

# Managing Risks Strategically for a Sustainable Tomorrow

We have built robust systems and processes across our organisation that enable us to proactively identify, analyse and mitigate risks that may impact our operations today and in the future.

The risk landscape continues to evolve radically at a fast pace. SRF's approach for risk management flourishes on the ability to demonstrate agility and proactive management of unforeseen risks. The Company is committed for creating sustainable position through an in-depth understanding and management of material risks, as well as maximising value by unleashing new opportunities.

SRF practises well-defined and established enterprise-level Risk Management Framework which is entrenched in the core business strategy and planning process of the organisation. This enhances its ability

to manage risks and transform risks into opportunities as practically as possible. The Framework is governed by an overarching Risk Management Policy (approved by the Board) which clearly articulates the Company's approach for managing risks across the organisation.

The Enterprise Risk Management Framework encapsulates key aspects of effective management of risks. This contributes to building a strong internal control system based on a proactive approach to risk management rather than a reactive one. The risk management process and steps are highlighted below:



The Board of Directors have established 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.



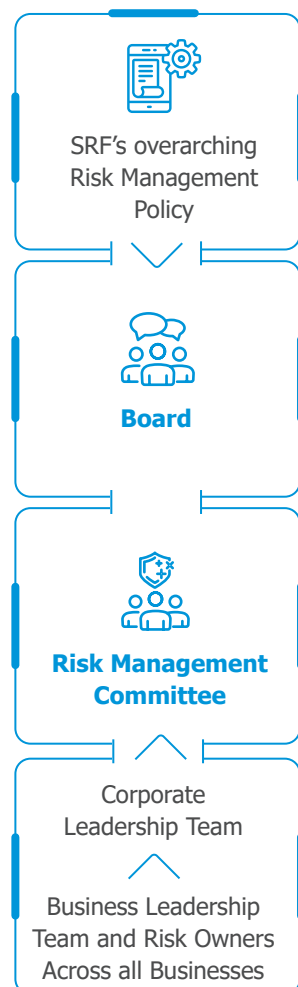
The Committee also aids the Audit Committee in analysing the efficacy of the Risk Management System and assists the Board in framing, implementing, monitoring, and revising the Risk Management Policy. The Committee is competent to identify, assess and manage both traditional and emerging business risks. It ensures that stakeholder interests are protected, business objectives are met, and long-term growth is enabled.

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 compliances with existing policies and procedures.

The risks identified by the Company broadly fall into the following categories viz. **strategic risks, operational risks, regulatory risks, financial and reporting risks, and IT & cyber risks.** (ESG risks are mapped under the appropriate categories of risks) **(Business Responsibility Report Principle 6)**

### Enterprise-Level Risk Management Framework



The figure below gives details on the identified risks and mitigation strategies adopted by SRF:

Key risks identified	Mitigation strategies
 <p><b>Strategic Risks</b></p>	<ul style="list-style-type: none"> <li>• Long-term strategic planning and regular management reviews with business teams and Board of Directors</li> <li>• Strategic sourcing initiative ensuring uninterrupted supply of raw materials</li> </ul>
 <p><b>Financial Risk</b></p>	<ul style="list-style-type: none"> <li>• Detailed policy guidelines to deal with key financial risks</li> <li>• Robust processes and systems for ensuring timely reporting and compliance with applicable regulatory framework</li> </ul>
 <p><b>IT &amp; Cyber Security Risk</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 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> <li>• Cyber security awareness sessions for employees</li> <li>• Cyber security risks are periodically reviewed by risk management committee of the Board</li> </ul>
 <p><b>Operational Risk</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 to sustain operational success</li> <li>• Adoption and deployment of resource efficiency initiatives</li> <li>• Promoting harmonious work culture and implementing policies for comprehensive retention, people development, employee benefits, welfare and wellbeing measures, proactive and continual employee engagement and structured learning and development opportunities</li> </ul>
 <p><b>Regulatory Risk</b></p>	<ul style="list-style-type: none"> <li>• Continuous monitoring of the evolving regulations, impact assessment, implementation of statutory compliance. Internal audit and external legal review (including ESG)</li> <li>• Liaisoning with regulatory bodies and industry associations to bring systematic changes for the benefit of industries</li> </ul>