# GOVERNANCE

At SRF, an effective governance framework is one of the key enablers for driving success and creating long-term value for all its stakeholders. The corporate governance structure is aligned with the Company's core values that are deeply rooted and practiced across the organization. The Board is committed towards creating an eco-system which promotes effective decision-making, accountability and financial prudence. Robust processes and systems are put in place that support and build organisational capabilities for capitalizing various opportunities across all levels. This reinforces SRF's commitment to operate with highest standards of integrity, ethics and transparency to earn and maintain the trust of its people, customers, vendors, communities and other relevant stakeholders.

The governance framework places emphasis on the adoption of best practices to ensure that the compliances with the applicable regulations are met stringently, thus demonstrating transparent and responsible behaviour beyond legal norms. SRF encourages a culture of accountability and responsibility for all activities with the integration of sustainability into its decision-making processes. SRF's Board has a good mix of different age groups, experience and diverse backgrounds to foster better debate and decision-making. This ensures a clear distinction in the roles pertaining to the Board members and the Company's executive management. SRF has formed various committees under the Board of Directors to enhance effectiveness in managing key issues and focussing on critical areas with subject-specific expertise, ensuring objective decisions. The figure below highlights the key Board committees and the governance structure formulated at SRF:
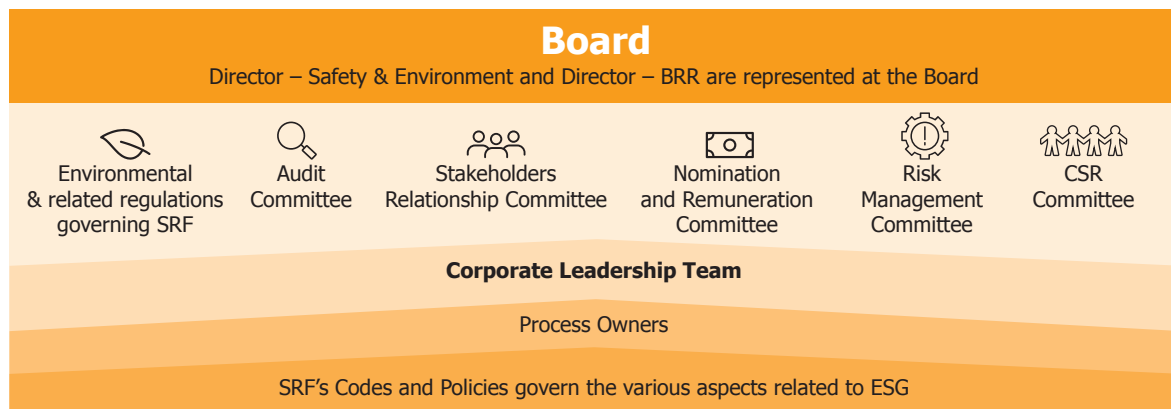
## 1 Corporate Leadership Team (CLT)

CLT comprises of the Chairman, the Managing Director and the Deputy Managing Director, respective business CEO's, CFO, CIO and CHRO. The CLT provides guidance for making all the major business decisions at the Group level.

## 2 Business Leadership Team (BLT)

The members of the team are various heads of functions, including marketing, strategic sourcing, HR, Finance, IT, Operations and TQM.

## 3 Unit Leadership Team (ULT)

The ULT is led by the plant operations head. The ULT is constituted by the heads of different functions within the plant, such as, HR, Safety, Finance, Engineering, Production and Processes.

## Focus on sustainability

Over the years, there has been a steady evolution in SRF's governance framework with a focus on corporate responsibility, sustainability and inclusive growth. SRF follows holistic strategic planning and execution process built on the TQM principles. SRF's Board is assisted by a management team driving business growth and compliance with governance principles.

The Corporate Leadership Team is entrusted to provide strategic direction to drive the ESG agenda of the Company. They ensure adequate capital allocation for effective implementation and continuous review of key ESG initiatives implemented by the respective businesses across the Company. The Director – Safety & Environment, represented at the Board-level, is responsible for compliance with the laws and implementing initiatives related to safety, health and environment across all business units of SRF.

The governance framework is structured on a three-tier system. The Business CEOs drive and oversee business performance at the Group-level and present performance report to the Board on a quarterly basis. The CLT implements strategies across the organization through the Business Leadership Team and Process Owners.
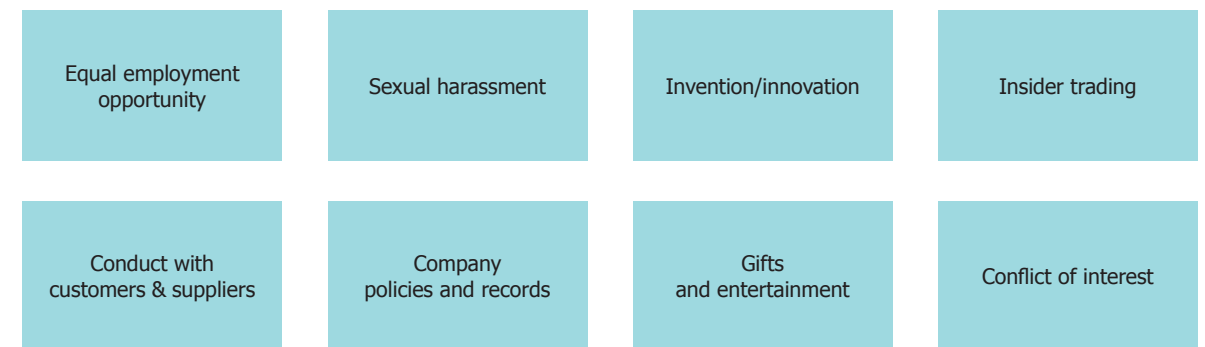
## Codes and Policies

The Code of Conduct defines the Company's highest standards of professionalism to maintain trust and build sustainable and long-term relationships with its stakeholders. SRF's Code of Conduct provides a clear guidance for conducting business transactions across all levels. The principles enumerated in the Code of Conduct must be complied upon by the Board members and senior management. All Directors/ Officers are also expected to demonstrate their behaviour in line with SRF's Code of Conduct to set the highest standards of professional and personal integrity, honesty and ethical conduct. SRF's Code of Conduct is applicable to the Group, including all its employees, including those of its subsidiaries.
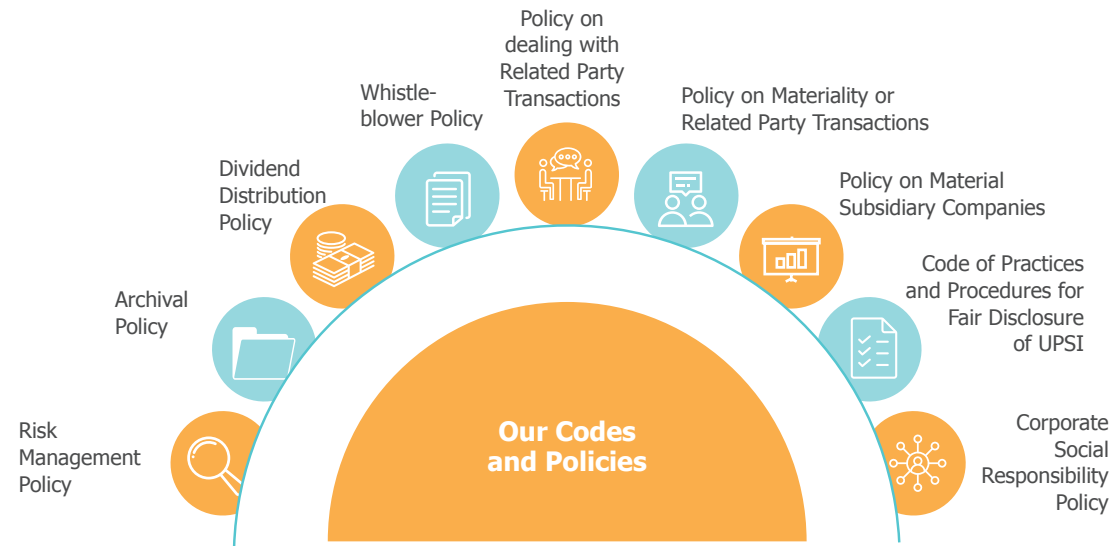
📄 Business Responsibility Report **Principle 1**

The figure below highlights the key aspects of the Code of Conduct. (For more details, please refer to the 'Code of Conduct' section, Page 140)

### SRF's governance structure



**Board**
Director – Safety & Environment and Director – BRR are represented at the Board

Environmental & related regulations governing SRF · Audit Committee · Stakeholders Relationship Committee · Nomination and Remuneration Committee · Risk Management Committee · CSR Committee

Corporate Leadership Team

Process Owners

SRF's Codes and Policies govern the various aspects related to ESG

(For details on composition, responsibilities and main activities of the Board and Board Committees for FY 2020-21, please refer to the 'Statutory Committees of the Board' section, Page 141)

### Key aspects of the Code of Conduct



| Equal employment opportunity | Sexual harassment | Invention/innovation | Insider trading |
| Conduct with customers & suppliers | Company policies and records | Gifts and entertainment | Conflict of interest |

SRF logo — We always find a better way

SRF's internal governance mechanism focusses on promoting value creation and lays significant emphasis on ensuring compliance with applicable laws and regulations. SRF has laid out the following policies to ensure effective governance:



**Our Codes and Policies**
- Policy on dealing with Related Party Transactions
- Whistle-blower Policy
- Dividend Distribution Policy
- Archival Policy
- Risk Management Policy
- Policy on Materiality or Related Party Transactions
- Policy on Material Subsidiary Companies
- Code of Practices and Procedures for Fair Disclosure of UPSI
- Corporate Social Responsibility Policy

SRF has developed a robust system to ensure compliance with its codes and policies. The Company has established a Values Steering Committee which comprises of the Deputy Managing Director and other Corporate Leadership representatives. The Committee has been entrusted with the appropriate authority to conduct fair and transparent investigations of the issues reported and recommend disciplinary and corrective action(s) based on the outcome of the investigation. To ensure the veracity of the process, an independent access is available to the whistle blower for reporting any concerns to the Chairman of the audit committee. During the year, no complaints have been received under the provisions of the Whistle-blower Policy.

Business Responsibility Report
**Principle 1**

### Regulatory Compliance

SRF has a defined mechanism to oversee matters related to compliance. An internally developed tool called 'Compliance Manager' is in place to constantly monitor and update the status related to each non-compliance. A defined escalation matrix is defined to monitor non-compliance for its businesses. SRF provides timely and comprehensible disclosures in all the reports and documents that are filed or submitted to ensure complete conformity with applicable legal norms. In the current reporting period, there were no incidents of fines levied or non-compliance with respect to environmental and social aspects.

The Company's strict adherence to the Code of Conduct ensures that a defined governance framework is in place that enables businesses to engage with and provide value to the consumers in a responsible manner. During the reporting year, no case has been filed by any stakeholder regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

Business Responsibility Report
**Principle 9**

### Industry Associations

As a responsible corporate entity, SRF aims to create shared value for all its stakeholders and contribute towards industry-growth and nation building. The Company is a member of various industry and trade associations and actively participates in cross-industry forums to enable sharing of best practices, represent industry concerns and implement various reforms and measures for the betterment of the industry and society at large.

SRF continues to collaborate and work with various industry associations and forums to recommend measures and advocate initiatives that foster advancement of the industry and larger public good.

Business Responsibility Report
**Principle 7**



**Industry Association**

| Confederation of Indian Industry | Refrigerant Gases Manufacturers Association | Indian Chemical Council | CHEMEXCIL |
| --- | --- | --- | --- |
| National Safety Council | Centre for Chemical Process Safety | The Synthetic & Rayon Textiles Export Promotion Council | Delhi Chamber of Commerce |