

# Risk Management

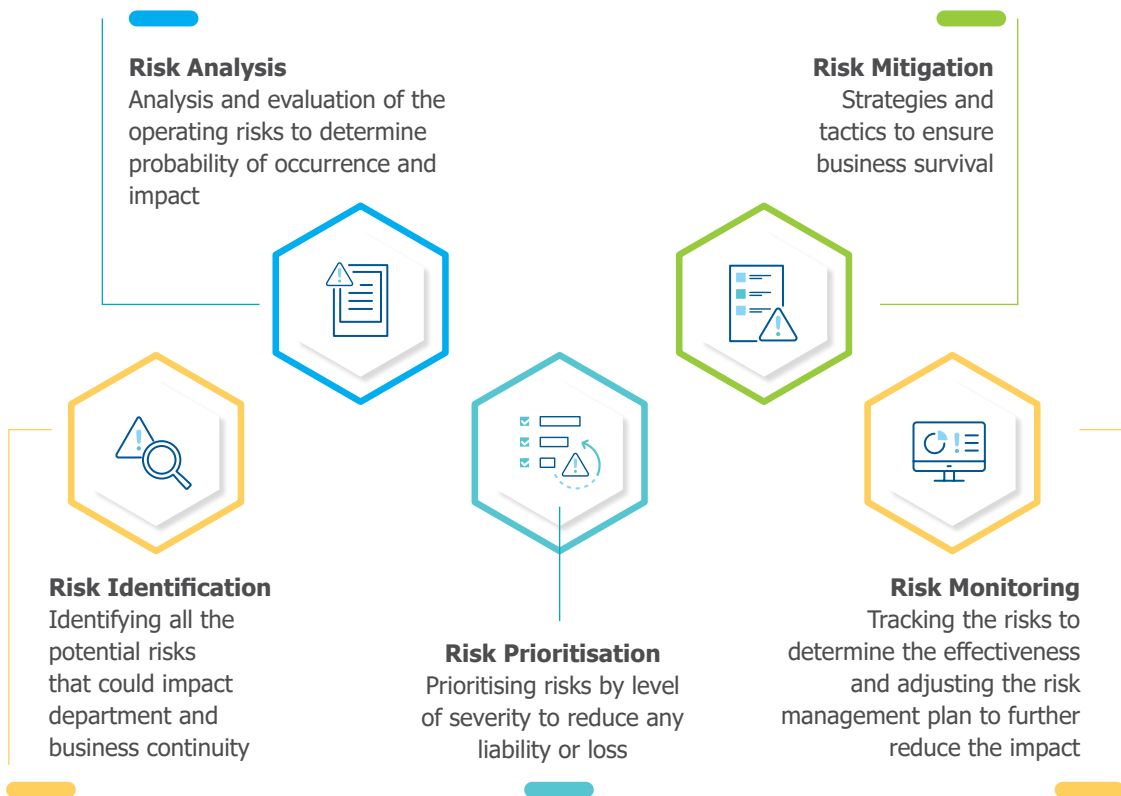


## Forging Resilience and Opportunity: Navigating Risks in Our Journey Toward Sustainable Excellence

SRF Limited has meticulously implemented a comprehensive Enterprise Risk Management (ERM) Framework, seamlessly woven into the Company's fundamental business strategy and planning activities. This integration has strengthened our capability to proactively manage risks and where feasible, convert them into opportunities. The ERM is governed by an

overarching Risk Management Policy. The policy specifies Company's strategy for handling risks throughout the organisation. The ERM framework incorporates essential elements for the efficient management of risks, thus fostering a resilient internal control system defined by a proactive, rather than reactive, stance on risk management.

### Risk Management Process



We have a dedicated Risk Management Committee (RMC), which, inter alia, drives continuous efforts to identify various types of risks including ESG Risks, oversees the implementation of the risk management measures and suggests future action plans, wherever required.

The Committee also aids the Audit Committee in analysing the efficacy of the Risk Management System and assists the Board in framing, implementing, monitoring, and revising the Risk Management Policy. The Committee is competent to identify, assess and

manage both traditional and emerging business risks. It ensures that stakeholder interests are protected, business objectives are met, and long-term growth is sustained. Risk categorisation and prioritisation is done on a high, medium, and low category basis as defined by the Risk Management Framework. Further, Business Leadership Team and Risk Owners, report risks and mitigation plans to Corporate Leadership Team and subsequently to the Risk Management Committee for review. We also have a robust framework of Control Self-Assessment (CSA) which continuously verifies compliance with existing policies and procedures.

## Key risks identified

## Mitigation strategies



### Financial Risk

- Detailed policy guidelines to deal with key financial risks
- Robust processes & systems for ensuring timely reporting and compliance with applicable regulatory framework
- Optimum cash flows through continuous new product development and innovation



### Regulatory Risk

- Continuous monitoring of the changing regulations, impact assessment, implementation of statutory compliance, internal audit and external legal review (including ESG)
- Liaisoning with regulatory bodies and industry associations to bring systemic changes for the benefit of industries



### Operational Risks

- Implementation of safety and quality management systems, TQM driven processes to eliminate operational risks and contribute to the Company's strategy for sustained operational success
- Adoption and deployment of resource efficiency initiatives (across energy, water, etc.), ensuring reduction in loss time injuries
- Development and retention of a skilled workforce that contributes to organisational goals by offering opportunities for learning and development, and career growth



### IT and Cyber Security Risk

- Implementation of new perimeter security mechanisms such as dual firewalls, internet content filtering, mobile device management for users with critical data leak risk, etc.
- Training and awareness sessions on cybersecurity risks conducted for those in possession of Company's digital assets on regular basis
- Ensuring adequate update and maintenance of servers and network devices for added security and data protection



### Strategic Risk

- Long-term strategic planning and regular management reviews with business teams, Audit Committees and Board meetings
- Strategic sourcing initiative ensuring uninterrupted supply of raw materials

# Strategy

At SRF Limited, sustainability is deeply embedded in our corporate ethos and is reflected across all facets of our business operations and strategy. We stand firm in our commitment to the conservation of natural resources, prioritisation of our employees' health and safety, responsible governance, and advancement of community well-being. Our strategic objectives are meticulously crafted to be in sync with our Aspirations

2030, delineating a visionary blueprint for our progressive journey. The sustained creation of value for our stakeholders is rooted in our steadfast adherence to ethical standards and principled conduct in all our business dealings. SRF's Aspirations 2030 furnish us with a clear framework to navigate our strategic focus areas sustainably, aiming to cultivate a legacy of shared value into the foreseeable future.

## Our Aspirations 2030



### Operational Excellence

- Creating new and differentiated offerings that deliver superior customer value through innovations and improvements in quality, cost, efficiency, or environmental benefits, supported by digital technologies for efficiency and reliability. In addition, nurturing a capable workforce that continues to develop new solutions and provide advanced technical support
- Implementation of various facets of the Total Quality Management (TQM) way to create new benchmarks across multiple dimensions of Quality, Cost, Delivery, Safety, Health & Environment and Morale (QCDSM)



### Innovation and Technology Leadership

- The Company constantly focusses on developing and investing in new technologies and developing new-age products to lead the way in serving the emerging needs of customers and deliver value over the long run
- SRF's focus on adequate allocation of resources to effectively implement systems and initiatives is helping in creating sustainable value on an ongoing basis. The Company will continue to focus on the key strategic areas that have contributed to driving improvements across the ESG material aspects



### Professional Reputation and Value System

- In line with the core values, SRF strives to attract, retain and nurture talent that demonstrates high levels of ethics and integrity while delivering high quality products to its customers, thereby enhancing the brand value and reputation of the Company



### Customer Advocacy

- Building a customer-focussed, agile and lean organisation, becoming a trusted, long-term partner of choice with the customers through innovative offerings and strong customer relationships





### Environment & Social Responsibility

Our Environment and Social Responsibility will focus on four main aspects:

- We will benefit the communities where we work
- We will embrace diversity, equality and inclusion in our workforce
- We will enhance our focus on the 3R's - Recycle, Reuse and Reduce
- We will transition from traditional energy to renewable energy in the future



Risks	Material aspects	Strategic focus areas
 <p><b>Operational</b></p>	<p>Energy management</p> <p>GHG emissions management</p> <p>Air emissions</p> <p>Water conservation</p> <p>Waste management</p> <p>Key material procurement and management</p>	<ul style="list-style-type: none"> <li>Focus on implementing cutting-edge technology and energy efficiency initiatives to achieve energy savings</li> <li>Transition to cleaner energy sources to mitigate carbon emissions</li> <li>Drive efforts towards reducing water consumption with water-efficient technologies, recycling and reusing wastewater and sequestering rainwater to the maximum extent possible</li> <li>Emphasis on the principle of 3R – Reduce, Reuse and Recycle and strive to operate in a 'closed-loop' through circularity in operations</li> <li>Continuous efforts on local sourcing of raw materials and increasing the use of recycled materials in production</li> </ul>
 <p><b>Financial</b></p>	<p>Employment</p> <p>Occupational health and safety</p> <p>Local communities</p>	<ul style="list-style-type: none"> <li>Concentrated efforts on creating a favourable environment for employees to nurture and grow through structured learning and development, career advancement, and rewards and recognition programme to keep employees motivated and engaged</li> <li>Build a workplace that thrives on diversity and inclusion, and supports human rights</li> <li>Endeavour to create a safe and secure work environment by embedding health and safety in the company culture and implementing robust systems to ensure well-being of each employee</li> <li>Relentless efforts to empower local communities through community initiatives focussing on vocational skills, education, natural resource management, among others</li> </ul>
 <p><b>IT &amp; Cyber-Security</b></p>	<p>Total Quality Management</p> <p>Innovation and Research &amp; Development</p>	<ul style="list-style-type: none"> <li>Emphasis on capitalising new opportunities, expand product portfolio considering the evolving customer expectations and enhancing market presence</li> <li>Implement differentiated business strategies, prudent capital allocation, optimum utilisation of natural resources to lower operating costs, automate processes and strengthen business processes that aid in building a sustainable business model</li> <li>Deliver long-term sustainable returns to shareholders by increasing market capitalisation and higher dividend pay-out</li> <li>Implementation of Total Quality Management (TQM) for meeting evolving customer aspirations and shifting market dynamics by bringing systemic changes to maximise plant efficiency and deliver diverse solutions</li> </ul>
 <p><b>Strategic</b></p>	<p>Corporate Governance</p>	<ul style="list-style-type: none"> <li>Focus on creating an eco-system which promotes effective decision-making, accountability and financial prudence</li> <li>Encourages an ethics-driven culture of accountability and responsibility for all activities with the integration of sustainability into its decision-making processes to create value</li> <li>Constant identification, assessment, monitoring and mitigation of risks to achieve business objectives</li> <li>Focus on robust internal control system and proactive response strategy towards identified risks</li> </ul>

Progress in FY24

Aspirations 2030

- Implemented energy efficiency initiatives, leading to energy savings of ~ 12,243 MWh
- 1,236 TJ of energy consumed from renewables and biomass
- 16.4 Lakh KL of water consumption met through recycled wastewater
- 7,89,054 KL rainwater harvested and recharged
- Following 3R principle - recycled materials used as raw materials in production
- Utilisation of onsite generation of fly ash and other process waste as raw material in cement industries
- 71.88% input material sourced sustainably (including capital goods)

- 2,06,710 training manhours
- Increase in female workforce across the management levels by 23% compared to FY23
- 89% satisfaction on our employee engagement survey
- 4.6 lakh+ beneficiaries of CSR initiatives in local communities
- ₹ 31.5 Crore CSR expenditure
- 33 CSR projects

- TQM led supply chain improvements, enhancement of internal process efficiency and building a skilled workforce
- Developed innovative products that are socially and environmentally responsible and have zero ozone depleting substances, low global warming potential (GWP), recyclability and low carbon footprint
- 17 patents granted
- Earnings per share ₹ 45.06

- No fines levied or non-compliance with respect to environmental and social aspects
- Continued to collaborate with industry associations to benefit the industry and society at large
- Continued to identify and manage existing as well as emerging risks through the robust risk management framework, integrated with the company strategy and planning



Operational Excellence



Professional Reputation and Value System



Customer Advocacy



Innovation and Technology Leadership



Environment and Social Responsibility