and converted them to local currencies to reduce foreign currency exposure.





Airtel continues to diversify its debt profile across local and global sources of funds to create a natural hedge and utilises various derivative instruments to manage interest rate fluctuation. Its supply chain strategy aims to ensure optimum and timely supplies through a comprehensive policy framework and various digital systems to manage global supply disruptions promptly, by collaborating with its long-term business partners. The Company is also increasing its reliance on indigenous manufactures to address this problem.

The Company’s pricing strategy, based on principles of mark-to-market, profitability and affordability, protects margins during cost inflation and maintains market share during market contraction.

Poor Quality of Networks and IT, including Redundancies and Disaster Recoveries (Operational)

Outlook from last year > Stable

Capitals Impacted



Material Issues for Airtel

- Network quality, expansion and transformation

Context

Telecom networks are subject to risks of technical failures, partner failures, human errors, wilful acts or natural disasters. Equipment delays and failures, spare shortages, energy or fuel shortages, software errors, fiber cuts, lack of redundancy paths, weak disaster recovery and partner staff absenteeism, among others, can lead to network failure.

Impact

Airtel’s IT systems are critical to its customer-facing and market-facing operations and to run internal systems. In some geographies, the last mile IT connectivity can sometimes be erratic or unreliable, affecting service delivery. In several developing countries, poor IT staff quality can lead to failures of IT systems and/or delays

in recoveries. Also, the systems landscape is rapidly evolving with newer versions, upgrades and ‘patches’ for innovations, price changes, among others.

Mitigating Actions

The Company operates state-of-the-art Network Operations Centre in both India and Africa to monitor real-time network activity and ensure maximum network uptime. Network Planning is increasingly being done in-house to retain architecture control. Airtel continuously addresses congestion, indoor coverage, call drops, data speed upgrades and other causes of network failure through systematic quality improvement programs and by embedding redundancies. Network Team performance is measured on network stability parameters, customer experience and benchmarking. Disaster management guidelines and Network Recovery Plan (NRPs) are in place across all circles as per the Business Continuity Plan (BCP) guidelines.




The Company promotes infrastructure-sharing with other operators through partnerships and across its assets. Accordingly, several towers in India have been transferred to Indus Towers to enhance operating efficiency of passive infrastructure. Redundancy plans are in place for power outages, fiber cuts, VSAT breakdowns, etc. Similar approach is adopted for IT hardware and software capacities, with the internal IT architecture teams continuously assessing the effectiveness of IT systems. Operations like alarm management, preventive maintenance and acceptance testing are being automated to move towards zero touch operations.

Constant efforts are made to remove single point of failure (SPOF) on fiber routes to improve transport resiliency. For this, Base Station Controllers (BSCs), core network nodes and signalling links have been shifted to the Multiprotocol Label Switching (MPLS) network. The Company is also climate proofing the infrastructure by building geographical redundancies and resilience, multiple fiber paths for critical sites and strengthening tower infrastructure in cyclone- and flood-prone regions.

Fiercely Competitive Battleground (Operational)

Outlook from last year > Stable

Capitals Impacted



Material Issues for Airtel

- Innovation of products and services
- Enhancing customer experience and satisfaction

Context

The market remains competitive in the acquisition space, with all operators trying to garner quality, high value customers on their network. The competition is picking up in 5G and broadband, with growing investments in network rollout, new access technologies and digital services to enhance user experience and differentiation.

Impact

Focus on cross-selling to gain a higher wallet share will continue to play a major role. It is important to win and retain high-value homes by understanding their changing needs. A high-quality network and unique product offerings will influence users’ choice of network and hence the focus should be to stand out with unique digital services and latest tech innovations.

Mitigating Actions

Personalised recommendations should cater to the evolving needs of the consumer. To address this critical issue, the Company is leveraging AI/ML-based systems and a CLM-powered, omni-channel network to reach the right product to the right user. Amidst growing competition, Airtel aims to be the preferred network and hence it is building differentiation with innovations for user safety (spam protection), offering unlimited 5G for high value users, improving network quality through advanced tooling to better the customer experience with seamless digital journeys.


There is renewed focus on expanding the Wi-Fi user base through Fixed Wireless Access, along with launching tech-driven innovations like IPTV and offering differentiated content to attract premium users and boost customer loyalty.

Risk and Mitigation Framework

Gaps in Internal Controls (Financial and Non-financial) (Operational)

Outlook from last year > Stable

Capitals Impacted



Material Issues for Airtel

- Corporate governance & business ethics

Context

The Company’s network manages substantial voice and data traffic transmission. It also accounts for and manages high volumes of financial transactions regularly.

Impact

Gaps in internal controls and/or process compliances could lead to wastage, frauds and losses and also adversely impact Airtel’s brand. Any non-compliance with laws, regulations or contractual obligations may result in penal consequences, work disruptions or reputational damage.

Mitigating Actions

The Company proactively ensures compliance with all accounting, legal and regulatory requirements, with


meticulous monitoring across operations. Substantial investments in IT systems and automated workflow processes help minimise human errors.

Besides internal audits, self-validation of checklists and compliances along with a ‘maker-checker’ system, help identify and rectify deviations early. A ‘Compliance Tool’, owned by respective function heads and overseen by the Compliance team, tracks function-wise external compliances. Internal Financial Controls are tested by the Risk and Compliance Team, which ensures that adequate tools, procedures and policies are in place to support orderly and efficient operations, policy adherence, asset protection and fraud and error detection. The Corporate Financial Reporting team ensures the accuracy of reports and timely and reliable financial reporting.

Gaps in prevention of Data Loss (Operational)

Outlook from last year > Stable

Capitals Impacted



Material Issues for Airtel

- Information security and customer data privacy

Context

Personal data refers to any information about an individual, that can be used to identify them. In today’s digital world, where vast amounts of personal data are shared and transferred around the globe instantaneously, it is difficult to maintain control on personal information. Data protection refers to the practices and safeguards put in place to protect personal information, that ensure an individual can decide if, how and with whom they share their information, who has access to it, for how long and for what purpose, while retaining the right to modify and control the flow of this information. Data protection must strike a balance between the use of personal data for business purposes and ensuring compliance with applicable data privacy regulations.

Impact

Data privacy regulations were put in place by several countries, most notably the European Union, which passed the General Data Protection Regulation (GDPR) in 2018. India also passed the Digital Personal Data Protection Act in August 2023. Airtel has initiated its efforts to ensure compliance with the legislation.

Mitigating Actions

Airtel’s privacy policy ensures that personal data collected by the Company is processed, retained, shared and disposed of in accordance with the applicable data privacy regulations and contractual obligations. The Data Loss Prevention (DLP) strategy at Airtel has been designed to protect information at their most vulnerable points, i.e. at the endpoint, at the web layer and at the email layer.


All Airtel endpoints are equipped with specialised DLP software, which helps monitor various channels for potential data leaks, triggering an alert if this happens and sounding off for a potential incident investigation. Similar solutions are deployed at the email and web gateway. A centralised monitoring team reviews the alerts and

tracks the incidents till closure in a time-bound manner. Monthly reviews of all incidents and their closure enable the organisation to refine policies. Airtel continuously explores new and innovative technologies to further strengthen data security.

Increase in Cost Structures ahead of Revenues thereby Impacting Liquidity (Operational/Strategic)

Outlook from last year > Stable

Capitals Impacted



Material Issues for Airtel

- Innovation of product and services
- Network quality, expansion and transformation

Context

Across markets, costs structures have been increasing with respect to both volumes (new sites rollouts, capacity) and/or rate (inflation, foreign exchange impacts, wage hikes, energy, etc.).

Impact

This may put pressure on margins and cash flows, potentially increasing the debt burden. However, investment in network to ensure service quality, spend on distribution and world-class customer service remain essential.

Mitigating Actions

The Company has institutionalised the War on Waste (WoW) Programme, an enterprise-wide cost-reduction


programme to drive cost reductions and efficiencies across functions and geographies for both operating costs and capital expenses. The Company continues to focus on capex optimisation through tower-sharing, fiber sharing via Indefeasible Right of Use (IRU) contracts or by co-building and entering in long term contracts with strategic partners for better pricing.

Digitisation and automation initiatives, such as self-care, paperless onboarding, e-bills, online recharges, adoption of renewable energy, indoor-to-outdoor conversion, eco-friendly and cost-effective SIM cards and AI/ML-based energy savings and digital customer interactions are tracked under WoW. The Company is also strategically managing debt composition and quantum to maintain leverage at acceptable levels.

Inability to Provide High-quality Network Experience with Exponential Growth in Data Demand (Strategic)

Outlook from last year > Stable

Capitals Impacted



Material Issues for Airtel

- Innovation of product and services
- Enhancing customer experience and satisfaction

Context

To keep pace with rising data demand of customers and to ensure competitive parity in terms of data traffic handling, telecom companies need to invest heavily in building data capacities and broadband coverage expansion.

Impact

Today’s technology-agnostic customer is looking for seamless mobile internet experience and failure to provide this may result in customers moving to competitors’ network.

Risk and Mitigation Framework

Mitigating Actions

To meet surging data demand and deliver high-quality network experience, Airtel is executing a multi-pronged mitigation strategy. The Company is aggressively densifying its network by deploying small cells, Massive MIMO and new macro sites in high-traffic zones for spectral efficiency. This is backed by a robust backhaul upgrade, including 45k Rkm of fiber rollout in FY 2024-25. Broadband reach is also expanding, with 7.2 million FTTH home passes being deployed in FY 2024-25 through own and Local Cable Operators' (LCO) network.

On the spectrum front, Airtel has acquired 54.8 MHz across 12 circles and completed refarming in seven circles, optimising usage through carrier aggregation and dynamic spectrum sharing. The 5G rollout continues at scale with ~130,000 Base Transceiver Stations (BTS) deployed, serving 135 million+ 5G users.

In FY 2024-25, Airtel undertook large-scale network expansion and modernisation, deploying over 20K sites, many of them in rural areas and upgrading 4G hardware and 5G capabilities, to enhance coverage and capacity across diverse geographies and support high-speed, next-gen services. This deployment reflects Airtel's focus on bridging the digital divide by increasing rural reach, urban densification and future readiness.

Fixed Wireless Access (FWA) scaled up, with over 1 million connections sold. AI/ML models are being used for real-time traffic prediction, energy efficiency and cell-level optimisation. Customer-facing tools such as Thanks App, real-time Quality of Service (QoS) dashboards and fault resolution engines ensure a consistently superior network experience.

Climate Change and Energy Management (Strategic)

Outlook from last year > Emerging

Capitals Impacted



Material Issues for Airtel

- Climate change, energy efficiency and emission reduction
- Sustainable supply chain management

Context

Airtel has carried out a comprehensive assessment of climate-related physical and transition risks. Natural disasters severely impact livelihoods and infrastructure, including that of telecom.

Impact

Climate-related risks can degrade telecom infrastructure, disrupt service availability and quality, increase operation and maintenance costs, hinder repair operations and pose health and safety risks to personnel.

Mitigating Actions

Airtel has devised a climate-proof plan to build resilient infrastructure, including re-engineering of telecom infrastructure.

Flood-prone areas design criteria

- Adopt lean tower designs with elevated platform foundations (EPF) and relocate passive infrastructure to raised platforms in areas prone to heavy flooding
- Installation of equipment preferably at elevated areas
- Maintain higher plinth levels
- Ensure ToCo partners build site based on historical flood data and Central Water Commission (CWC) reports and maintain appropriate plinth height (2m)
- Develop, secure and elevated access pathways to passive infrastructure
- Relocate active infrastructure above recorded flood levels
- Use flood-resistant building materials; implement swales and efficient drainage systems
- Deploy early flood warning systems
- Retrofit critical infrastructure or assets vulnerable to flooding (e.g. electrical equipment)

Water-scarce areas design criteria

- Put in place blue roofs, rainwater harvesting and reuse, greywater recycling and wastewater heat recovery systems
- Install water efficient fixtures and appliances, implement leak detection systems and conduct regular inspections

Cyclone and wind-prone areas design criteria

- Consider factor of safety (as per IS codes) while designing telecom infrastructure
- Remove Cells on Wheels (CoW), microwave and unsafe towers, build permanent structures
- Install RRUs behind base station antenna to reduce wind exposure area
- Avoid microwave of >1.2m diameter. Install microwave with supporting rod to avoid misalignment
- Install V clamp instead of U clamp for improved grip
- Undertake tower loading in terms of antennas and other equipment loads as per design document
- Design the base for roof top tower (RTT) adequately in order to transfer the tower load onto the building's RCC grid. Obtain a structural safety certificate from a qualified structural engineer
- Design towers as per provisions of the latest B.I.S. codes of practice governing design
- Carry out regular preventive maintenance and health check-up for infrastructure

Temperature-related design criteria

- Put in place white roofs or use light/highly reflective colours to bounce back solar radiation and reduce heat absorption
- Incorporate green roofs and vegetation to improve building's insulation and aid heat dissipation
- Improve glazing performance and install blinds/fixed external shading devices
- Use heat-resistant materials

Lack of Digitisation and Innovations (Strategic)

Outlook from last year > Emerging

Capitals Impacted



Material Issues for Airtel

- Digital inclusion and enhanced access to ICT

Context

The telecom sector is undergoing rapid digital transformation, with technology deciding the competitive edge beyond basic connectivity. Customer expectations now include digital content, apps and mobile financial services. AI-powered solutions, ultra-low latency edge solutions, digital tools for everyday tasks, sovereignty needs, SaaS and other platform-based products are fast evolving.

Impact

Internal business processes need to quickly adopt digital transformation to be able to cater to changing customer needs. A slow pace of internal transformation could leave Airtel lagging behind the fast-changing customer preferences and requirements.

Mitigating Actions

Digitisation for customers remains a key focus for Airtel, powered by an agile, innovation-driven operating model. To enable purposeful and impactful digital transformation, Airtel has developed strong organisational capability to attract, retain and develop talent at par with digital native firms. The digital strategy of Airtel has three key pillars:

- Launch of new products with a digital-first approach, ensuring consistent and seamless experience across touchpoints
- Simplify customers' lifecycle with self-service and omni-channel capabilities
- Make the core of business digital to improve experience and efficiency

