

# RISK MANAGEMENT

SRF has a robust risk management framework, integrated with the company strategy and planning, for identifying and managing existing and emerging business risks. The Company has established a well-defined **Enterprise Risk Management System** which encompasses identification, assessment, monitoring and mitigation of risks to achieve business objectives by implementing vigorous internal control system and response strategy well in advance. The Board has laid down a **Risk Management Policy** and has also established a dedicated **Risk Management Committee**, governed by the Board of Directors, to make persistent efforts for identifying various types of risks, laying mitigation measures and defining future action plan. The Board of Directors, with the assistance of the Risk Management Committee, monitors and reviews the risks

and mitigation strategies defined by the relevant stakeholders. The Committee also assists the Board in framing, implementing, monitoring and reviewing the Risk Management Policy and assists the Audit Committee in evaluating the effectiveness of the Risk Management System. The committee is equipped to identify, assess and manage traditional as well as emerging business risks, thereby protecting stakeholder interests, achieving business objectives and enabling sustainable growth.

Each business vertical, through the Business Leadership Team and risk owners, is responsible for tracking and monitoring the key risks relevant to each business and implements appropriate mitigation plans on a periodic basis. It also ensures that the identified risks are classified and prioritized into high, medium and low as per risk management framework. The key

risks and mitigation plans are reported to the Corporate Leadership Team for review and further reviewed by the Risk Management Committee.

SRF has identified **Strategic, Regulatory, Operational, Financial, and IT and cyber-security risks** relevant to its business. ESG risks are mapped under the appropriate categories of risks. Some of the measures to mitigate these risks, include energy optimisation, reduction of GHG emissions, optimum resource utilisation, minimizing the usage of virgin materials, safety culture, employee development and growth, etc. The figure below gives details on the identified risks and mitigation strategies adopted by SRF.

 Business Responsibility Report **Principle 6**



Key risks identified at SRF	Mitigation strategies
 <p><b>Financial Risks</b></p>	<ul style="list-style-type: none"> <li>Detailed policy guidelines to deal with key financial risks.</li> <li>Robust processes &amp; systems for ensuring timely reporting and compliance with applicable regulatory framework.</li> </ul>
 <p><b>Regulatory Risks</b></p>	<ul style="list-style-type: none"> <li>Continuous monitoring of the changing regulations, impact assessment, implementation of statutory compliance, internal audit and external legal review (including ESG).</li> <li>Liasoning with regulatory bodies and industry associations to bring systemic changes for the benefit of industries.</li> </ul>
 <p><b>Operational Risks</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>Adoption and deployment of resource efficiency initiatives (across energy, water, etc.)</li> <li>Development and retention of a skilled workforce that contributes to organisational goals by offering opportunities for learning and development, and career growth.</li> </ul>
 <p><b>IT and cyber-security Risks</b></p>	<ul style="list-style-type: none"> <li>Implementation of new perimeter security mechanisms such as dual firewalls, internet content filtering, etc.</li> <li>Implementation of mobile device management for users with critical data leak risk.</li> <li>Ensuring adequate update and maintenance of servers and network devices for added security and data protection.</li> </ul>
 <p><b>Strategic Risks</b></p>	<ul style="list-style-type: none"> <li>Long-term strategic planning and regular management reviews with business teams, Audit Committees and Board meetings.</li> <li>Strategic sourcing initiative ensuring uninterrupted supply of raw materials.</li> </ul>