

RISK MANAGEMENT

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SRF Limited practices 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.

Risk Management Process



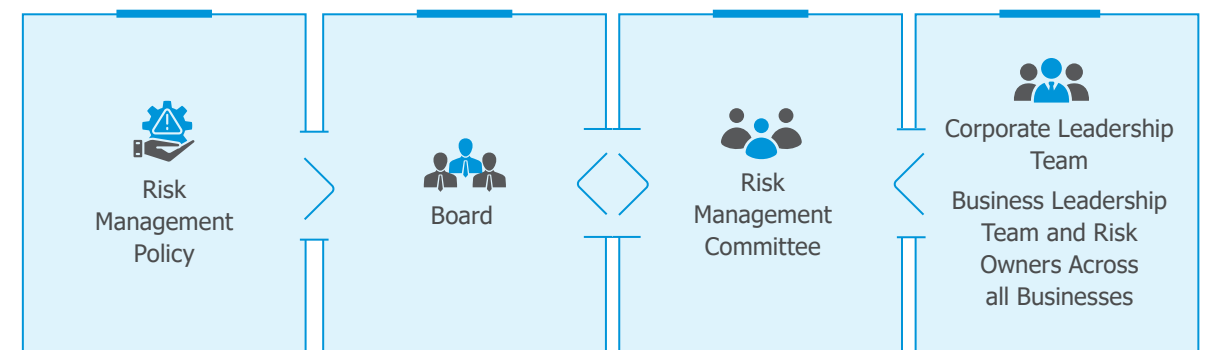
The Board of Directors has established a dedicated Risk Management Committee (RMC), which, inter alia, drives continuous efforts to identify various types of risks including ESG Risks, oversees the implementation of the risk management measures and suggests future action plans, wherever required.



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 compliance with existing policies and procedures.

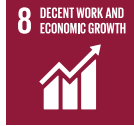





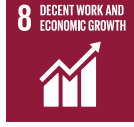












Enterprise-Level Risk Management Framework



Key risks identified at SRF	Mitigation strategies
 <p>Financial Risks</p>	<ul style="list-style-type: none"> 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
 <p>Regulatory Risks</p>	<ul style="list-style-type: none"> 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
 <p>Operational Risks</p>	<ul style="list-style-type: none"> 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
 <p>IT and Cyber-Security Risks</p>	<ul style="list-style-type: none"> 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
 <p>Strategic Risks</p>	<ul style="list-style-type: none"> 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

Linkages with SDGs

We are a responsible business and our ESG practice defines the way we create and protect value for our stakeholders. We have integrated the Environmental, Social, and Governance (ESG) aspects throughout all our business operations to ensure that our processes, systems, procedures, and initiatives are all aligned with our Aspirations 2030.

Our Aspirations 2030	SDGs impacted
Operational excellence	  
Professional reputation and value system	  
Customer advocacy	 
Innovation and Technology Leadership	  
Environment & Social Responsibility	       

Strategy

At SRF Limited, sustainability is deeply ingrained in our corporate values and is reflected in all aspects of our business functions and strategies. We are committed to safeguarding natural resources, prioritising employee health and safety, promoting responsible governance, and ensuring the






well-being of local communities. To chart our path forward, we align our strategic focus areas with our Aspirations, which serve as a roadmap for our future endeavours. Our long-term value creation for all stakeholders is achieved through the adoption

of ethical and principled business practices. At SRF, our Aspirations provide us with a clear set of guidelines for pursuing our strategic focus areas in a sustainable manner, with the aim of creating shared value over the long run.



Aspirations 2030

<p>Operational Excellence</p>	<ul style="list-style-type: none"> • 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)
<p>Professional reputation and value system</p>	<ul style="list-style-type: none"> • 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
<p>Customer advocacy</p>	<ul style="list-style-type: none"> • 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
<p>Innovation and Technology Leadership</p>	<ul style="list-style-type: none"> • 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
<p>Environment & Social Responsibility</p>	<p>Our Environment and Social Responsibility focus on four main aspects:</p> <ul style="list-style-type: none"> • 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
 Operational	Energy Management GHG emission reduction Air emissions Water conservation Waste Management Key material procurement and management	<ul style="list-style-type: none"> Focus on implementing cutting-edge technology and energy efficiency initiatives to achieve energy savings Transition to cleaner energy sources to help reduce carbon emissions Drive efforts towards reducing water consumption with water-efficient technologies, recycling and reusing wastewater and sequestering rainwater to the maximum extent possible Emphasis on the principle of 3R – Reduce, Reuse and Recycle and strive to operate in a 'closed-loop' through circularity in operations Continuous efforts on local sourcing of raw materials and increasing the use of recycled materials in production
 Financial	Employment Occupational health and safety Community relations and engagement	<ul style="list-style-type: none"> Concerted 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 Build a workplace that thrives on diversity and inclusion, and supports human rights 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 Relentless efforts to empower local communities through community initiatives focussing on vocational skills, education, natural resource management, among others
 IT & Cyber-Security	Total Quality Management (TQM) Innovation & Research and Development	<ul style="list-style-type: none"> Emphasis on capitalising new opportunities, expand product portfolio considering the evolving customer expectations and enhancing market presence 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 Deliver long-term sustainable returns to shareholders and higher dividend pay-out 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
 Strategic	Corporate Governance	<ul style="list-style-type: none"> Focus on creating an eco-system which promotes effective decision-making, accountability and financial prudence 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 Constant identification, assessment, monitoring and mitigation of risks to achieve business objectives Focus on robust internal control system and proactive response strategy towards identified risks
 Regulatory		

Progress in FY23

- Implemented energy efficiency initiatives, leading to energy savings of 10,683 MWh
- 1,201 TJ of energy consumed from renewables and biomass
- 17.1 Lakh KL of water consumption met through recycled wastewater
- 29 Lakh KL rainwater harvested
- Following 3R principle - recycled materials used as raw materials in production
- Utilisation of onsite generation of fly ash as raw material in cement industries
- 71% raw material sourced sustainably

- 176,156 training manhours
- Increase in female workforce across the management levels by more than 16% compared to FY23
- More than 91% employee engagement score
- 61% reduction in LTIFR
- 3.5 lakh+ beneficiaries of CSR initiatives in local communities
- 24 no. of 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
- 18 process patents granted
- Earnings per share ₹ 72.95

- 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

Aspirations 2030



Operational Excellence



Professional Reputation and Value System



Customer Advocacy



Innovation and Technology Leadership



Environment and Social Responsibility