SRF
We always find a better way

Fluorochemicals Business
Specialty Chemicals Business

2015-17 SUSTAINABILITY REPORT

COLLECTIVE GROWTH

OUR VALUES

Respect

Integrity

Non-discrimination

Excellence

Well-being

At SRF, we will continuously strive to be known for our Aspirations 2025.

Our sixth sustainability report for SRF's Fluorochemicals Business (FCB) and Specialty Chemicals Business (SCB) is based on the theme of 'Collective Growth', denoting varied aspects of sustainable development coming together to create a harmonious upward thrust.

This report highlights our environmental, economic and social initiatives, their progress and performance, along with details on Company policies and risk management framework for the financial years of 2015-16 and 2016-17.

Our sustainability reports are prepared biennially and build on the data from the previous report. This report is our first report based on the Global Reporting Initiative (GRI) G4 guidelines and has been prepared 'in accordance' with the core option of the GRI G4 guidelines.

The report covers our corporate office located in Gurugram, Haryana along with two of our manufacturing sites located in Jhiwana (Bhiwadi), Rajasthan and Dahej, Gujarat in India. Our new manufacturing site at Dahej has been added to the reporting boundary this year.

The report has been assured by KPMG using the International Standard on Assurance Engagement (ISAE) 3000 – limited assurance criteria. The assurance statement has been provided in the report's annexure.

All information presented in the report has been obtained from the various departments responsible for managing the relevant data and reported to the Head office and the respective site offices.

In case of any queries, the following concerned personnel can be contacted:

- Vikas Yadav, Chief Manager-Safety (E-mail: Vikas.Yadav1@srf.com)

- Sanjay Katiyar, Senior Manager- Environment, Health & Safety (EHS) (Email: SKatiyar@srf.com)

For any additional information, please visit our website at http://www.srf.com/

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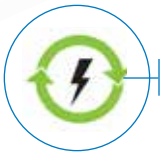
At a Glance*



Reduced absolute electricity consumption by 4%

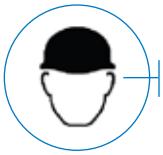
Decreased Scope 1 Greenhouse Gas (GHG) emissions by 21.5%

Sustained waste generation at 2013-15 level

Average employee turnover: 5.8%

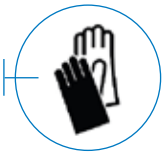
Training hours average: 31.55 hours per employee

Commissioned and stabilised Hydrofluorocarbon F-32 plant



Reduced first aid and minor injury by 17.41%

No fatal injuries at Bhiwadi



Provided 14 man-hours training per annum on EHS to each employee

Developed 2 new products

* Performance assessment for the reporting period of 2015-17 has been done only for the manufacturing site at Bhiwadi, as the targets set in the year 2013-15 were based only on performance of this site. Dahej was not included in the reporting boundary of 2013-15.

The 2017 Supplier award for Sustainability from Bayer

The 2016 Supplier award for Health, Safety and Environment from Syngenta

SRF was felicitated by the Government of Rajasthan with the "Rajasthan State Bhamashah Award" for its contribution in primary and elementary education along with infrastructural development of schools in the State

Responsible Care logo awarded by the Indian Chemical Council

Memberships

SRF has also maintained its membership in the Confederation of Indian Industry (CII) as well as the Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)

From the Deputy Managing Director

We are pleased to publish the sixth edition of the sustainability report for our chemical businesses. The report highlights our efforts towards achieving sustainable business practices undertaken during the reporting period. Sustainability is a critical factor of success of our chemical businesses. With increasing climate-related risks, we have been continuously working towards future proofing both our specialty chemicals and fluorochemicals businesses.

Driven by technologically superior systems and processes and a commitment towards environmental responsibility, SRF's fluorochemicals business continues to develop products that meet the immediate and future requirements of the country. This includes expanding our production of HFCs, namely F-134a and F-32 which are replacing HCFCs that have a high ozone depleting potential (ODP). Furthermore, as a leader in the refrigerants space and in our constant endeavour towards continued sustainability, we have set up a pilot plant to manufacture HFO-1234yf, a climate-friendly, low global warming potential (GWP) refrigerant to meet the future requirements.

In our specialty chemicals business, we give importance to sustainable growth by focusing on cleaner and leaner technological innovations and induction of new offerings in both agrochemical and pharmaceutical segments. We have also diversified into developing and manufacturing a variety of intermediate Fluorine-based specialty chemicals that have become our expertise now.

We are participating with innovations both in agro and pharma segments and offering products from edge technological usage.

We have been making investments in our chemical businesses in terms of capacity, people, and knowledge. Our new site at Dahej is now operational with sustainability forming an integral part of all its processes.

Our commitment towards improving our environmental performance continues. At Bhiwadi, we have reduced our direct GHG emissions by 21.5% and our absolute electricity consumption by 4% from the last reporting period. In addition, we have reduced our hazardous waste generation from the last reporting period.

Our commitment towards supporting our surrounding communities remains steadfast. In our endeavour to provide quality education to underprivileged children and youth, we focus on improving infrastructure facilities in government

> SRF commits itself to being a responsible corporate citizen by integrating elements of sustainability into every facet of our business - from our product offerings to our energy use - we are creating a better future not just for our Company but for the world at large.

schools, promoting computer-aided learning and launching a mobile bus for digital inclusion of underprivileged communities.

Our efforts have been acknowledged at various platforms. We received the 2016 supplier award for health, safety and environment from Syngenta and 2017 supplier award for sustainability from Bayer. The Government of Rajasthan also felicitated us with the 'Rajasthan State Bhamashah Award' for our contribution to the community in the area of education.

These achievements further highlight our commitment to going beyond business and striving towards sustainability.

Kartik Bharat Ram
Deputy Managing Director
SRF Limited

CEOs Speak

> "Sustainable growth is a way of doing business for us. We are committed to maintaining the highest standards of environmental responsibility through sustainable business practices."

We have had a good year as we continue to consolidate our leadership position in India by way of wider product offerings and increased volumes. We have demonstrated our commitment to sustainability through our R&D capabilities and operational excellence which has enabled us to plan smooth transition from HCFC.

FCB's endeavour has been to continuously keep developing new environment-friendly products and also keep reducing the carbon footprint along with reduced consumption of natural resources.

In the past when CFCs were phased out, SRF, with its R&D capabilities, had developed new alternatives so as to meet the customer needs and requirements of the country. We continue to improve our technological capabilities to meet the future needs of environment friendly products.

In the last couple of years, we have successfully commercialized F-32, a low GWP product using our patented technology. Over a period of time, we have improved our F-32 production process resulting in lower resource consumption thereby reducing the GHG footprint. Furthermore, we have developed our own in-house HFC blending capability and started production of zero ODP products like F-410A and F-407C.

We are also the first company in India to launch F-22 cans in the market with our FLORON brand name. This will reduce refilling losses in the market place while ensuring quality and quantity to the customers. These improvements showcase our commitment to sustainable growth through innovative product design and development.

We are consistently improving on our performance keeping in view the environmental impacts. SRF is regularly monitoring the carbon footprint and are conscious of energy and water consumption. We are working towards making all our processes increasingly resource efficient. At Dahej, we have been focusing on reducing water consumption through conservation measures in the medium term, which needs out-of-the-box solutions to take care of the growing needs of the site.

At the highest level, SRF has a strong culture of knowledge sharing and good practices are shared across the organization through various platforms. For example, the learnings from F-134a and Chloromethanes plants at Bhiwadi were deployed while designing such plants at Dahej which has enabled us to reduce energy consumption. In fact, it is a two way on-going process and some best practices and learnings are shared between the two plant locations.

We have matured in our CSR work at Bhiwadi and based on this experience, we have started a lot of community work at Dahej as well. We are also engaged in sustained societal development and our programs in the space of education, water resource management and community plantation, amongst others have benefited a wide range of community stakeholders.

While we continue to improve our business performance, we would continuously focus on positively contributing towards environment and society.

Prashant Yadav

President & CEO,
Fluorochemicals Business (FCB)

> We are committed to sustainable operations and growth of the business while developing and commercializing new products through clean and cost efficient technologies.

Sustainability has always been a key goal of the Specialty Chemicals Business, fueled by innovations in the agrochemical and pharmaceutical industry segments. Since the last report, there has been a significant expansion in our product portfolio, with participation in intermediates for innovative and life-saving drugs, as well as for agrochemicals with enhanced resource-efficiency.

This Report includes data both from our site at Bhiwadi, Rajasthan, and our newest and most advanced manufacturing site at Dahej, Gujarat, which hosts a number of multi-product specialty chemical plants. Significant investments have been made at this site, which incorporates insights gained over the past many years. This journey of learning, innovating and expanding is expected to continue in the forthcoming years as well.

We continue to strive towards improved environmental and social performance. This report showcases the myriad efforts made to reduce our environmental footprint by making all our processes increasingly resource- and energy-efficient, significantly minimizing our water consumption and waste generation. There has been excellent cross-deployment of learnings across the sites, and the process of transferring knowledge and innovation from one site to the other has been institutionalized.

The specialty chemicals' environment is very dynamic, with new products getting launched and existing products facing heightened competition at an accelerating pace with shortening life cycles. The focus is clearly on developing and adopting cleaner and leaner technologies; an approach that recognizes that sustainability is not something 'good to have', but rather a core and essential requirement to meet the current and emerging needs of compliance, quality and operational excellence.

There has been a concerted effort to improve the water utilization at Dahej site. Through technological interventions and using the concepts of recycle and re-use, we have been able to reduce the daily water consumption by ~30%. Similarly, concerted efforts are being undertaken to reduce the carbon footprint of our operations.

Water resource management, support for primary education and creation of self-help groups continues in the villages around Bhiwadi. In the Dahej region, there is now a substantial focus on the promotion of education and its related support systems.

Our performance around the three sustainability pillars of environment, engagement and enterprise, as showcased in the current report, highlights our commitment to continuously improve performance and achieve sustainable growth.

Anurag Jain

President & CEO,
Specialty Chemicals Business (SCB)

Sustainability Framework

Environment
Engagement
Enterprise

Enterprise

- Financial Performance & Growth
- Total Quality Management
- Product Innovation & Safety
- Branding
- Business Risk Management
- Regulatory Compliance

Environment

- Air & GHG Emissions
- Energy Efficiency
- Use of Renewable Energy
- Materials
- Waste Management
- Water Consumption & Discharge
- Biodiversity & Resource Conservation

Engagement

- Employee Engagement
- Labour Conditions
- Employee Development
- Occupational Health & Safety
- Emergency Preparedness
- Community Development

Sustainability has been an important component for our chemical businesses for over 10 years. For SRF, sustainability encompasses a wide swathe of issues from minimizing our impact on environment and society through sustainable resource consumption to creating value for society and ensuring good working conditions for our employees, without compromising on our economic performance. With an aim to move beyond business and continuously strive for sustainability, our model for sustainability has evolved from a sustainable business framework to our current Triple E Approach.

The 'E's of our Triple 'E' approach comprise of Environment, Engagement and Enterprise, which form the three pillars of sustainability. Each of these pillars covers materiality issues important to our organization's sustainability targets and goals.

Environment is one of the most important aspects of our business ethos and we believe in taking all the measures necessary to continuously improve our environmental performance over time. As a result, we have taken up numerous initiatives across our process life cycles right from raw material sourcing to sustainable resource consumption.

We are the first chemical Company in India to obtain the ISO 14064-1: 2006 certification for verification of our greenhouse gas emissions. In accordance with international norms, we have completely stopped the production of halons and phased out Chlorofluorocarbons (CFC) from our operations and are now investing in new and more sustainable technologies.

SRF is also strongly committed to meaningful **Engagement** with all its stakeholders – from its employees to the communities that we operate in. In this regard, we have taken numerous steps to improve the lives of our employees and communities including establishing the SRF Foundation, which is primarily focussed on imparting quality education to surrounding underprivileged communities.

Finally, we believe that holistic sustainable growth cannot be achieved without ensuring the growth of the **Enterprise** in stride with improvement in environmental and social performance. We have been able to consolidate our position as a leader in the market, backed by our path-breaking R&D capabilities to develop new and innovative products.

The Organization

₹5137 Cr.
Corporation

15
manufacturing plants

over
6300
employees

export to
75+
countries

SRF Limited was established in 1970 and since then has grown to become a chemical-based multi-business entity engaged in the manufacturing of industrial and specialty intermediates. SRF's diversified business portfolio can be broadly classified under the following businesses:

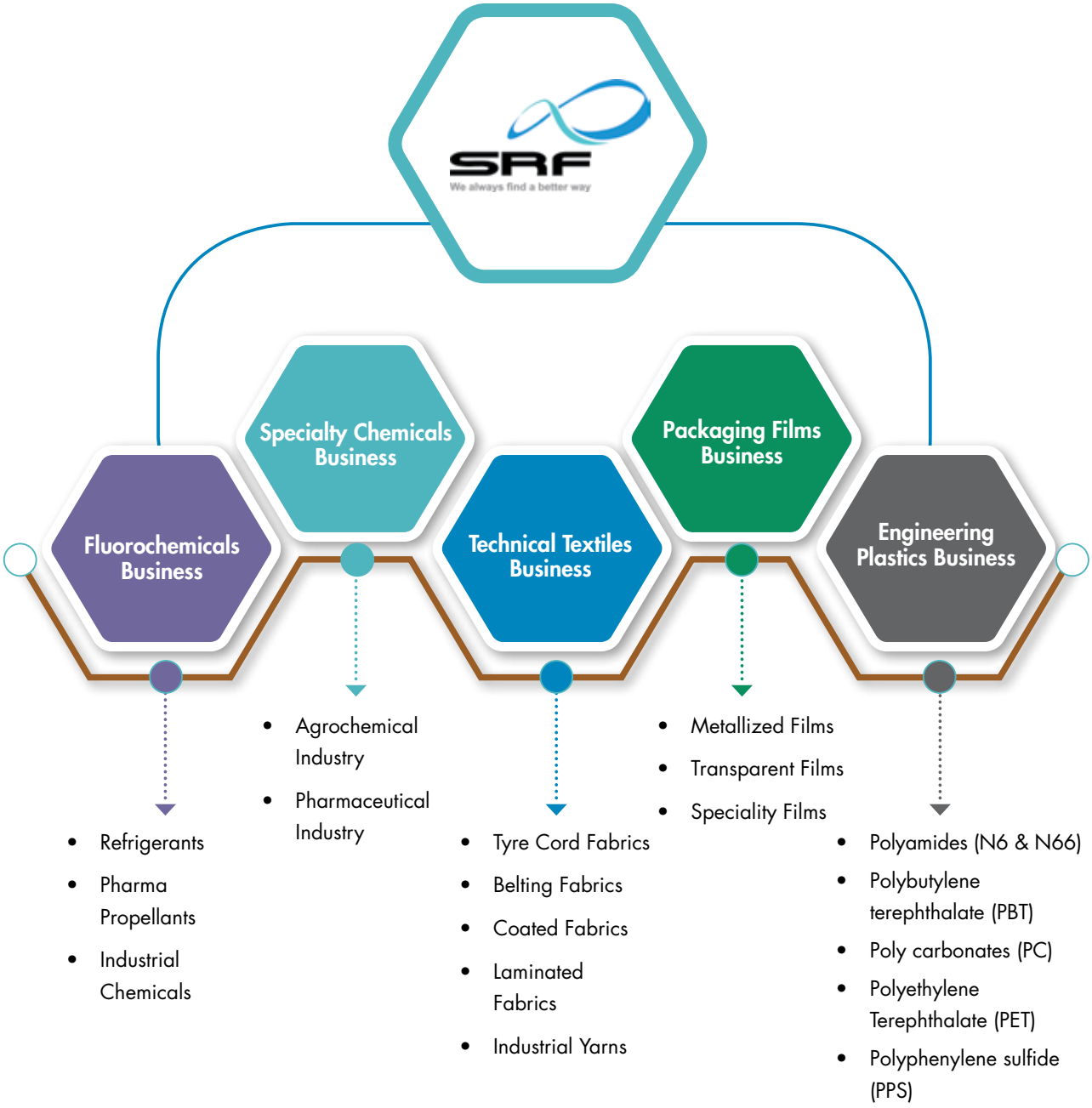
- Chemicals & Polymers Business (CPB),
- Technical Textiles Business (TTB), and
- Packaging Films Business (PFB)

Headquartered in Gurugram, India, the Company has a significant global footprint with operations spread across fifteen manufacturing plants in three countries – India (12), Thailand (2), and South Africa (1). With a global workforce of more than 6,300 employees, we export to over 75 countries.

We are the largest manufacturers of refrigerants in India, with the highest market share.

This sustainability report covers both the FCB and SCB businesses which are strategic business divisions of SRF Limited. The report boundary encompasses our Corporate Office at Gurugram along with our manufacturing units at Jhiwana (commonly referred to as the Bhiwadi site), Rajasthan and Dahej, Gujarat.

Our FCB business drives its business through the sale of fluorine based refrigerants, propellants and industrial chemicals. Refrigerants are used in applications such as air-conditioners, automobile air-conditioners, refrigerators and chillers as well as in propellants used by the pharmaceutical sector. With the launch of our F-32 and other HFC blends, SRF is now the largest producer and seller of refrigerants in India.



We started our journey in fluorochemicals in 1989, manufacturing refrigerants at the Bhiwadi site. With the commissioning of our second HFC-134a manufacturing plant at the new Greenfield chemical complex at Dahej, we are now meeting the growing demand in ozone-friendly refrigerants through the production of the HFC-134a refrigerant. Both these units have well-equipped Q&A Labs that are accredited with the National Accreditation Board for Testing and Calibration of Laboratories (NABL) to ensure that our products meet the highest quality parameters.

Our SCB business is focused on engaging and partnering with global majors for product development expertise in non-fluorinated chemistry. Our focus is on innovations to build a pipeline introducing new offerings in the agrochemicals and pharmaceutical segments.

All our businesses are supported by a responsible supply chain built on the back of a reliable and cost-competitive network of suppliers and distributors.

Corporate Governance

At SRF, we have continuously pursued improved governance by strengthening our established, robust corporate governance framework. In this regard, our businesses have adopted a number of recommendations suggested by the Corporate Governance Voluntary Guidelines of 2009, issued by the Indian Institute of Corporate Affairs (IICA).

Our existing governance framework ensures that there is a clear distinction between the board's supervisory role and the executive management of the Company.

Board of Directors

SRF board of directors constitutes five independent directors, four non-independent, executive directors and one non-independent, non-executive director.

Arun Bharat Ram
Chairman

Ashish Bharat Ram
Managing Director

Kartik Bharat Ram
Deputy Managing Director

Pramod G. Gujarathi
Director (Safety & Environment)

Dr Meenakshi Gopinath
Director (CSR)

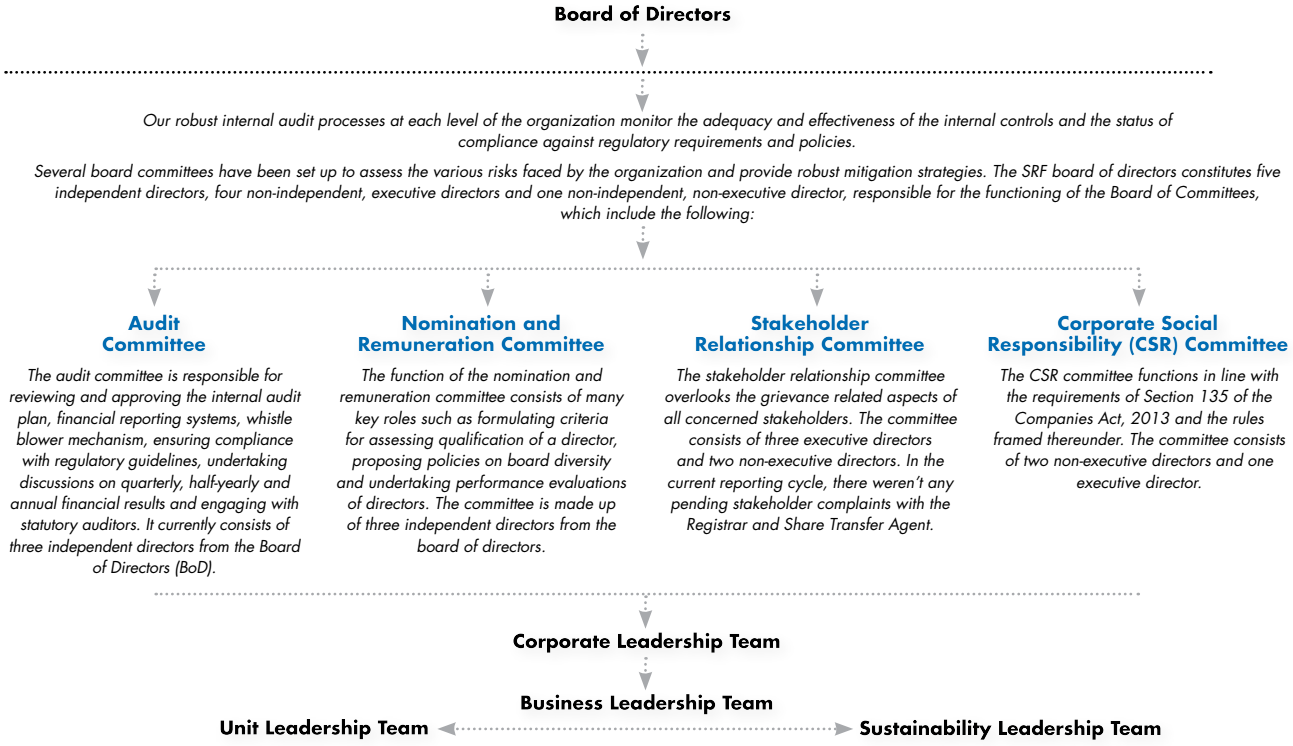
Vinayak Chatterjee
Non-Executive Director

Tejpreet S Chopra
Non-Executive Director

L Lakshman
Non-Executive Director

Vellayan Subbiah
Non-Executive Director

Pramod Bhasin
Non-Executive Director

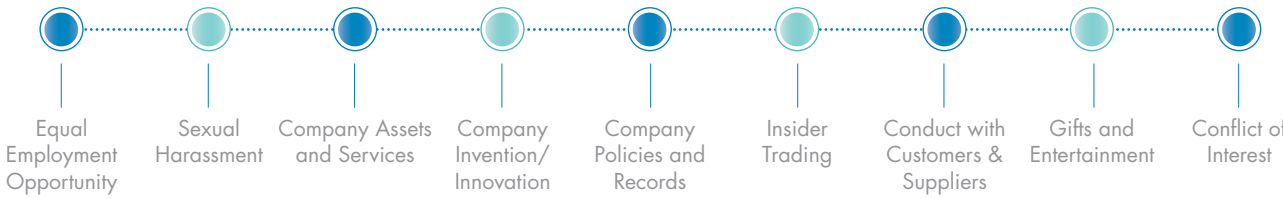


As part of the corporate governance structure, the remuneration of the directors is linked to their performance, which includes among others, an appraisal of the following parameters:

- Good corporate governance practices,
- Enhancement of brand equity,
- Undertaking new initiatives and innovation,
- Conducting themselves in compliance with the code of conduct and other policies such as the whistle blower policy.

Code of Conduct

Our code of conduct lays down key principles and guidelines for directors, senior management and all other employees at SRF. These principles are adopted and followed by SRF's businesses and involve accurately maintaining financial records, ensuring a workplace that is free from discrimination based on race, colour, religion, age, gender, nationality, disability, veteran status and any other biases. The code of conduct also assures employees a safe and healthy working environment across all our businesses.



Risk Management

Our Company is predominantly governed by a risk management policy which clearly articulates our approach in managing risks across the organization. The policy is applicable across all our business units with the objective of identifying emerging challenges that might affect the Company's operations and developing measures to mitigate these challenges. Furthermore, our Company uses Enterprise Risk Planning (ERP) supported by in-built controls that ensure reliable and timely financial reporting.

Our risk management systems and internal control systems are designed to meet the Company's needs helping us manage any risks we may be exposed to, including the risk of failure to achieve business objectives as well as material mis-statements or losses. We also have a robust framework of Control Self-Assessment (CSA), which continuously verifies compliance with existing policies and procedures and helps manage control gaps.

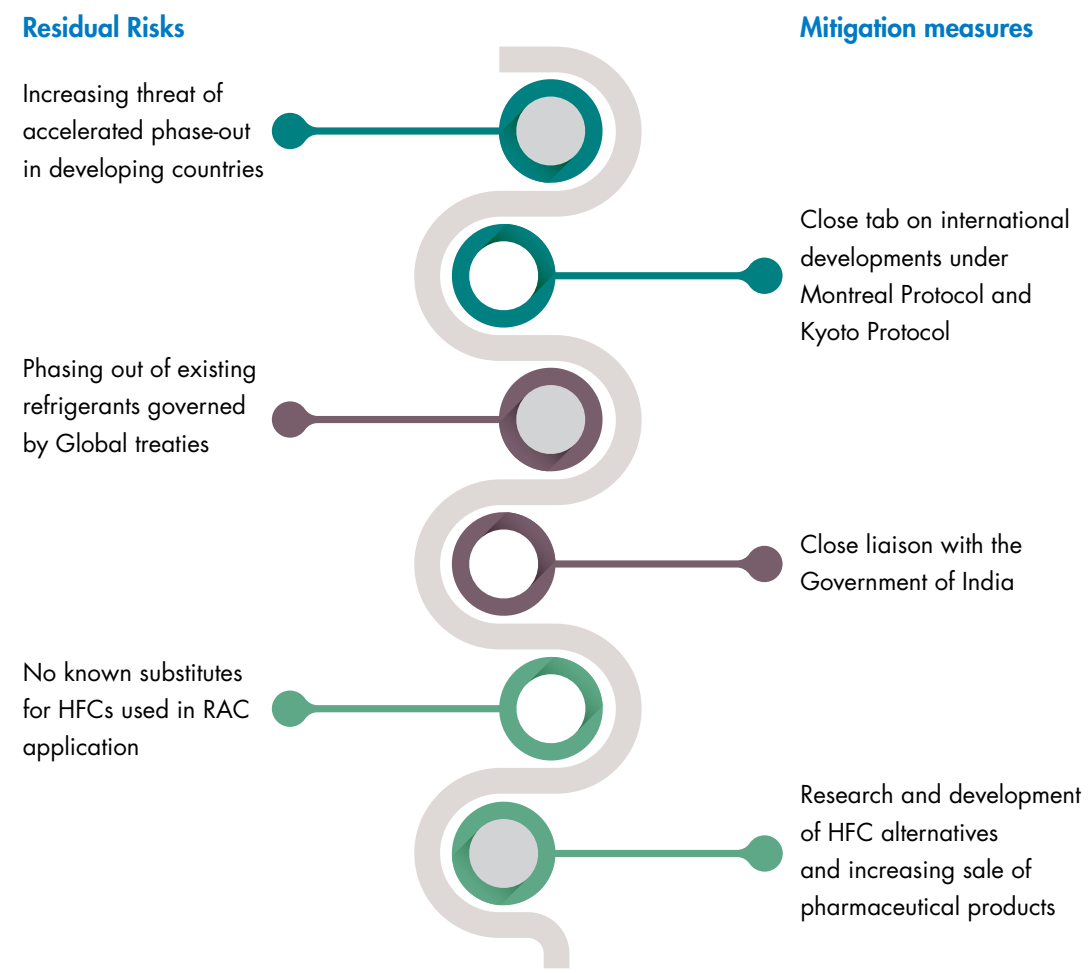
The board of directors oversees the performance of SRF chemical businesses on economic, environmental and social aspects as well as the assessment of the risks associated with it.

Risk Management Structure

Risk Management Process

- **Strategic Risks:** Strategic risks include risks arising out of a competitive environment, changing customer needs and technological changes. Annual plans are made to discuss these risks and how to put their counter-measures in place.
- **Operational Risks:** Operational risks are managed through our Total Quality Management, which sets well-defined roles and responsibilities in areas such as critical control points, budget allocation and monitoring and reviewing its operations.
- **Financial Risks:** Financial risks mainly include risks arising out of foreign currency exchange from exports, imports of our products and raw materials. In order to mitigate these risks, we follow a conservative foreign exchange risks management policy.
- **Information Technology Risks:** We have in place strong back-up systems at the hardware and software levels including an ERP system to keep our business operations online in case of any disruptions.
- **Sustainability Risks**: Being green and environmentally responsible is extremely important for SRF because of which it has in place processes that go beyond compliance, ensuring that we continuously manage and address any sustainability risk, including risks arising out of climate change. For example, SRF has estimated the financial implications from uncertainty due to phase-out of green house gases and substitution of hydrochlorofluorocarbons at approximately INR 500 Crores.

Climate Change Risks and Opportunities



The board at SRF has an open communication channel to readily engage with all its stakeholders. The board regularly communicates on a number of issues including the quarterly results of the Company, information on recruitment, remuneration of senior officers as well as any labour issues, amongst others.

Stakeholder Engagement

At SRF, stakeholder engagement entails understanding the interests, expectations and information needs of various stakeholder groups through an active dialogue process using various interactive platforms. Continuous engagement with all groups affected by our business operations not only lays the foundation for a sustainable business model but also helps enhance our performance and decision-making processes.

Stakeholder Engagement Process

01 Identify

- Identify internal and external stakeholders relevant to FCB and SCB
- Identify and prioritize issues critical to each stakeholder group
- Establish each stakeholder's status quo and existing perceptions before and during the reporting period

02 Plan

- Establish the objectives and scope of the stakeholder engagement
- Allocate time, resources and responsibilities
- Design engagement strategy
- Design modes of communication particular to each stakeholder group

03 Engage & Consult

- Conduct engagement exercises with each stakeholder group through interview, focus group, public meetings, stakeholder panels
- Share contextual information (application material issues) with stakeholder
- Conduct follow-up stakeholder sessions to get feedback on the identifed material issues

04 Monitor & Report

- Ensure effective and timely documentation of the consultation process
- Access learning points from the diverse range of views collected from the stakeholders
- Report back to stakeholders on commitments and performance related to identified material issues
- Ensure transparency in the stakeholder engagement

Stakeholder Engagement Exercise

Once we have identified the stakeholders that directly or indirectly impact our business, we establish the key expectations and concerns of each stakeholder group through the channels of communication established with each group.

Investors /Shareholders

Investors are our primary stakeholders who influence our financial and operational strategy. With responsible investment gaining traction, we expect new investors to prioritize investments in organizations that undertake sustainability driven initiatives while ensuring business growth and stability.

Our investors expect SRF's chemical businesses to exceed our business growth expectations and maintain transparency in corporate governance and our market reputation. Through previously conducted stakeholder engagement exercise, key topics and concerns discussed with investors were:

- Financial Performance
- Risk Management
- Entry into new markets
- Optimizing operational costs
- Corporate governance and corruption

Making use of various channels such as annual and quarterly meetings, biennial sustainability reports and a dedicated investor relations page on the SRF website, we are able to maintain continuous line of communication with our investors in anticipation of their concerns and address the same.

Customers

Customers, as the end users of our products and a source of consistent value creation, are one of the most important stakeholder groups for SRF's chemical businesses. Satisfied and well-informed customers are essential for our long-term business success. Our customers expect SRF chemical businesses to engage in fair and ethical market practices through safe and reliable products while ensuring protection of their privacy. Some of the customer related key takeaways from our stakeholder engagement exercise are:

- Product innovation and life-cycle efficiency
- Service quality
- Resolution of customer complaints
- Quality and safety of products
- Pricing of products

In order to consistently meet the needs and expectations of our customers, we make use of various channels of communication including biennial sustainability and annual performance report, annual customer satisfaction surveys, customer invitation programmes such as FLORON Days, One to One Programme, customer's supplier recognition / awards programmes and feedback sessions during manufacturing / R&D unit site visit.

Suppliers

As a primary supplier for different organizations, we understand the value of our supplier firms. Consistent performance and economic growth of our suppliers will contribute to our overall business strategy and ensure sustainable growth. Their key expectation from us is to ensure fair pricing and accountable transactions, consistent quality of raw materials, without any occurrence of human

right violations. We conduct regular supplier evaluations and quarterly supplier meetings and site facility visits.

Employees

Playing a very important role at SRF, the capabilities and well-being of our employees influence our operational performance and leave a significant footprint in the organization's work culture. Furthermore as a signatory to Responsible Care initiative, a global voluntary initiative for the chemical industry, we are committed to continuously improve our EHS performance. Our employees look forward to a fair and transparent career development, evaluation, compensation and a conducive work environment. During the stakeholder engagement exercise, the key concerns and expectations raised by our employees were:

- Learning and development programmes
- Trainings
- Rewards and recognition
- Occupational Health and Safety
- Work environment and policies
- Ethics, transparency
- Total Quality Management (TQM)
- Emergency preparedness
- Conducive labour conditions

At SRF, we carry out regular interaction sessions with our employees through quarterly CEO communication meetings and daily Total Involvement of Employees (TIE) group meetings. Our offices are also equipped with numerous complaint and suggestion boxes supported by our grievance mechanism known as the People Redbook System. Every employee is also required to undertake annual employee feedback surveys and training needs assessment.

Local Communities

In order for our business to function smoothly and ensure sustainable long-term operation, we strive to establish a strong and healthy relationship with local communities, one of our most important external stakeholders. We are responsible to the local communities situated in the proximity of our business ensuring minimum environmental and social impact to them from our operations. We are also responsible for supporting the local economy to the best of our ability through recruitment of qualified local individuals. We ensure continuous interaction with this stakeholder group through social impact assessments, needs assessment studies and formalized public hearing sessions.

Regulatory Bodies

Relevant regulatory bodies are an important external stakeholder group for our business. We ensure compliance with all necessary regulatory requirements and adhere to the relevant national and regional policies. All statutory clearances are clearly communicated as part of the annual review meetings. During our stakeholder engagement exercise the key concerns and expectations expressed by this group were:

- Regulatory compliance
- Operational efficiency
- Development of communities
- Management of environmental impact

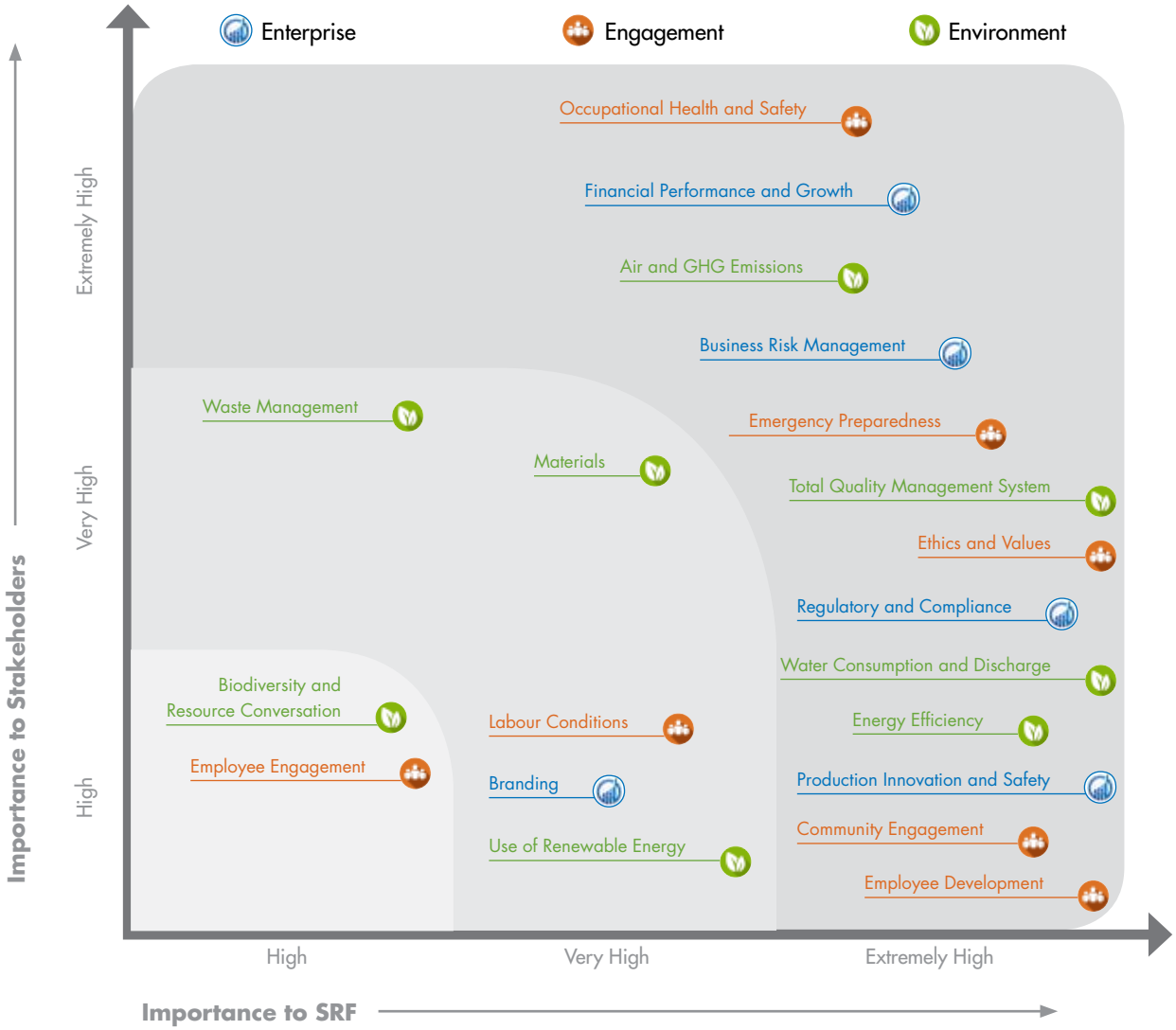
We also participate in various public advocacy programmes organized by the Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and others, to discuss the status of the regulatory environment at SRF's chemical businesses.

Assessing Materiality

We follow an inclusive stakeholder engagement process to assess the material issues significant to our operations. Each department at SRF identifies priority areas for their functions, which then goes through rigorous internal evaluation by focus groups consisting of technical experts and specialists within our Company.

Apart from the technical focus groups, various other stakeholders – shareholders or investors, customers, suppliers, employees, local communities and regulatory authorities – are also consulted.

Following their identification, the issues are collated and prioritized by our Sustainability Leadership Team (SLT). Prioritization is performed based on factors such as importance to SRF's chemical businesses, importance to our key stakeholders, risk or opportunity potential and probability of occurrence. The team categorizes the prioritized material issues under the 3 'E's – Environment, Engagement and Enterprise, as applicable for each of the units at both sites, in Bhiwadi and Dahej, in accordance with our long-term strategy. These material issues and their importance to SRF and our stakeholders have been presented in the matrix below:



Materiality assessment has enabled us to identify and prioritize issues important for business planning and decision making in consultation with our key stakeholders. The identified elements are regularly monitored and integrated in our process planning wherein we regularly set new achievable targets and map our performance for each reporting period.

Environment

We are very conscious of the environmental impacts of our operations. Both our businesses, at Bhiwadi and Dahej, are energy intensive, consume a variety of raw materials, and generate significant amount of waste and emissions. Therefore, we regularly monitor our environmental performance to efficiently minimize the impacts of our operations on the environment not only by reducing emissions and waste, but also through sustainable resource consumption and by using various techniques such as energy conservation as well as recycling and reuse of materials.

Air and GHG Emissions

Increased use of alternative fuels has reduced our dependency on fossil fuels

Manufacturing of specialty chemicals and refrigerants is an energy intensive process. Most of the direct greenhouse gases emitted from our operations are a result of high energy consumption. In order to reduce GHG emissions, we have focused on increasing the use of alternative fuels which has also reduced our dependency on fossil fuels. This is reflected in our use of biomass (mustard husk) which has seen a steady rise in the overall fuel mix over the past few years.

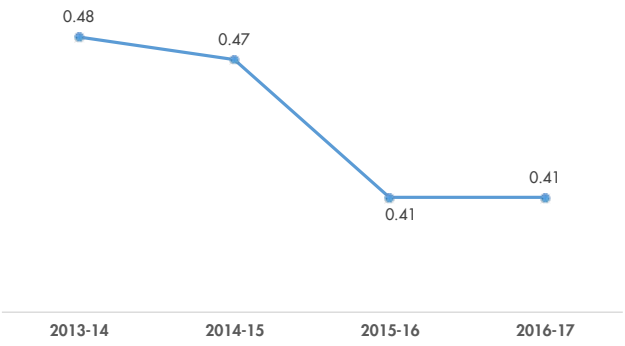
With the emission figures from our new manufacturing plant at Dahej being included in the reporting boundary of the current reporting period, our baseline has now shifted to the year 2015-16. Total emissions (Scope 1 and Scope 2) for FY 2015-16 and FY 2016-17 are 3,07,007 tonnes of CO_2 equivalent (tCO_2e) and 343,680 tCO_2e respectively. Given that Dahej does not purchase any electricity from the grid, calculation of Scope 2 emissions for the site was not required.

GHG Emissions in 2015-17 (tCO_2e)

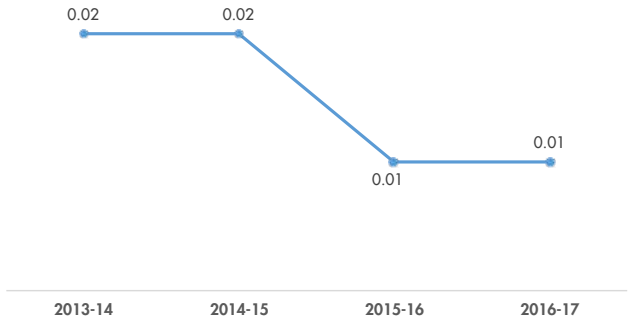
Emissions	Unit	Bhiwadi		Dahej	
		2015-16	2016-17	2015-16	2016-17
Direct Emissions (Scope 1)	tCO_2e	73,552	79,070	231,598	262,544
Indirect Emissions (Scope 2)	tCO_2e	1,858	2,066	0	0

On comparing the specific GHG emissions of FY 2015-16 and 2016-17 with previous years, significant decrease in specific emissions at Bhiwadi has been observed, which was a result of our sustained efforts in reducing GHG emissions.

Specific Direct Emissions (Scope 1) - Bhiwadi
(tCO_2e/MT of production)



Specific Indirect Emissions (Scope 2) - Bhiwadi
(tCO_2e/MT of production)

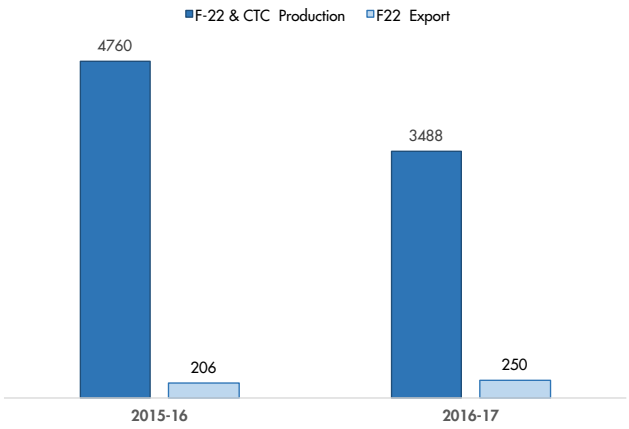


Specific GHG Emissions in 2015-17 - Dahej
(tCO_2e/MT of production)

	2015-16	2016-17
Direct Emissions (Scope 1)	5.49	5.38
Indirect Emissions (Scope 2)	0	0

We are also continuously monitoring production, import & export of Ozone Depleting Substance (ODS). Production of F-22 & CTC in FY 2015-16 and FY 2016-17 was 4760 tonnes of ODS eq. and 3488 tonnes of ODS eq. respectively. *Export of F-22 in FY 2015-16 and FY 2016-17 was 206 tonnes of ODS eq. and 250 tonnes of ODS eq. respectively.

F-22 & CTC Production and Export - Bhiwadi
(Tonnes of ODS eq.)

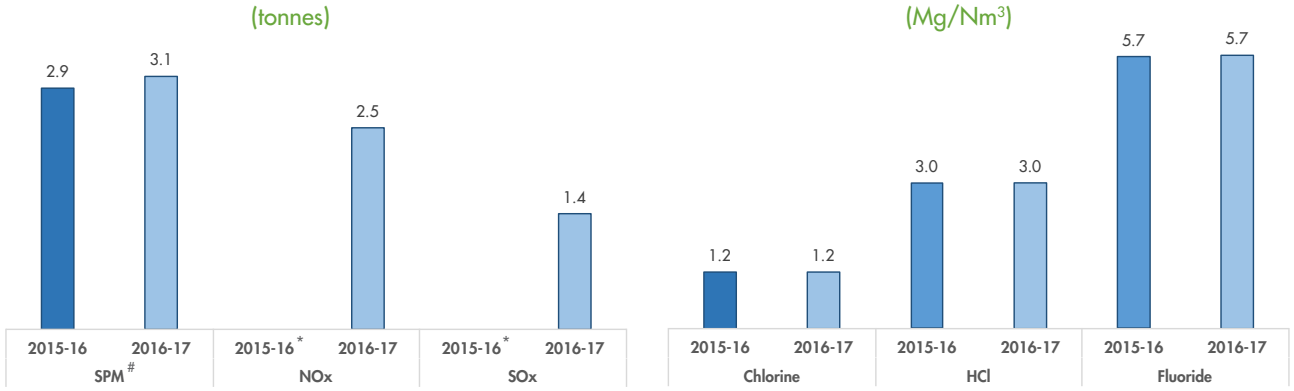


Conversion factors for F-22 and CTC to ODS Tonnes eq. are 0.05 and 1.1 respectively

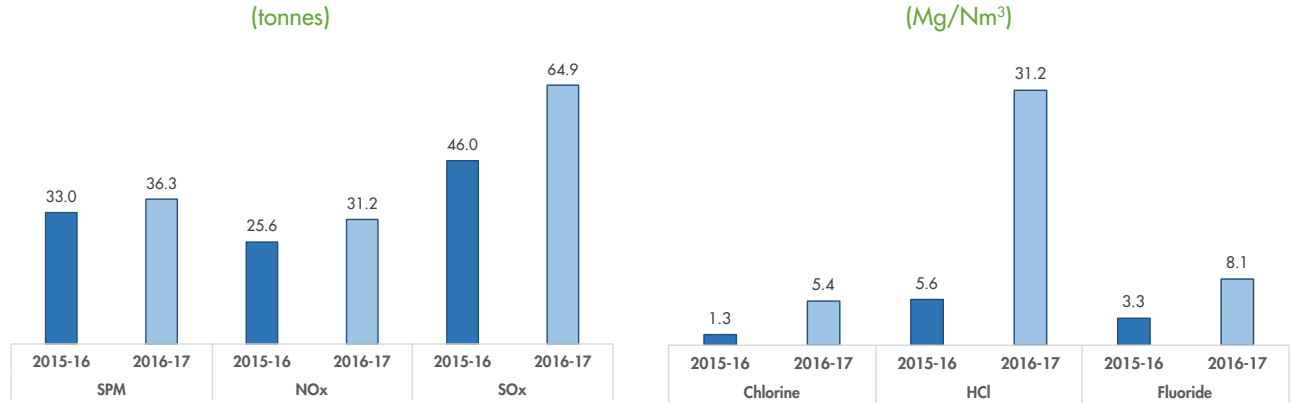
* No export of CTC

Our Nitrogen Oxides (NO_x), Sulphur Dioxide (SO_x), Suspended Particulate Matter (SPM), Fluoride, Chlorine and Hydrochloric acid (HCL) emissions are continuously monitored at both the sites to ensure that the air quality is within prescribed limits.

Emissions - Bhiwadi



Emissions - Dahej +



Energy

Energy consumption is one of the key contributors to GHG emissions as burning of fossil fuels for electricity production leads to direct air emissions. While the issues material to SRF are **energy efficiency** and **use of renewable energy**, it is also extremely important to understand our energy consumption portfolio.

The total energy consumed in FY 2015-16 and FY 2016-17 was 5,054,634 GJ and 5,548,812 GJ respectively. We continuously strive to improve our GHG performance due to energy consumption by diversifying our energy portfolio through alternative fuels as well as undertaking numerous initiatives on energy conservation.

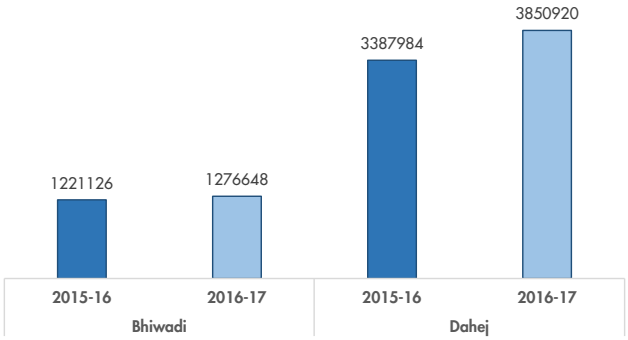
Our fuel consumption portfolio consists of a mix of fuels including coal, high speed diesel, furnace oil, mustard husk, and wood chips.

A significant increase in coal consumption in FY 2016-17 was primarily due to an increase in utilization of captive power at both the sites.

* Not measured.
# At CPP in Bhiwadi, steam generation was more in 2016-17 than in 2015-16, hence an increase in SPM.
+ Emissions at Dahej show an increase as new plants were added during the reporting period.

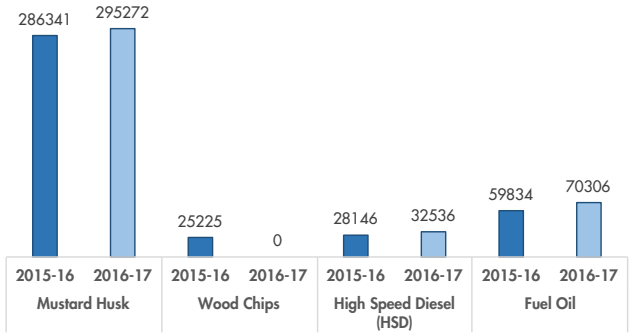
Coal Consumption

(GJ)



Other fuel consumed - Bhiwadi

(GJ)

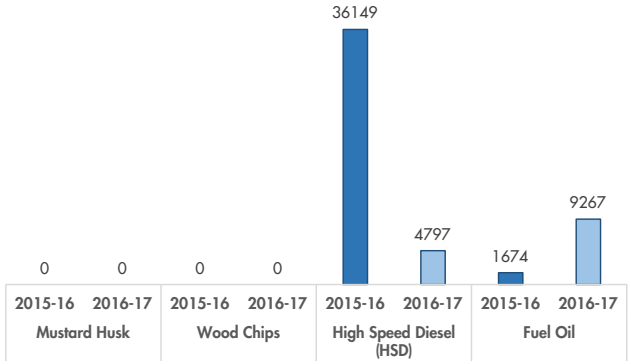


Energy Intensity

While our direct energy consumption has slightly increased from FY 2014-15, it is well below the FY 2013-14 level. Due to an increase in captive power production in Bhiwadi, our indirect energy consumption, i.e. electricity purchased from outside the premises, has significantly reduced compared to the last reporting period. Furthermore, all the electricity used in Dahej is produced onsite by a coal-based captive power plant.

Other fuel consumed - Dahej

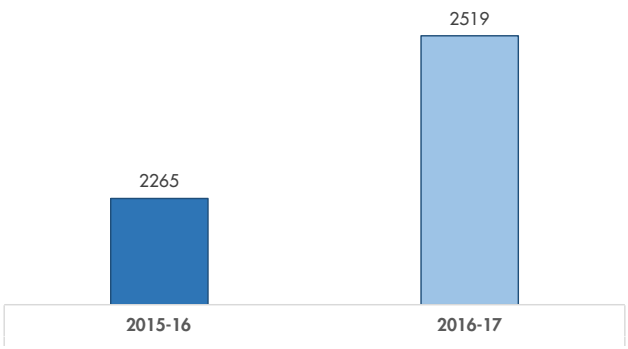
(GJ)



Energy Intensity	Unit	2013-14	2014-15	2015-16	2016-17
Bhiwadi	GJ/MT of production	9.9	8.7	9	8.8
Dahej	GJ/MT of production	-	-	81.3	79.2

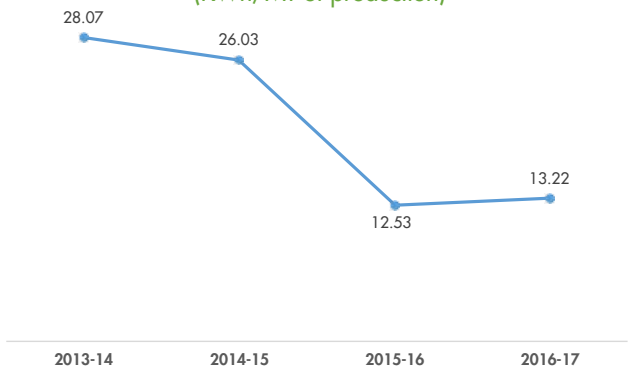
Indirect Energy Consumption - Bhiwadi

Electricity Purchased (MWh)



Indirect Energy Intensity - Bhiwadi

(KWh/MT of production)



Energy Efficiency

We have taken up several initiatives to improve our business' energy use efficiency in the current reporting period. These initiatives focus on retrofitting and replacement of existing equipment, process and behavioural change to enhance our operational efficiency.

This has resulted in total energy savings of 767 MWh in FY 2015-16 and 580 MWh in FY 2016-17. This has in turn led to a total cost saving of INR 76,62,466.

Energy savings of 1347MWh resulted in a total cost saving of INR 76,62,466

Energy Saving in FY 2015-17

Year	Unit	Bhiwadi		Dahej	
		2015-16	2016-17	2015-16	2016-17
Energy Savings	MWh	349	291	418	289
Cost Savings	INR lakh	22.7	18.9	20.6	14.4

Energy Saving Initiatives in FY 2015-16 and FY 2016-17

Description of Energy Saving Initiative	Nature of Initiative	Month of Incorporating	Electricity Saved (KWh)	Costs Saved (INR)
Energy Saving Initiatives in FY 2015-16 (Dahej)				
Replacement of conventional light fittings with LED (FCB and CPP)	Retrofitting	January	35,770	1,78,850
Replacement of conventional light fittings with LED (SCB)	Retrofitting	January	97,401	4,87,005
Replacement of conventional light fittings with LED (FCB and CPP)	Retrofitting	January	1,14,603	5,73,015
Replacement of conventional light fittings with LED (SCB)	Retrofitting	January	78,836	3,94,180
Auxiliary consumption of ESP reduced by 250 units/day	Process change	April	91,250	4,28,875
Energy Saving Initiatives in FY 2015-16 in Bhiwadi				
Replacement of reciprocating compressor with screw type air compressor in CMS Plant	Retrofitting	August	2,73,669	17,78,852
Installation of VFD in W200C brine compressor in CMS Plant	Process change	October	75,740	4,92,310
Energy Saving Initiatives in FY 2016-17 in Dahej				
Segregating lighting circuits depending on utilization	Process change	April	69,493	3,47,465

Description of Energy Saving Initiative	Nature of Initiative	Month of Incorporating	Electricity Saved (KWh)	Costs Saved (INR)
Switching off unutilized UPS	Behavioural change	May	48,881	2,44,405
Changing Tap position of Lighting Transformer	Retrofitting	May	89,060	4,45,300
Changing motor running topology of Star /Delta Conversion	Retrofitting	June	6,521	32,605
Cooling tower blowdown pit transfer pumps operation eliminated	Process change	July	12,000	56,400
Reuse of effluent water in the cooling tower, thereby reducing power cost for transferring effluent to ETP	Process change	July	13,688	64,334
Replaced VFD with Conventional starter	Retrofitting	September	13,333	66,665
Lighting Transformer	Process change	December	36,500	1,82,500
Energy Saving Initiatives in FY 2016-17 in Bhiwadi				
Installation of VFD in husk boiler feed water pump in CPP	Process Change	July	25,334	1,64,674
Pulley size modification in dust collector in CPP	Retrofitting	July	48,069	3,12,448
Installation of VFD in P411B for RG filling	Process change	September	26,845	1,74,493
VFD installation in cooling water pump - 2 in RGHF	Process change	October	1,58,400	10,29,600
Installation of VFD in P102C for RG Plant	Process change	November	14,749	95,868
Installation of VFD in P219B for RG Plant	Process change	November	17,326	1,12,622

Use of Renewable Energy

In our endeavour to increase the share of renewable energy in our energy mix, we are now moving towards electricity production using solar energy wherein about 540 KWh and 528 KWh of electricity through solar was produced in FY 2015-16 and FY 2016-17 respectively. Also, mustard husk and woodchips are used as fuel in the biomass boilers of the captive power plant in Bhiwadi to generate steam.

1068 KWh of solar electricity was produced during the reporting period at Dahej

Materials

Our primary manufacturing processes as well as ancilliary activities such as packaging, use large amount of raw material. It is therefore very important for us to strive for sustainable consumption of materials focussing on minimum use of fresh raw materials by recycling and reusing materials to the extent possible. Primary raw materials used as part of our manufacturing processes during this reporting period are given in the following table:

Raw Materials Consumed in FY 2015-17 (MT)

Materials	Bhiwadi		Dahej	
	2015-16	2016-17	2015-16	2016-17
Fluorspar	17,008	16,886	20,203	39,978
Liquid Chlorine	45,672	43,805	26,351	27,314
Methanol	13,815	13,932	743	679
Sulphuric Acid	21,773	21,817	29,776	44,998
Oleum	3,965	4,424	5,858	8,216

The table below provides information on other associated materials used in the manufacturing process which includes lubricants and oils for machines as well as packaging material for final products.

Associated Materials Consumed

Materials	Bhiwadi		Dahej	
	2015-16	2016-17	2015-16	2016-17
Lubricants (Litres)	0	0	7,661	12,400
Grease (Kg)	0	0	497	727
Packaging Materials (Nos.)	1,276,770	2,569,218	442,050	978,846

Around 54% of the fluorspar used in FY 2015-16 and 70% in FY 2016-17 was obtained by recycling ETP sludge

Waste Management

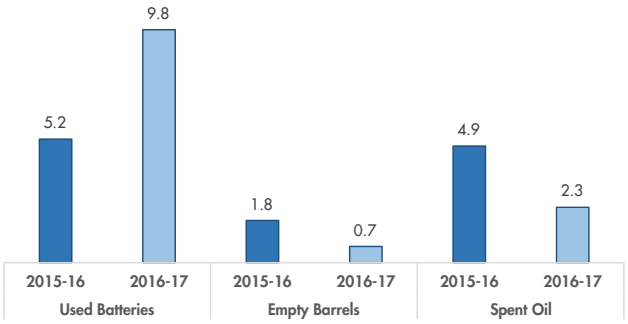
In line with our philosophy of going beyond business and striving towards sustainability, we are working towards closing the loop for different types of waste generated. The different types of hazardous waste generated by our operations include used batteries, spent oil and catalyst, empty barrels, organic residue, ETP sludge, and other chemicals (process waste). A total of 147,191 tonnes of waste was generated in FY 2015-16 and 181,304 tonnes was generated in FY 2016-17.

The waste generated due to our operations requires careful handling, storage and disposal. We have thus ensured that there are no significant spills at either site during the manufacturing and transportation of our wastes. All hazardous waste generated at our sites is adequately disposed off in government authorized landfills or recycled through authorized recyclers and sold for reuse.

We also reuse our process wastes to reduce the use of virgin materials. For example large quantities of ETP sludge is reused by the FCB business to produce Fluorspar, which is an important raw material used in our FCB business.

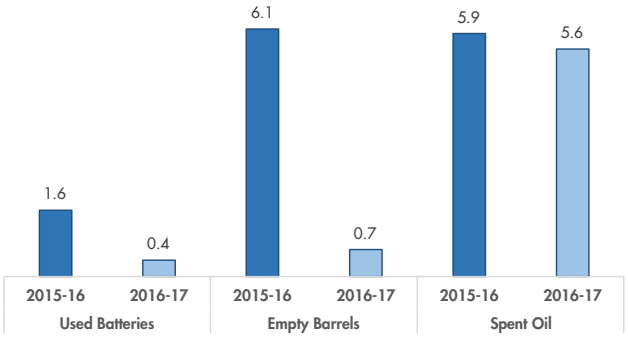
Hazardous Waste Generated - Bhiwadi

(Tonnes)



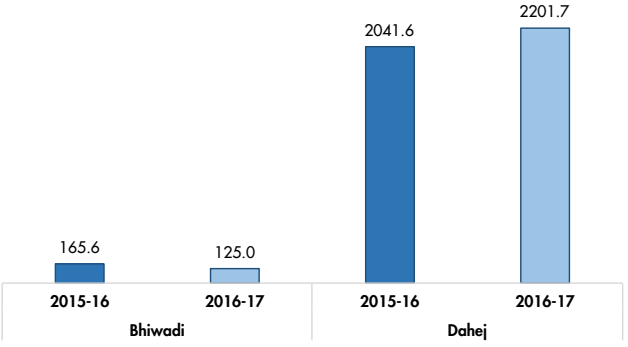
Hazardous Waste Generated - Dahej

(Tonnes)



ETP Sludge Generated

(Tonnes)



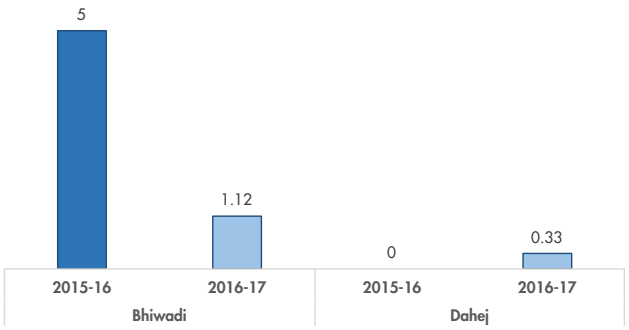
ETP Sludge Recycled

ETP Sludge	Unit	Bhiwadi		Dahej	
		2015-16	2016-17	2015-16	2016-17
ETP Sludge Generated	Tonne	166	125	2042	2202
ETP Sludge Recycled	Tonne	147	148	0	0

The e-waste generated onsite for FY 2015-16 and FY 2016-17 amounted to 5 tonnes and 1.45 tonnes respectively which is disposed through government authorized e-waste recyclers in compliance with the e-waste management rules of 2016. We also carefully collect and store any biomedical waste generated due to our operations and dispose it through a third party vendor in compliance with the biomedical waste management rules of 2016.

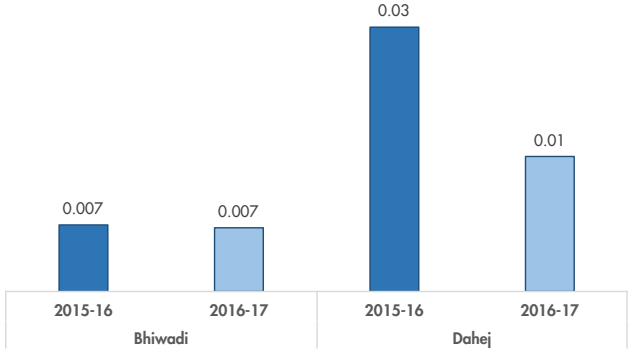
E-waste Generated

(Tonnes)



Bio-medical waste Generated

(Tonnes)

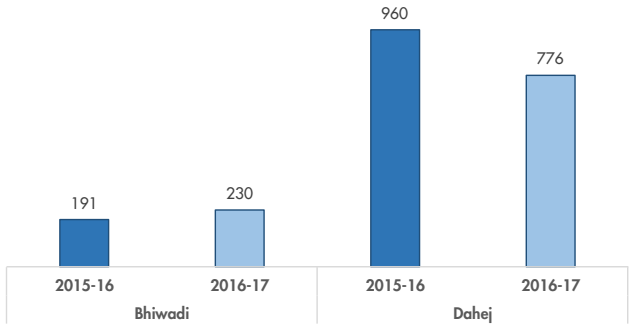


Over 70% reduction in generation of e-waste at Bhiwadi

The non-hazardous waste generated mainly includes different types of metal, wooden and plastic scrap which are sold to scrap vendors and dealers.

Non-hazardous waste Generated

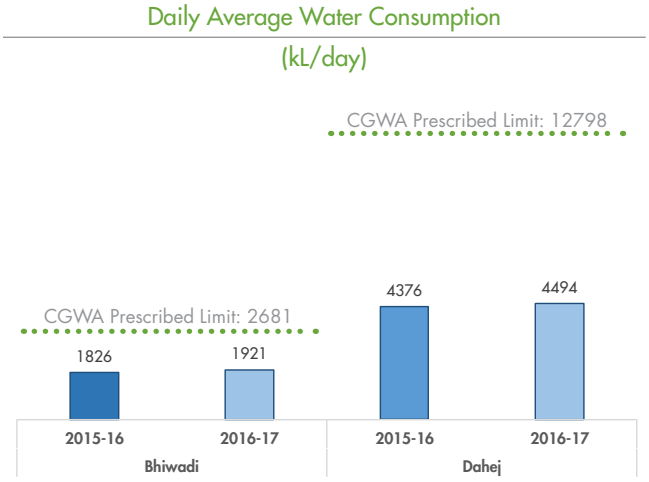
(Tonnes)



Water Consumption & Discharge

At SRF, we are conscious of the fact that water is an essential resource for our businesses as well as the communities in which we operate. The water used for our operations is drawn from ground water as well as surface water sources. Total water consumption in FY 2015-16 and FY 2016-17 was 1,903 ML and 2,066 ML respectively, which is well below the limits prescribed by the Central Ground Water Authority (CGWA).

Daily Average Water Consumption
(kL/day)



Similarly, the waste water generated due to our operations is also well below the CGWA prescribed limits. We are continuously working to establish a closed-loop system and re-use the treated waste water thereby reducing the amount of water discharged from our operations.

Our unit at Bhiwadi has been a zero waste water discharge unit since 2007 and re-uses treated water in its operations as well as in other activities such as horticulture

The average daily waste water discharged from our operations in Dahej is 541 KL/day which is below the prescribed limit of 688 KL/day. Also, the Chemical Oxygen Demand (COD) of water discharged is within the permissible limit of 250 mg/L. We have ensured that the quality and quantity of waste water discharged is in compliance with government regulations so that no water bodies and related habitat are adversely affected.

Waste Water Management

Waste Type	Bhiwadi		Dahej	
	2015-16	2016-17	2015-16	2016-17
Waste Water Generated (ML)	160	180	462	464
Waste Water Discharge (ML)	0	0	197	216
Waste Water Recycled (ML)	15	24	280	234
Waste Water Recycled (%)	9.7%	13.5%	60.6%	50.5%

Biodiversity

Biodiversity is important for our organization and is given high priority wherein we undertake various activities at both sites to reduce the impact of our operations on the biodiversity of the surrounding regions.

There are no National Parks, Biosphere Reserves, Wildlife Sanctuaries and Migratory Bird Routes within 10 km radius of either sites. However, there are a few protected and reserved forests around our Bhiwadi site, spreading across 0.34 sq. km. An Environment Impact Assessment carried out revealed that our operations do not have any significant impact on these forests. The list of forests are given below:

- Gondhan: 2 km away in NE direction of the site
- Chaupanki: 5.2 km away in ESE direction of the site
- Banvan: 3 km away in E direction of the site
- Khori Kalan: 4 km away in SE direction of the site
- Sarekalan: 7 km away in ESE direction of the site
- Indaur: 8 km away in SE direction of the site

The study also disclosed the presence of International Union for Conservation of Nature (IUCN) Red List species around the Bhiwadi site. These species include peacocks that are listed under the vulnerable category of IUCN Red List, hyenas under near threatened category and the blue bell under least concern

species category. We are taking all appropriate actions and measures such as afforestation and natural resource management to reduce any risk that our operations might have on these species.

The site at Dahej is spread across a total area of 1.2 sq. km and an EIA was conducted to ascertain any significant environmental impacts that it might have on the surroundings. The site does not have any significant vegetation and the land is suitable for industrial use. The assessment study highlights that there are no impacts on the biodiversity due to our activities at the site.

Product Innovation & Safety

We are continuously working on the way our products and services are designed, manufactured, distributed, consumed and disposed to ensure least environmental impact. We have developed new products such as our own in-house, lower GWP, HFC blends like F-410 A and F-407 C.

Regulatory Compliance

All our environment-related activities comply with the Government rules and regulations. During the reporting period, we have not received any notices or monetary fines from regulatory bodies such as the Pollution Control Board (PCB) or the Ministry of Environment, Forest and Climate Change (MoEFCC). We have also completely stopped production of halons and phased out CFCs from our operations in line with the guidelines of Montreal Protocol after its adoption in India and are also in the process of phasing out HCFC-22.

Engagement

SRF has always believed in actively engaging with its stakeholders, be it investors, employees or local communities affected by its operations. The following section details our commitment to engage and work towards inclusive betterment of our society.

Employee Engagement

SRF's workforce, including management and non-management employees play a vital role in contributing to its success. A detailed breakdown of our diverse workforce at each of the two sites is given below:

Workforce Breakdown - Bhiwadi

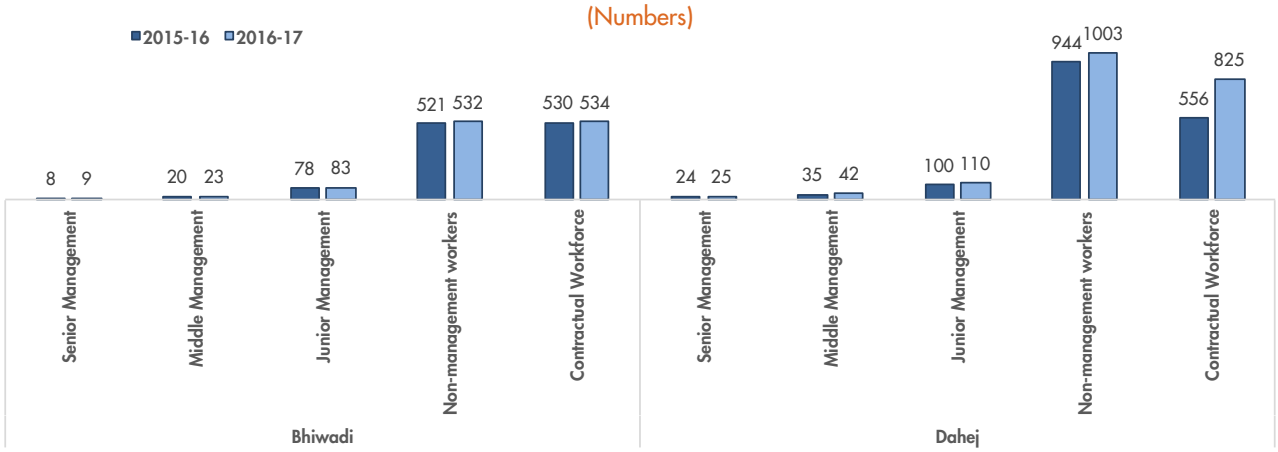
	2015-16						2016-17					
Employees	<30 yrs.	30-50 yrs.	>50 yrs.	Male	Female	Total	<30 yrs.	30-50 yrs.	>50 yrs.	Male	Female	Total
Senior Management	0	7	1	8	0	8	0	6	3	9	0	9
Middle Management	0	14	6	20	0	20	0	17	6	23	0	23
Junior Management	17	52	9	75	3	78	16	54	13	80	3	83
Non-management workers	154	328	39	516	5	521	141	338	47	526	6	532
Contractual Workforce (including contractual labour)			530			530			534			534
New Joiners	**<30 yrs.**	**30-50 yrs.**	**>50 yrs.**	**Male**	**Female**	**Total**	**<30 yrs.**	**30-50 yrs.**	**>50 yrs.**	**Male**	**Female**	**Total**
Senior Management	0	1	0	1	0	1	0	0	1	1	0	1
Middle Management	0	0	0	0	0	0	0	2	0	2	0	2
Junior Management	3	5	0	8	0	8	4	4	0	7	1	8
Non-Management	48	16	0	63	1	64	31	10	1	40	0	41
Contract Employees	0	0	0	0	0	0	0	0	0	0	0	0

Workforce Breakdown - Dahej

	2015-16						2016-17					
Employees	<30 yrs.	30-50 yrs.	>50 yrs.	Male	Female	Total	<30 yrs.	30-50 yrs.	>50 yrs.	Male	Female	Total
Senior Management	0	24	0	24	0	24	0	24	1	25	0	25
Middle Management	1	33	1	35	0	35	1	40	1	41	1	42
Junior Management	49	50	1	99	1	100	54	55	1	109	1	110
Non-management workers	399	544	1	941	3	944	383	619	1	1000	3	1003
Contractual Workforce			556			556			825			825
New Joiners	<30 yrs.	30-50 yrs.	>50 yrs.	Male	Female	Total	<30 yrs.	30-50 yrs.	>50 yrs.	Male	Female	Total
Senior Management	0	2	0	2	0	2	0	3	0	3	0	3
Middle Management	1	4	0	5	0	5	0	6	0	5	1	6
Junior Management	20	8	0	28	0	28	22	6	0	27	1	28
Non-Management	145	85	0	228	2	230	85	45	0	130	0	130
Contract Employees	69	78	48	170	25	195	72	82	51	175	30	205

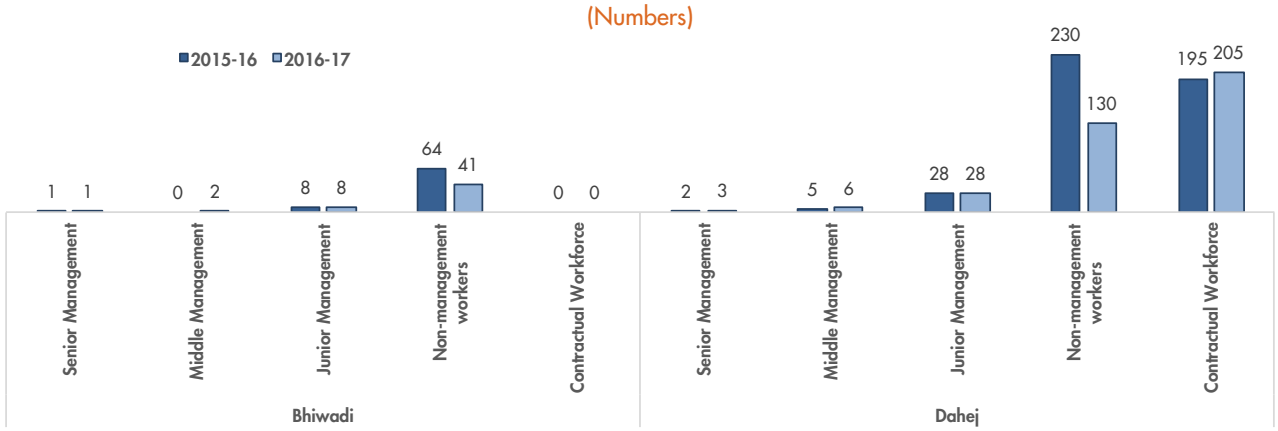
Workforce Breakdown

(Numbers)



New joinees

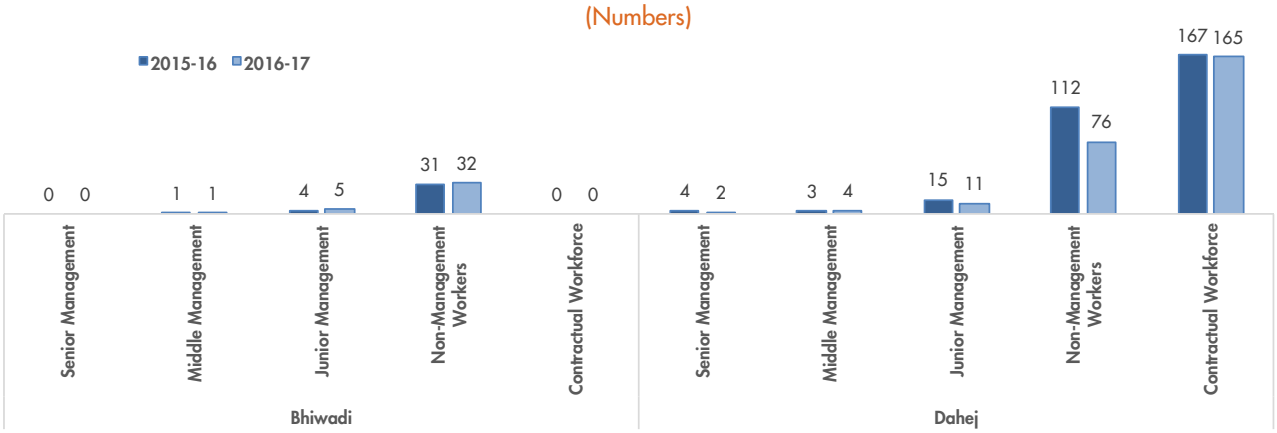
(Numbers)



We try to ensure that our employees are provided a safe and satisfying work environment. Over the years, this has resulted in one of the lowest attrition rates in the industry. While we currently do not have any collective bargaining agreements in place, our employees are assured maximum possible growth and job satisfaction. The details of turnover during this reporting period are as follows:

Workforce Turnover

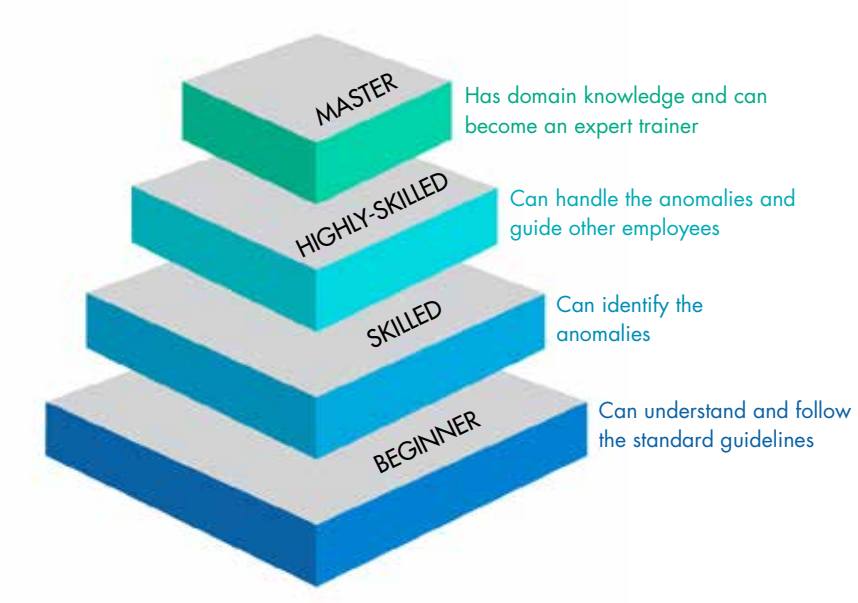
(Numbers)



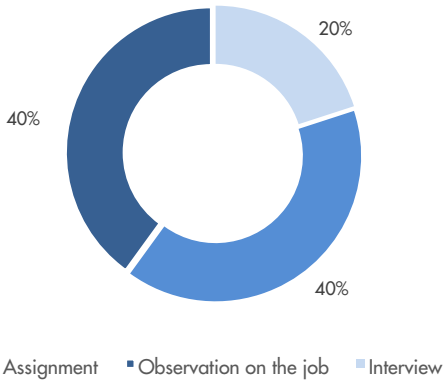
Employee Development

To optimize employee training needs, we carry out several employee development activities involving skill evaluation, performance feedback along with a rewards and recognition system. Our skill evaluation system assesses and incrementally improves the skill level of our employees.

Levels of skill and expertise our employees can achieve



The skill level measurement is based on 3 core parameters with varying weightages – **Assignment**, **Observation on the Job** and **Interview**.

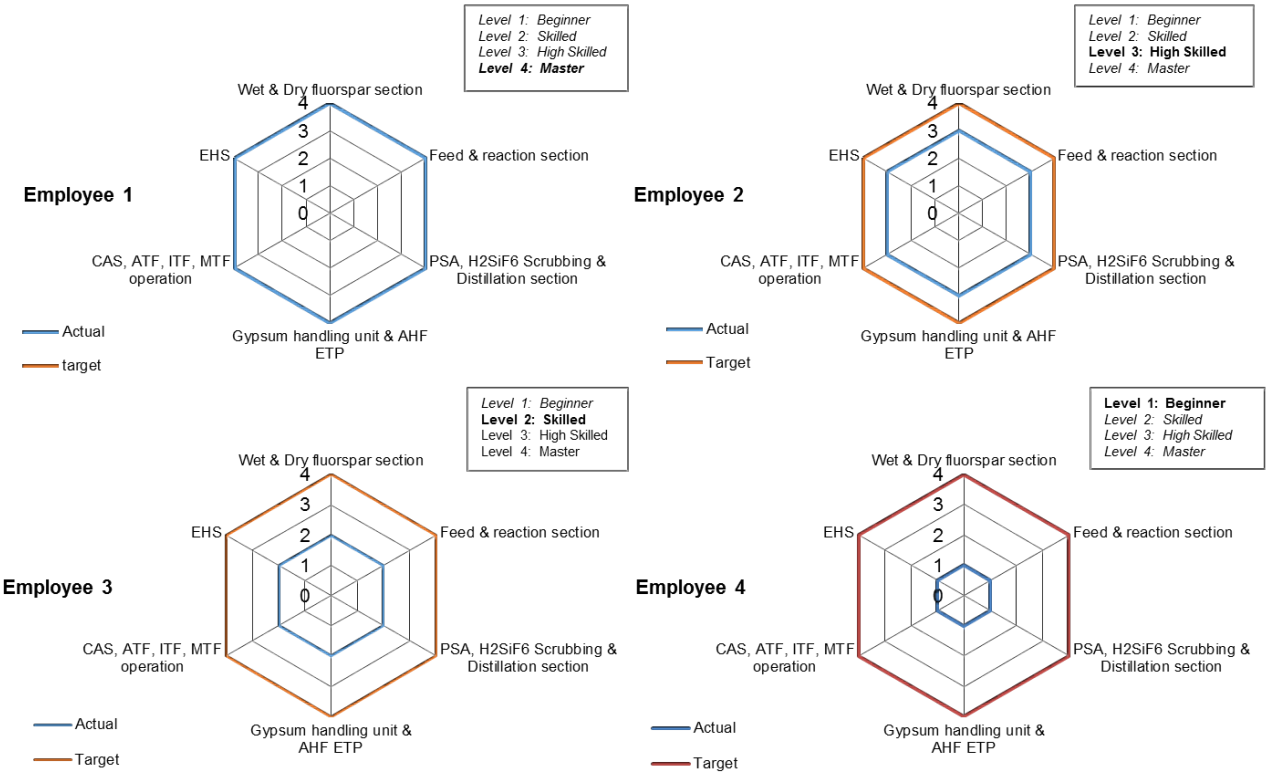


After evaluation, an employee is assigned one of the aforementioned skill levels based on a range of technical parameters including:

- ✓ Job specific competencies
- ✓ Skill specific competencies
- ✓ Soft skill competencies
- ✓ Environment, health and safety
- ✓ Emergency response plan

One such exercise conducted for four employees has been illustrated in the figure below:

Skill Matrix Sample



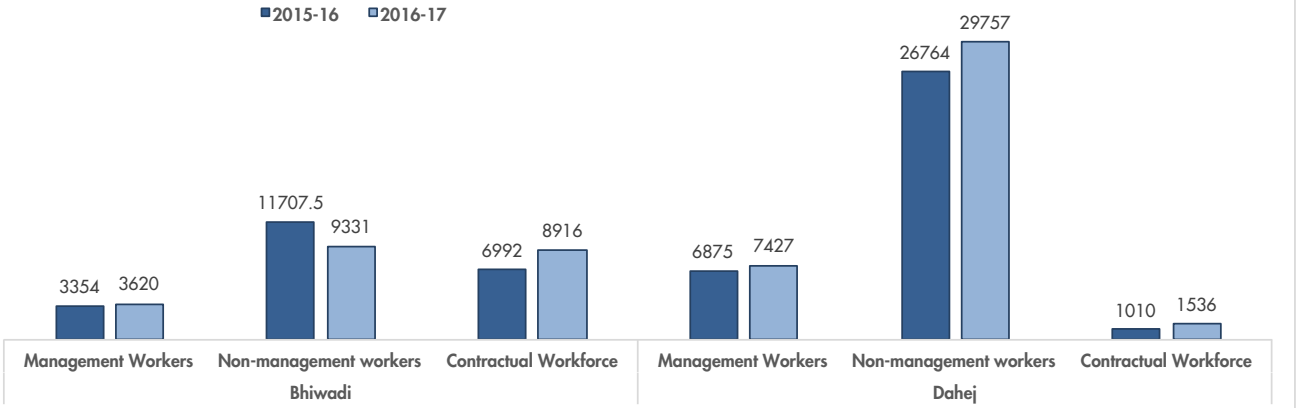
We conduct this evaluation on a monthly basis for our engineers while junior employees (JE) and technicians are evaluated on a half-yearly basis. These evaluations allow us to develop customized training regimes focusing on individual skills and enhancements required by our employees.

The following table illustrates the trainings undertaken at different management levels along with the total work-hours trained:

Workforce Trainings

Segment	Human Rights Awareness	Technical Training	Soft-skill Training	Health & Safety Trainings	Grievance Redressal	Special Policies	Rewards
Senior Management	✓	-	✓	✓	✓	-	✓
Middle & Junior Management	✓	✓	✓	✓	✓	✓	✓
Scientists	✓	✓	✓	✓	✓	✓	✓
Field Staff	✓	✓	-	✓	✓	✓	✓
Workmen	✓	✓	-	✓	✓	✓	✓
Contract Labour	✓	-	-	✓	✓		✓

Training Man-hours



At Bhiwadi, the average training man-hours per employee grew by 10.76% from 19.88 man-hours in FY 2013-15 to 22.02 man-hours in FY 2015-17

The growth of our workforce is of utmost importance to us and our human resources team continuously strives to establish dialogues with our employees to understand their needs and expectations. This is done through various measures including officer performance assessments, task allocation to meet organizational objectives, amongst others.

Our rewards and recognition system incentivizes employees to better their performance in various facets of their jobs by including multiple programmes such as:

- Protsahan which is our system to recognize and acknowledge employee contributions and good behaviour. This award covers not only employees but also contractual workforce.
- Various competitions among employees are organized during safety and environment day celebrations. During the safety week organized during March, some of the activities organized were:
  - Self-contained breathing apparatus donning/ doffing competition
  - Fire drill competition
  - Chlorine kit competition
  - Safety quizzes
- Employee recognition through various modes and means like commendation letters, mementoes, coverage in internal magazines and award of scholarships.
- An annual sports meet which is spread across a month to engage our employees in sports and other physical activities promoting teamwork and ensuring a sustained level of participation.
- At the Dahej site, personalized cycles have been provided to employees to ease their commute within the facility and promote green transportation.

Labour Conditions

In addition to employee development and engagement, we continuously strive to maintain a safe and productive environment. Our systems and facilities are designed to ensure fair treatment to all workers in our premises. We ensure both internal and external enforcement of labour conditions at SRF FCB and SCB by:

- Maintaining and communicating our policy on social accountability through worker engagement and dialogue.
- Ensuring maintenance of labour conditions.
- Periodic review of these policies through the management review committee meetings.
- Implementing SA 8000 requirements at all levels of the organization. While Bhiwadi is SA 8000 compliant, Dahej is currently in the process of acquiring SA 8000 certification.
- Communicating performance against requirements, within the organization.

We also conduct third party audits across our premises and operations to monitor and assess our performance with respect to multiple human rights aspects such as:

- Child labour
- Health and safety
- Working hours
- Wages and benefits
- Humane treatment
- Non-Discrimination

We also provide monthly trainings on these subjects to our plant technicians and junior engineers. We ensure our employees are appropriately educated about Human Rights. While some marginal non-conformities with respect to SA 8000 compliance were observed at the Bhiwadi site, these have been addressed internally.

We ensure that investment contracts/agreements signed at SRF include human rights clauses too. In FY 2015-16, we have signed 883 contracts, and another 920 were signed in FY 2016-17.

Employee Benefits and Well-being

Our employees are covered through various employee benefit plans that include provision of a provident fund, life insurance schemes, medical insurance, parental leaves and pension schemes. Our minimum entry level wage is equal to the full time wage offered to an employee in the lowest permanent employee category. While we recruit employees based on their skills and merit, we also ensure that individuals from local communities are given preference when they meet the requirements set by the Company.

We have several programmes and schemes towards improving our employees' quality of life. These include:

- **Housing Subsidy:** The loan subsidy scheme provides financing options to build houses in and around Bhiwadi. This scheme is applicable for employees who have completed at least three years with the Company and who want to purchase or construct a house within 15 kms radius from the Bhiwadi plant.
- **Group Personal Accident Scheme:** This scheme covers all employees and compensates employees (officers and above) under circumstances such as injury disability caused from an accident. This even covers accidents that occur outside the jurisdiction of the plant boundaries. For example, in case of fatality, 100% of the insured sum is paid to the nominee. In case of a disability, an employee can claim the cost of treatment if the victim could not work for a minimum of five days. Our Human Resources (HR) Department plays a central role in ensuring that the employee is insured from the date of joining as well as intimating the insurance provider within twenty four hours of the accident.
- **Medi-claim Insurance Scheme:** This scheme insures employees for hospitalization expenses due to illnesses, injuries or child birth. It covers a variety of costs such as room rentals in hospitals, nursing expenses, medical practitioner fees and cost of medicines.
- **Grievance/Need Redressal Mechanism:** We have a robust system to address the needs and grievances of our employees. The redressal mechanism documents the information provided by the employee and subsequently classifies it either as a complaint or a need for further action. In case a valid complaint is identified, it is assessed for further corrective and preventive action. The management adopts a hands-on approach in understanding and addressing the needs of an employee wherein based on the severity of the issue it is accordingly taken forward to the Head of HR, Head of Works or even the CEO.
- **Self-Education Policy:** This policy provides financial assistance to employees to pursue higher education through various modes such as online courses, evening courses or part time courses while excluding training programmes and seminars that we provide to our employees. This policy is eligible for all confirmed non-management employees with at least two years of service. Employees can opt for courses from recognized institutes approved by national accreditation organizations such as the All India Council for Technical Education (AICTE) or the University Grants Commission (UGC). In return, our employees are expected to give back to the organization by improving their performance and contributing through their upgraded skills.

Code of Conduct

Our Code of Conduct provides our employees robust guidelines regarding ethical behaviour, transparency, accountability, anti-corruption, discrimination and anti-bribery. The broad aspects of ethics and values covered by our Code of Conduct include:

- Maintain teamwork and cordial relations with fellow employees,
- Ethical usage of Company's resources,
- Usage of emails and internet,
- Guidelines on maintaining relationship with business associates and partners.

Policy against Sexual Harassment: At SRF, we aim to create a healthy and conducive work environment without the fear of prejudice, intimidation, gender bias and sexual harassment. In this regard, we have put in place a sexual harassment policy in line with the Prevention, Prohibition and Redressal Act of 2013. All sexual harassment related complaints are directed towards our Internal Complaint Committee (ICC). In FY 2015-17, the committee did not receive any sexual harassment complaints.

Occupational Health and Safety

As a major chemicals player in India, we put an emphasis on environmental health and safety (EHS) while striving to minimize any occupational hazards. Due to the hazardous nature of our operations, our workers are at a high health and safety risk at our sites. Thus the safety of our workers is of utmost importance and we have taken a number of measures to ensure that we provide a safe working environment. We also regularly conduct EHS trainings on various aspects of the job including:

- Process safety management
- Lock Out Tag Out (LOTO)
- Work permit systems
- Accident prevention and control
- Personal Protective Equipment (PPE)
- Transport safety
- Basic Fire-fighting
- First Aid
- Emergency Preparedness & Response Training
- Behavioural Based Safety (BBS), and
- Hazard Identification and Risk Assessment (HIRA)
- Industrial hygiene & occupational health

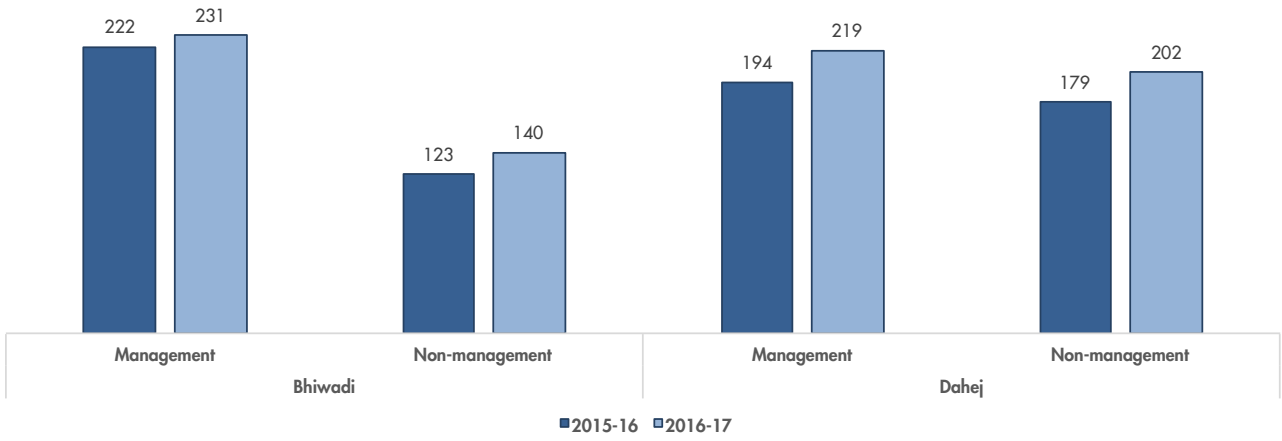
Furthermore, the Dahej site has also developed an EHS training facility approved by the State Government of Gujarat (Director of Industrial Health & Safety). We regularly form EHS committees comprising of both management as well as non-management employees who ensure that all operations meet the requirements of SRF's Health and Safety Policy and any relevant matter concerning health, safety and environment are dealt with.

EHS Committees

Name of the Committee	No. of Committees	Members	Function	Frequency of Engagement
Apex EHS Committee	1	• Members from senior management HODs/ Section in-charges • The committee is headed by Head of Works	Advisory Body on EHS	Once in 6 months
Statutory EHS Committee	1	• Equal number of members from Management and Non-Management representing make, product, plant maintenance & other services • Minimum 6 persons each from MS & NMS cadre • The committee is headed by Head of Works	Identification of activities related to statutory matters and timely completion of those activities.	Once in 3 months
Area EHS Committees	6	• Members from MS & NMS representing production, maintenance, other services and NMS • The committee is headed by respective Head of Departments	Identification of unsafe conditions for environment and health and advising corrective measures	Once in 2 months

Our employees are the primary workforce at all facilities and therefore through their active participation we endeavour to constantly provide a safer workplace. The graph below details the involvement of employees in the various safety committees active at the unit, plant and department levels:

Safety Committees



The committee meetings involve detailed discussions among management and non-management workers on a range of subjects from injury analysis, new safety initiatives as well as modifications to existing initiatives. As a result of our attention to health and safety of our employees, they have been able to contribute a total of 19.88 million man-hours of work (Bhiwadi: 57,32,148 man-hours; Dahej: 1,41,55,856 Man-hours) during the reporting period. Unfortunately, in FY 2015-16 we did have one fatality at the Dahej site, when a Security Guard passed away due to a cardiac arrest while on duty.

Given our philosophy of capturing issues at an early stage, we also promote and incentivize reporting of the near miss incidents. The Dahej site till 2016 allowed only the EHS department to assess and report near misses. From April 2016, deployment of a new portal allowed employees from every department to log any near misses that they might observe. This led to the significant increase in near miss cases reported at Dahej, as detailed in the following table:

Reported Incidents

Type of Injury	Bhiwadi		Dahej	
	2015-16	2016-17	2015-16	2016-17
First aid	12	23	53	26
Minor Injuries	5	6	14	12
Reportable (non-fatal)	0	2	1	3
Reportable (fatal)	0	0	1	0
Near Miss	114	133	44	3793

Key Environment Health and Safety (EHS) Initiatives

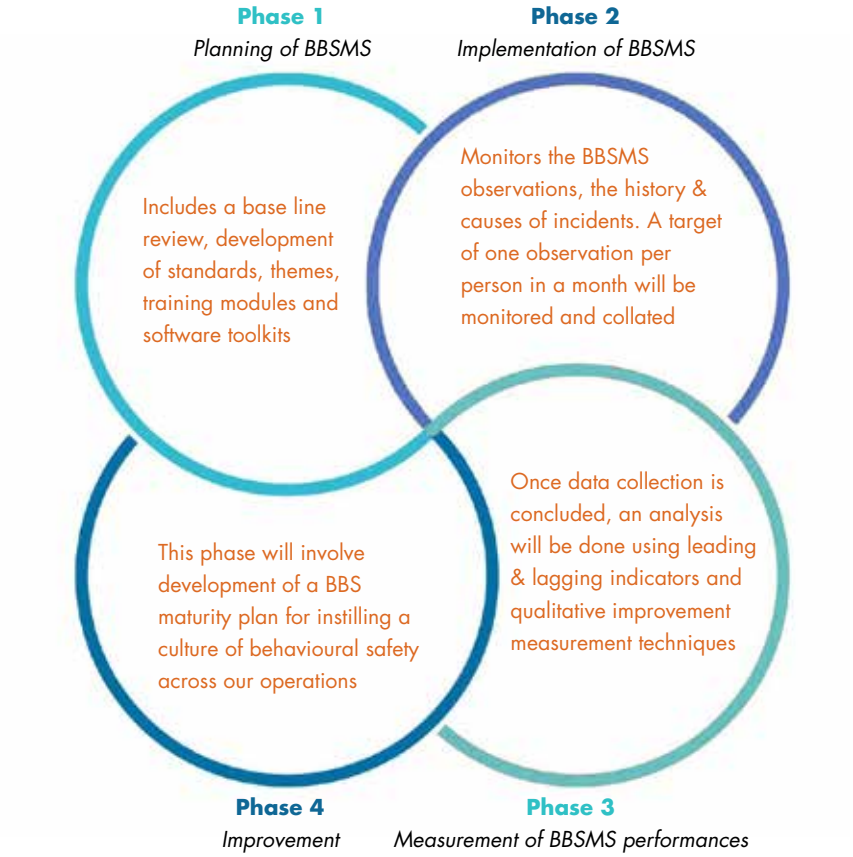
While our commitment towards maintaining EHS standards at our operations is extensively driven by our EHS teams operating at each location, the responsibility of ensuring health and safety rests with every employee. In this regard, we have established a Behavioural Safety model to bring positive change in behaviour of people towards safety through proper education, training, and counselling.

An assessment conducted under this model has illustrated that:

- 90% or more accidents are due to unsafe human acts or behaviours
- 50% of the unsafe behaviours are identified or noticeable at any plant at any given point of time
- 25-30% of safety awareness is lacking among employees which gets reflected in their unsafe behaviour
- Unsafe behaviour is at the core of any near misses, injury, accidents. If we control unsafe behaviour, we may not have any near miss episodes.

Using this model we have developed a Behaviour Based Safety Management System (BBSMS), which will be implemented in the FY 2017-19 reporting period, consisting of the following phases:

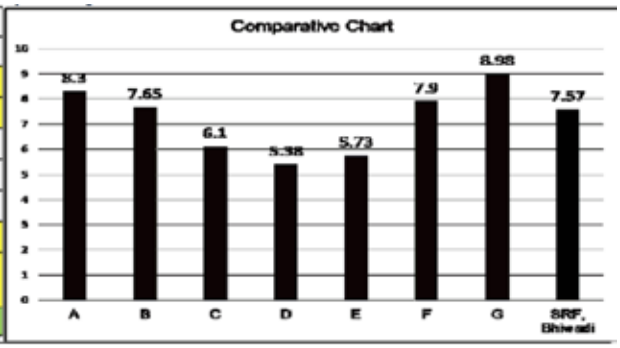
BBSMS Model

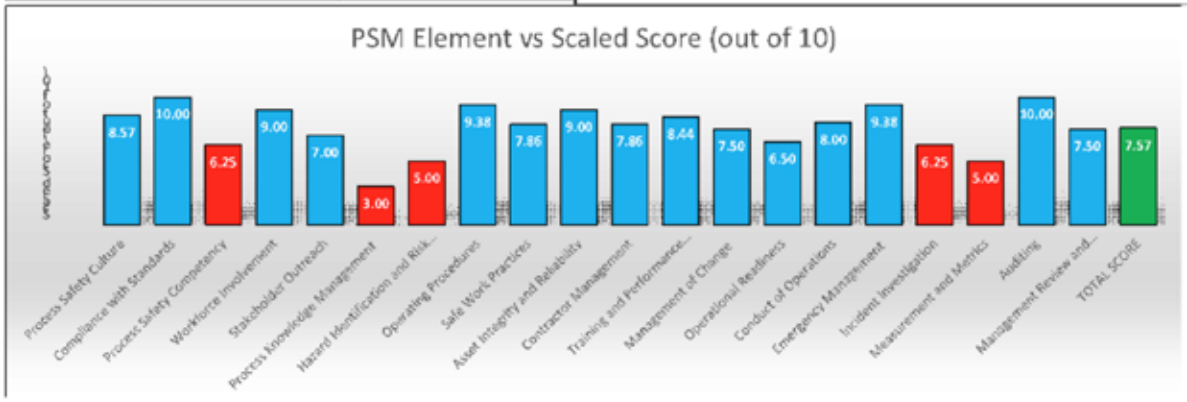


We also conducted a Process Safety Management (PSM) Audit at SRF Bhiwadi, evaluated against the guidelines set by the Centre for Chemical Process Safety (CCPS). The results of the audit are illustrated below:

Process Safety Management Audit Results

Industry		
Name	Type	Total Average Score
A	Pharmaceuticals	8.3
B	Pharmaceuticals	7.65
C	API	6.1
D	Chemicals	5.38
E	Chemicals	5.73
F	Chemicals	7.9
G	Chemicals and Intermediates	8.98
SRF, Bhiwadi	Chemicals	7.57





NOTE: A system is being implemented to improve the score for indices marked in red.

Our EHS system also consists of several proactive and reactive initiatives undertaken at both sites as listed below:

Key EHS Initiatives

Proactive Initiatives	Reactive Initiatives
➢ Strengthening EHS awareness through visual displays ➢ PSM audit conducted and safety index developed ➢ Tool box talk with contract workers initiated to build a safe working environment culture ➢ BBSM System established ➢ Quantitative Risk Assessments carried out & implemented for "Class- A" storage ➢ New recognition system "Safety person of the month" introduced ➢ Safety Campaigns	➢ Increased reporting of near misses as compared to previous reporting period ➢ Gas monitors installed in flammable areas, to increase accuracy and effectiveness of hazard monitoring ➢ Equipment-based audit checklist developed for dryers, centrifuges and solid handling ➢ Introduced Emergency Escape Breathing Device (EEBD) for all control rooms ➢ Refuge room for managing employees in gas leak emergency

Emergency Preparedness

Prioritizing the safety and security of our employees and workers we have also developed a robust emergency preparedness framework under our Responsible Care Guidelines to combat any unforeseen circumstances. As part of this framework, we have identified 38 different types of emergencies specific to SRF's FCB and SCB operations. We also provide emergency response trainings to our workforce covering a number of subjects which include:

1. **Assessment of potential risk:** We conduct continuous assessment of potential risks to employees and local communities resulting from accidents or other emergencies.
2. **Emergency Plan:** We have adopted an emergency response plan which addresses, among other things, communications and the recovery needs of the community after an emergency.
3. **Training:** We continuously conduct trainings for employees who have communications responsibilities in the event of an emergency.
4. **Emergency Exercises:** We conduct emergency exercises once every quarter, to test operability of the written emergency response plan.
5. **Communication to local crisis group:** We ensure updated communication of relevant and useful emergency response planning information to the Local Emergency Planning Committee.
6. **Facility Tours for Emergency Responders:** We conduct facility tours for emergency responders to promote emergency preparedness and to provide current knowledge of facility operations.
7. **Coordination:** We integrate our facility emergency response plan with the comprehensive community emergency response plan and other facilities. If no plan exists, the facility initiates community efforts to create a plan.
8. **Participation in the community Emergency Response Planning Process:** We develop and periodically test the comprehensive community emergency response plan developed by the Local Emergency Planning Committee.
9. **Sharing Experience:** We share information and experience related to emergency response planning, exercises, and the handling of incidents with other facilities in the community.

Community Engagement

As a responsible business, SRF is committed to making a positive contribution to the development of local communities. Our initiatives are designed to support the social and economic development of the community while also developing their capacity through various programmes on natural resource management, education and community partnership. Our corporate social responsibility arm, the SRF Foundation, spearheads our educational programmes for children and youth at our various operations.

Strengthening of primary education: Project Shiksha

As part of this programme we provide primary education for marginalized communities with a focus on ensuring the education of the girl child. We have established 'Model Schools' across Bhiwadi and Dahej that provide structured educational courses to students in Government schools, targeting the economically weaker sections of the society. Additionally, we are also running IBM KidSmart Early Learning Programme in collaboration with IBM, under which we provide state-of-the-art computer-aided learning programmes to Government school students.

School infrastructure development is another one of the focus areas under this programme. As part of this initiative, need identification exercises are carried out for various schools identifying gaps in their existing infrastructure. We then upgrade the infrastructure – renovating the school building, carrying out various activities such as painting, revamping of the toilets and drinking water facilities, and development of play grounds, contributing to a reduction in student drop-out rate and a marked increase in attendance.

World on Wheels (WoW)

The WoW initiative has been jointly undertaken by SRF Foundation and Hewlett Packard (HP) at Bhiwadi to transform rural education through technology. We have converted a transport bus, fitting it with IT enabled education equipment such as computers providing a range of services from Extramarks e-learning teaching courses to entrepreneurial and skill development courses.

The bus is driven across 10 villages surrounding our operations at Bhiwadi and acts a Community Service Center (CSC) helping train various members of the community including school children and the youth. This bus service will soon be launched in Dahej as well.

The bus is powered by 10 high-efficiency solar panel and battery packs, generating and storing power to sustain the lab's daily energy requirements. The project attempts to provide technological access to rural communities through various programmes such as:

Digital Inclusion

Access to NDLM (National Digital Literacy Mission) and DISHA (Digital Saksharta Abhiyan) training modules

Quality teaching and learning process

Access to digital academic syllabus, communication channels with other students and research material

E-Governance Services

Access to government programmes and services such as UID enrolment, PAN services, Passport, bill payments, etc.

Business to Consumer Services

Services such as agri- business services, health, e-commerce and banking, financial and telecom services

Sustainable livelihood development through NRM Programme

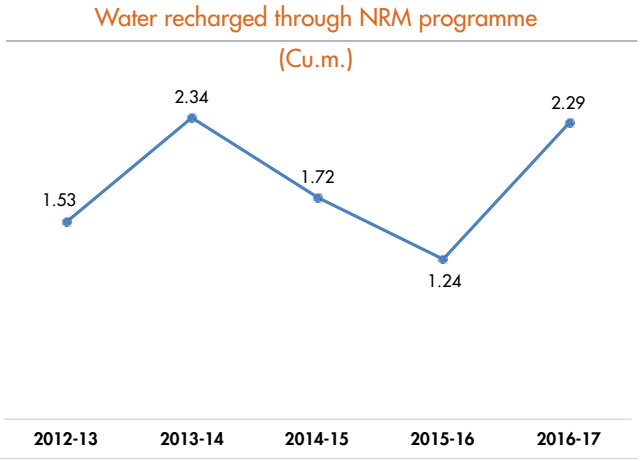
The NRM programme is aimed at building the capacity of the local community in managing their natural resources in an efficient manner. It also aims at enhancing the livelihood options available for the rural poor by harnessing underutilized land and water resources.

The NRM project for integrated water development programme is currently under implementation in Rajasthan's Tijara block covering the villages of Gawalda, Alapur, Milakpur Turk, Palpur, Sirohi Kalan, Kidarpur, Bagod, amongst others.

The programme encompasses various initiatives including the construction of water harvesting structures such as Paals,

conversion of privately owned wastelands into cultivable land, planting of fruit and fodder trees and promoting use of drip and sprinkler irrigation for water conservation in agriculture.

The following graph captures the replenishment of water sources observed in the areas covered by the NRM programme:



Community Participation Programme

In addition to education and natural resource management, we also conduct various community participation programmes in the vicinity of our operations. These initiatives encourage interactions between community and our employees covering numerous initiatives like:

- Providing and distributing mid-day meals across the Bharuch block in Gujarat, in collaboration with Akshaya Patra, catering to the nutritional requirements of several students.

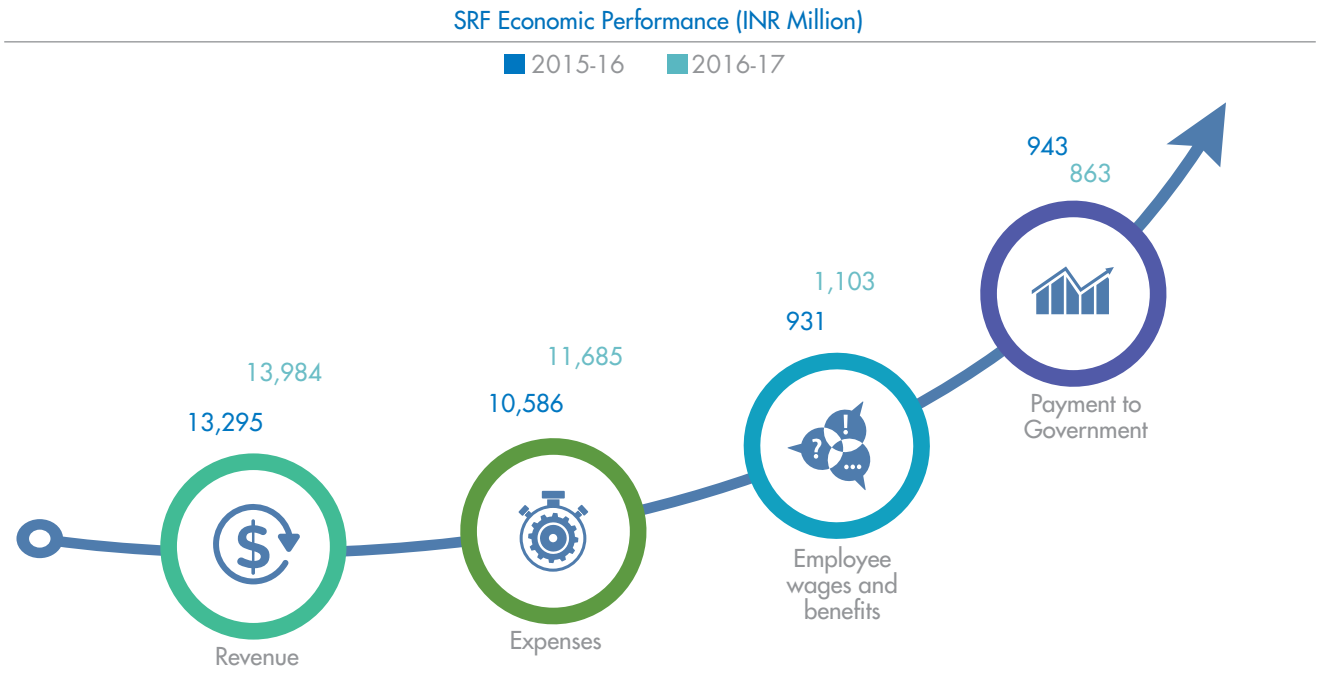
- The CSR Council of SRF Dahej successfully organized the 1st ever Inter School Sports day at the Rahiyad Government School where the students participated in various sports competitions. The day also marked the launch of our library construction initiative in some of our schools.
- We organized blood donation camps at SRF Dahej in collaboration with Red Cross Society, to encourage our employees to voluntarily donate blood as part of our employee volunteer programme.
- We regularly conduct vocational training programmes for women in communities around our operations. Recently a new vocational training centre was started in the village of Jhiwana near our Bhiwadi site. This centre provides customized courses on tailoring and dress designing for adolescents and women, conducted over a 6 month period.
- Recently, we organized immunization camps at Jhiwana village, Bhiwadi, for young children and expectant mothers in collaboration with the Jhiwana health department for the benefit of villagers who do not have adequate access to healthcare facilities.

Enterprise

Customer is our most important business stakeholder and we are constantly working towards improving our product and service performance. We are continuously engaged in increasing investments in our manufacturing facilities bringing in growth through innovation and diversification of our product portfolio.

Financial performance and growth

Our financial performance is regularly assessed and publically reported following approval by the board. Below is a snapshot of our economic performance:



Community Investments

Since the inception of our Foundation, we have been actively involved with society at the grassroots level implementing an array of programmes focussed on education, skill development, natural resource management and preventive health care.

We have been extensively engaged in school education programmes where we provide education to school children through Vidya Volunteers. Our latest collaboration with HP for "WoW" launching the first IT enabled digital bus reaches out to people across 18 villages in Bhiwadi, transforming rural education through technology. In addition to these educational programmes, our NRM initiative in Bhiwadi has also helped in promoting good agricultural practices. Our community investments for the financial years of 2015-16 and 2016-17 were INR 174.7 lakhs and INR 127.44 lakhs respectively.

Environmental expenditure

In our aim to achieve environmental sustainability, we utilized substantial financial resources to implement and monitor various environmental interventions detailed in the previous sections. We have consistently tracked and analyzed our environmental expenditure, maintaining a robust environmental management accounting system, ensuring that impacts of our interventions are definitively mapped and mitigated. As a result there have been no environmental fines imposed on SRF during the reporting period. The total environmental expenditure for the reporting period is INR 11,23,13,580.

Some of the environmental expenditures incurred by our Company include treatment and disposal of waste, external certification of management systems, trainings, other environmental costs such as consent renewals and disposal charges amongst others.

Environment expenditure (INR)

Monetary spend on suppliers

Suppliers form the backbone of our operations and new suppliers for SRF are selected and evaluated not only on the basis of economic viability but also on their environmental, social and corporate governance standards. Furthermore, utilizing local supply chains is a major focus of our operational framework. Our procurement from local suppliers was INR 274.62 crores and INR 266.33 crores out of a total procurement budget of INR 674.4 crores and INR 771.48 crores in FY 2015-16 and FY 2016-17 respectively.

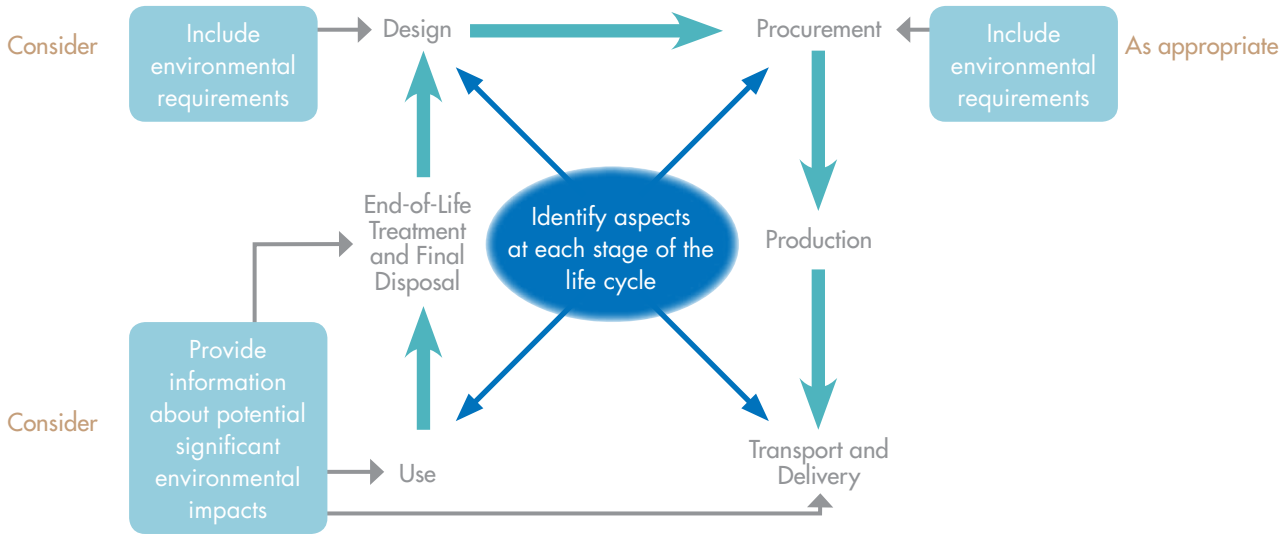
Product innovation and safety

Innovative research and development programmes are the bedrock of SRF's continued commercial success. We follow a multi-pronged approach for customer safety wherein we are constantly working to ensure high quality products along with appropriate packaging and labelling. Through responsible products and services, we aim to avoid adverse environmental impacts and enhance people's quality of life.

Our approach to environmental management which consists of detailed product life cycle assessments is designed to contribute to sustainable development by controlling and influencing the way our products and services are manufactured, distributed, consumed and disposed.

We have also successfully developed in-house HFC blending capability and initiated the production of F-410 which gives us an edge in the market. F-410A is an important product that is not only sold in the market but also used as a raw material for other refrigerant blends such as F-407C. All these products are sold to our various customers including Hitachi, Blue Star, Voltas, Carrier Midea and other Original Equipment Manufacturers (OEM's).

SRF Product Life Cycle



The production of F-410A has helped in minimizing ISO tank handling loss (loading and unloading). In-house production of F-410A was started in F-32 Plant in vessels using F-32 and R-125 which helped in elimination of ISO handling losses. New compressors were installed with low suction tripping of 0.5 kg/cm^2 which has led to a reduction in venting material quantity. Due to minimum low suction (0.5 kg/cm^2) tripping, ISO remaining heels loss was reduced from 1.25% to 0.56% in Bhiwadi.

We have become the first Company in India to launch F-22 cans in the Indian market under our FLORON brand. The FLORON brand has also been launched in Thailand, which is a promising market for us. Our ongoing investment in product development continues to drive strong near-term results in the refrigerant gases space and strengthens our position as a leader in the marketplace.

As a safety conscious company, we do not limit our safety standards just to our manufacturing processes but also take into consideration safety in product handling and transportation. One such initiative involved the evaluation of various FLORON cans for potential safety risks in handling and transportation. We only use FLORON cans that have a pressure relief device which ensures safe transportation and handling.

We have adequate internal safety management systems and procedures, which have resulted in zero incidents of non-compliance of health and safety regulations as well as any voluntary codes. We also ensure that chemicals are responsibly handled by providing detailed information on the processes and techniques on safety through various sources like portals, websites, safety data sheets as well as summaries on the safety requirements of individual products.

We have become the first Company in India to launch F-22 FLORON cans

Given our strict adherence to all applicable laws, standards, and voluntary codes, we have had no violation or instance of non-compliance with regards to any laws or standards involving the manufacturing, marketing, sale, use or disposal of our products.

Also, as part of our initiative to continuously improve our products, we have carried out numerous key improvement initiatives during the reporting period. Some of these initiatives are as follows:

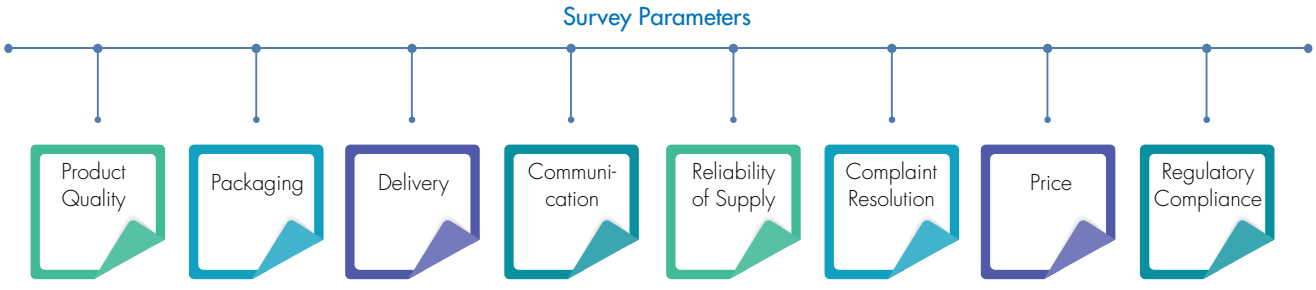
Key projects of FCB and SCB units

Project	Key Improvements	Year of Completion	Savings (INR Lakh/Annum)	Location
FCB Improvements				
Reduction of furnace oil consumption in HOG furnace in F134a Plant	Gemba Visit, Scatter diagram and Cause & effect diagram and why-why analysis to identify improvement areas	2016	59.2	Dahej
Reduction of catalyst regeneration time of Reactor	The process was studied and through systematic problem solving & FMEA, control charts, C&E process modifications were made	2016	127	Dahej
Achievement of PCE Purity above 99.90 % at Plant capacity of 80 tonne per day (TPD) against 67 TPD	Used DOE, FMEA, multiple regression and Cause & effect diagram to identify improvement areas 1. U-tet Impurity in PCE controlled 2. U-tet maintained below 1500 ppm	2015	95	Dahej
Increase in productivity in refrigerants filling	Use of Value Stream Mapping to identify bottlenecks and non-value activities. Few design changes were made and non-value activities were eliminated / reduced. Some of these activities are highlighted below: • New filling head designed and placed for filling of cylinders • Conveyor installed in jug filling • Pump pressure increased for more filling at the same time • Fixed type nozzle used instead of flexible hose for C2 drum filling • Tonner filling port increased from one to two	2015	9.5	Bhiwadi
SCB Improvements				
Reduction in the specific Sulfolane consumption	The process was studied and through systematic problem solving following process modification were made: a) Layer separation pot size and elevation change b) Line choking reduced c) Organic transferring pump and sulfolane storage vessel eliminated d) Water washing procedure modified for removing acidity from organic	2016	100	Dahej

Project	Key Improvements	Year of Completion	Savings (INR Lakh/Annum)	Location
Improve P17A Yield by 7%	The process was studied and through systematic problem solving (FMEA, control charts, C&E) following process modifications were made: • Process optimization with the help of automation and process modifications • Established relationship between isomer and dilution ratio	2015	288.9	Dahej
Reduction of S1 (Monoglyme) specific consumption for P5 production	Through systematic approach following design changes were carried out • Installation of new tanks for S1 intercut and mix cut storage • Installation of monitoring and controlling instrument at S1 recovery column	2016	11.98	Bhiwadi
Reduction in variable cost of P10 product	Used FMEA, control charts and cause and effect diagram to identify the potential improvement areas and following design changes were carried out: • Changed type of pump – CFG to PDP • Optimization of CWS pressure, lean acid transferring route simplified to avoid choking	2015	25	Bhiwadi

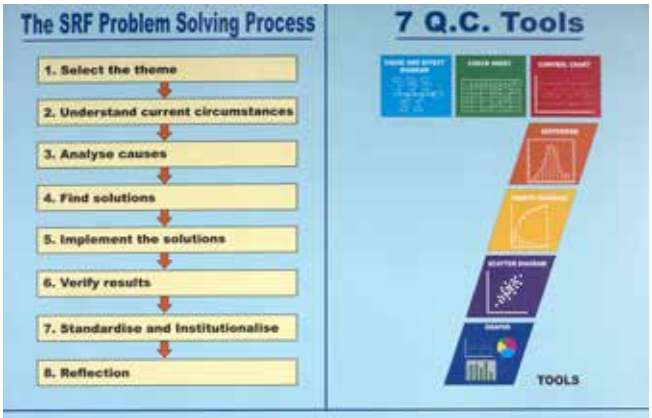
Branding

As a part of our branding exercise, SCB conducted a customer survey for the reporting period. The survey helps us understand the customer's perspective and provides valuable feedback on their preferences helping us improve our products. The survey revealed that 80.5% of our domestic customers were satisfied by our products and services while internationally this score increased to encompass 86.7% of export customer base.



Total Quality Management (TQM)

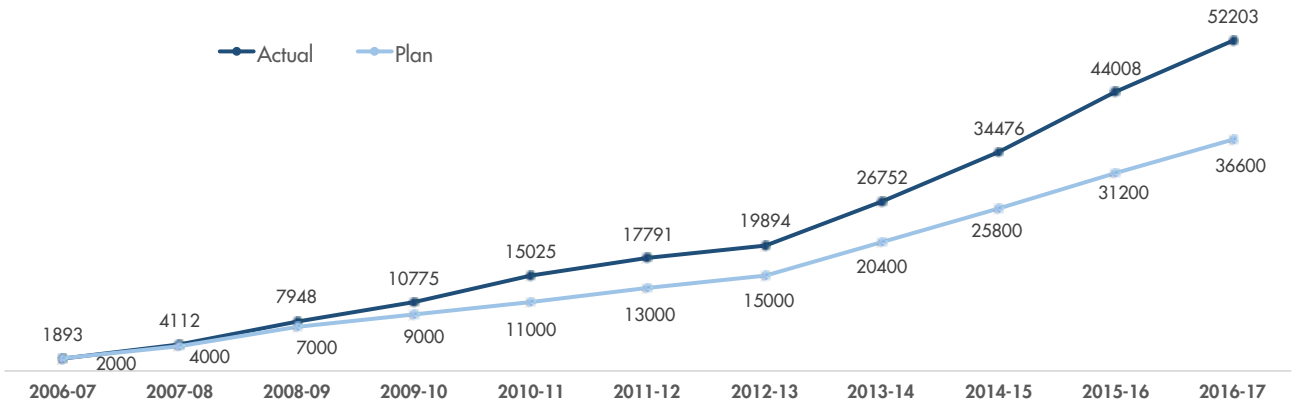
Our TQM system has been able to promote customer orientation and systematic improvement to raise organizational competence to meet future challenges. As part of the TQM system, we developed the concept of TIE Groups. A TIE group is a small team of cross functional individuals who endeavour to improve the efficiency of various systemic processes. Their efforts are audited every six months through both informed as well as surprise audits. The findings are communicated to the workforce on the shop floor. Any method developed by a TIE group which contributes to the improvement of a process is considered to be a Kaizen case study which is then disseminated to other TIE groups for emulation.



Step wise Methodology – PSP and Execution Themes

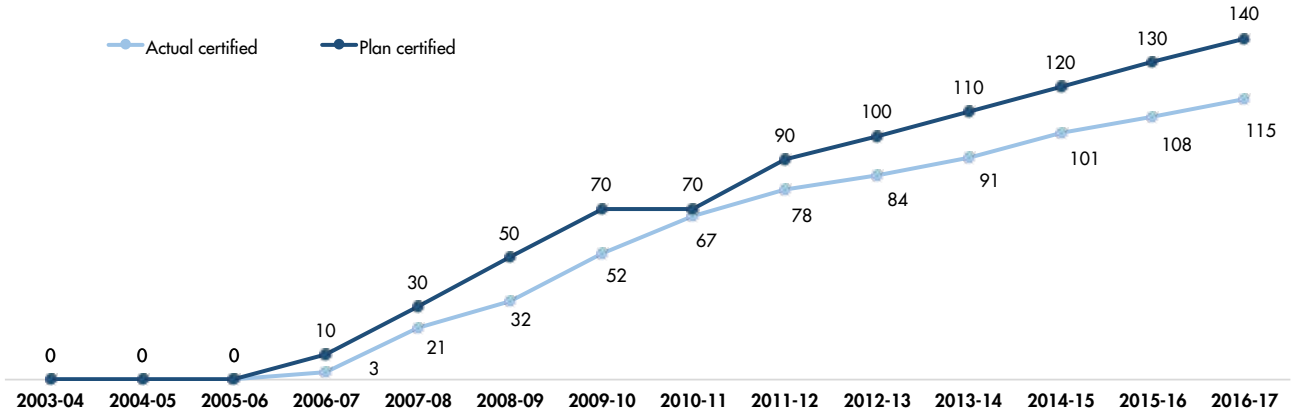
No.	Steps - PSP I (Reactive)	Steps - PSP II (Proactive)	Steps - Execution Themes
1.	Select the theme	Select the theme	Define objective
2.	Understand current circumstances	Understand requirements	Specify requirements
3.	Analyse the causes	Explore alternative methods	Evaluate alternatives and select
4.	Find solutions	Find detailed solutions	Make detailed implementation plan
5.	Implement solutions	Implement solutions	Implement plan
6.	Verify results	Verify results	Verify results
7.	Standardise and institutionalise	Transfer to DM	Transfer to DM
8.	Reflect	Reflect	Reflect

TQM cumulative training hours



At SRF, we are also developing capabilities amongst our employees to identify, analyse and find appropriate solutions which will lead to a continuous improvement in the quality of business and manufacturing processes, using a team oriented approach. Through this Problem Solving Process (PSP), we are enhancing our skills through a unique two tier certification system. The number of enrolments and certifications provided by SRF over the course of the current reporting period have been highlighted in the chart below:

PSP enrollment and certification details



Regulatory compliance

We continue to maintain our stellar performance as far as compliance of rules and regulations are concerned. Over the course of the reporting period, we did not receive any notices or monetary fines from any Government authorities such as the pollution control boards or the MoEFCC. We have extensive systems and functions in place to ensure that we meet all the necessary requirements in the areas of health, safety, environment as well as governance, amongst others.

We have well-defined on site and off site emergency plans in place to deal with any environmental risk that might arise during an operational cycle. These plans are also regularly audited and inspected by the Directorate of Industrial safety and health. Additionally, we regularly conduct EIAs with the help of third party experts to ensure that the environmental impacts of any existing or new operations are kept to a minimum.

Glossary

AICTE	All India Council for Technical Education
BBS	Behavioural Based Safety
BoD	Board of Directors
CFC	Chlorofluorocarbons
CFO	Chief Financial Officer
CII	Confederation of Indian Industry
Cm	Centimeter
COD	Chemical Oxygen Demand
CPB	Chemicals & Polymers Business
CPCB	Central Pollution Control Board
CSA	Control Self-Assessment
CSC	Community Service Center
CSR	Corporate Social Responsibility
DISHA	Digital Saksharta Abhiyan
EHS	Environment, Health and Safety
EIA	Environmental Impact Assessment
ERP	Enterprise Risk Planning
ETP	Effluent Treatment Plant
FCB	Fluorochemicals Business
FICCI	Federation of Indian Chambers of Commerce and Industry
FY	Financial Year
GHG	Greenhouse Gas
GJ	Gigajoules
GRI	Global Reporting Initiative
GWP	Global Warming Potential
HFC	Hydrofluorocarbons
HIRA	Hazard Identification and Risk Assessment
HOD	Head of Department
HP	Hewlett Packard
HR	Human Resources
ICC	Internal Complaint Committee
IICA	Indian Institute of Corporate Affairs
INR	Indian Rupee
ISAE	International Standard on Assurance Engagement
ISO	International Organization for Standardization
IT	Information Technology
IUCN	International Union for Conservation of Nature
JE	Junior Employee
Kg	Kilogram
kL	Kilolitres
Km	Kilometer
KWH	Kilowatt hour
L	Litre
LOTO	Lock Out Tag Out
Mg	Milligram
ML	Million litres
MoEFF& CC	Ministry of Environment, Forest and Climate Change
MS	Management Staff
MT	Metric Tonne
MWh	Megawatt hour
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NDLM	National Digital Literacy Mission
NMS	Non-Management Staff
Nos.	Numbers
NRM	Natural Resource Management
ODS	Ozone Depleting Substance
OEM	Original Equipment Manufacturers
PCB	Pollution Control Board
PFB	Packaging Films Business
PPE	Personal Protective Equipment
PSP	Problem Solving Process
R&D	Research and Development
RAC	Room Air Conditioner
SA	Social Accountability
SCB	Specialty Chemicals Business
SLT	Sustainability Leadership Team (SLT)
tCO2e	Tonnes of CO_2 equivalent
TIE	Total Involvement of Employees
TPD	Tonne per day
TQM	Total Quality Management
TTB	Technical Textiles Business
UGC	University Grants Commission
WoW	World on Wheels

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Independent Limited Assurance Statement to SRF Limited (Chemicals Business) on their Sustainability Report 2015-17

To the Management of SRF Limited (Chemicals Business),
SRF Limited (Chemicals Business) (the 'Company' or 'SRF') has requested KPMG in India to provide an independent assurance on its Sustainability Report 2015-17 ('the Report'). The Company's management is responsible for identifying its key material issues, engaging with its stakeholders and developing the content of the Report. KPMG's responsibility is to provide limited assurance on the Report content as described in the scope of assurance.

Reporting Criteria
SRF applies its own sustainability performance reporting criteria, derived from the Sustainability Reporting Guidelines (G4) of Global Reporting Initiative (GRI) as detailed in the 'Report scope and boundary'.

Assurance Standards Used
We conducted limited assurance in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement [(ISAE) 3000, (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information]. Under this standard, we have reviewed the selected information presented in the Report against the principles of relevance, completeness, reliability, neutrality and understandability.

Scope, Boundary and Limitations
The following is covered under the scope and boundary of the assurance engagement:

- The scope of assurance covers SRF's sustainability performance disclosures for the period of 01 April 2015 to 31 March 2017, as per the table below.
- The boundary of the report includes the data and information from SRF sites as mentioned in the Sustainability Report section – Reporting Boundary:
  - Bhiwadi (Rajasthan)
  - Dahej (Gujarat)
  - Corporate Office, Gurgaon (Haryana)
- SRF has included the Dahej manufacturing unit in the report boundary during this reporting cycle.

The assurance scope excludes:

- Data and information outside the defined reporting period and boundary;
- The Company's financial performance;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company and assertions related to Intellectual Property Rights; and
- Aspects of the report other than those mentioned below;

The General and Specific Standard Disclosures subject to assurance were as follows:

General Standard Disclosures	Specific Standard Disclosures
• Strategy and Analysis- G4-1 • Organizational Profile – G4-3 to G4-16 • Identified Material Aspects and Boundaries- G4-17 to G4-23 • Stakeholder Engagement- G4-24 to G4- 27 • Report Profile- G4-28 to G4-33 • Governance- G4-34 • Ethics and Integrity- G4-56	• Environment - Percentage of materials used that are recycled input materials (G4-EN2), Energy consumption outside of the organization (G4-EN4), Energy Intensity (G4-EN5), Energy Reduction of Energy Consumption (G4-EN6), Total water withdrawal by source (G4-EN8), Water sources significantly affected by withdrawal of water (G4-EN9), Percentage and total volume of water recycled and reused (G4-EN10), Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (G4-EN11), Direct GHG Emissions (G4-EN15), Energy indirect greenhouse gas (GHG) emissions (G4-EN16), Emissions of ozone-depleting substances (ODS) (G4 EN20), and Total Weight of Waste by Type and Disposal Method (G4-EN23)

General Standard Disclosures	Specific Standard Disclosures
	• Labor Practice and Decent work - Total Number and Rates on New Employee Hires and Employee Turnover by Age Group, Gender and Region (G4-LA1), Percentage of total workforce represented in formal joint management- worker health and safety committees that help monitor and advise on occupational health and safety programs (G4-LA5), Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender (G4-LA6), Average hours of training per year per employee by gender , and by employee category (G4-LA9), Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (G4-LA10) • Economic - Financial Implications of Climate Change (G4-EC2), Impact of Operations on Communities (G4-EC7), Procurement Practices (G4-EC9) • Human Rights – Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening (G4-HR1) • Product Responsibility - Report the percentage of significant product and service categories for which health and safety impacts are assessed for improvement. (G4-PR1), Results of Surveys Measuring Customer Satisfaction (G4-PR5), • Society – Communication and training on anti-corruption policies and procedures (G4-SO4)

Methodology Adopted for Assurance

We have obtained sample evidence, information and explanations that were considered necessary in relation to the assurance scope and to arrive at conclusions mentioned below. Our work included a range of evidence-gathering procedures including:

- Assessing that the report is prepared in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G4 – in accordance "Core" criteria)
- Reviewing the Report to ensure that there is no misrepresentation of disclosures as per scope of assurance and our findings.
- Reviewing of materiality and stakeholder engagement framework deployed at SRF
- Understanding the appropriateness of various assumptions and estimations used by SRF for data analysis.
- Assessing the systems used for data collection and reporting of the General Standard Disclosures and Specific Standard Disclosures of material aspects as listed in the assurance scope above.
- Verifying of systems and procedures used for quantification, collation and analysis of sustainability performance indicators included in the Report.
- Testing on a sample basis, the evidence supporting the data and information
- Holding discussion on sustainability with senior executives at the different plant locations and at the corporate office to understand the risk and opportunities from sustainability context and the strategy SRF is following.
- Assessing of data reliability and accuracy.
- Verifying select key performance data through site visit to operational locations at Bhiwadi, Dahej and the Corporate Office in Gurgaon for:
  - Testing reliability and accuracy of data on a sample basis
  - Assessing stakeholder engagement process through interactions with relevant internal stakeholders and review of relevant documentation
  - Limited review of materiality assessment process
  - Reviewing the processes deployed for collection, compilation and reporting of sustainability performance indicators at corporate and plant level.

Appropriate documentary evidence was obtained on a sample basis to support our conclusions on the information and data verified. Where such documentary evidence could not be collected on account of confidential information our team verified the same at SRF's premises.

KPMG

Conclusions
We have reviewed the Sustainability Report of SRF. Based on our review and procedures performed as described above, nothing has come to our attention that causes us not to believe that the sustainability data and information presented in the Report is appropriately stated, in material aspects, and in line with the reporting principles of GRI G4 Guidelines on Sustainability Reporting.

We have provided our observation to the company in a separate management letter. However, it does not impact the conclusion as stated above.

Observations
The following is an excerpt from the observations and opportunities reported to the management of SRF. These do not, however, affect our conclusions regarding the Report

- The Company in its sustainability report, demonstrates engagement with all its important stakeholders, through various communication channels. However with the imminent arrival of the GRI Standards, the Company may undertake a more exhaustive stakeholder engagement exercise encompassing a broader swathe of stakeholders including multiple tiers of suppliers, strengthening their materiality matrix.
- The Company has established company-wide objectives, goals and targets on key sustainability performance indicators and presented its performance against the objectives, goals and targets in this report. However the company can encourage department heads to set internal targets which can be scaled up to a top management level, thus strengthening its key sustainability performance indicators.

Independence
The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in verifying environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities
SRF is responsible for developing the Report contents. SRF is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of SRF in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to SRF those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than SRF for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Manpreet Singh
KPMG
May 09, 2018

GRI Content Index

Disclosure	Report section for cross reference	Page No.	Remarks
Aspect: Strategy and Analysis			
G4-1	From the Deputy Managing Director	08	
Aspect: Organizational Profile			
G4-3	About the Report	04	
G4-4	The Organization	14	
G4-5	The Organization	14	
G4-6	The Organization	14	
G4-7	The Organization	14	
G4-8	The Organization	14	
G4-9	The Organization, Employee Engagement, Financial Performance & Growth	14, 36, 51	
G4-10	Employee Engagement	36	
G4-11	Employee Engagement	38	
G4-12	The Organization	15	
G4-13	GRI Content Index	63	There has been no significant change in the organization over the current reporting period
G4-14	Product Innovation and Safety	53	
G4-15	Awards and Memberships during 2015-17, GRI Content Index	7, 63	We are a signatory to Responsible Care initiative - a global voluntary initiative for chemical industry
G4-16	Awards and Memberships during 2015-17	7	
Aspect: Identified Material Aspects and Boundaries			
G4-17	The Organization	14	
G4-18	Assessing Materiality	23	
G4-19	Sustainability Framework, Assessing Materiality	12, 23	
G4-20	Stakeholder Engagement, Assessing Materiality	20, 23	
G4-21	Stakeholder Engagement, Assessing Materiality	20, 23	
G4-22	GRI Content Index	63	There have been no restatements made in this report.
G4-23	About the Report, The Organization	6, 14	

Disclosure	Report section for cross reference	Page No.	Remarks
Aspect: Stakeholder Engagement			
G4-24	Stakeholder Engagement	20	
G4-25	Stakeholder Engagement	20	
G4-26	Stakeholder Engagement Exercise	21	
G4-27	Stakeholder Engagement Exercise	21	
Aspect: Report Profile			
G4-28	About the Report	04	
G4-29	GRI Content Index	63	Last sustainability report was published for the period 1 April 2013 to 31 March 2015
G4-30	About the Report	04	
G4-31	About the Report	04	
G4-32	About the Report	04	
G4-33	About the Report, Assurance Statement	04, 60	
Aspect: Governance			
G4-34	Corporate Governance	16	
Aspect: Ethics and Integrity			
G4-56	Code of Conduct	17	
CATEGORY: ECONOMIC			
Aspect: Economic Performance			
G4-DMA	Assessing Materiality	23	
G4-EC1	Financial Performance & Growth	51	
G4-EC2	Risk Management	19	
G4-EC3	Labour Conditions	42	
G4-EC4	Financial Performance & Growth	51	
Aspect: Market Presence			
G4-DMA	Assessing Materiality	23	
G4-EC5	Labour Conditions	42	
Aspect: Indirect Economic Impacts			
G4-DMA	Assessing Materiality	23	
G4-EC7	Financial Performance & Growth	52	
Aspect: Procurement Practices			
G4-DMA	Assessing Materiality	23	
G4-EC9	Financial Performance & Growth	52	

Disclosure	Report section for cross reference	Page No.	Remarks
CATEGORY: ENVIRONMENT			
Aspect: Materials			
G4-DMA	Assessing Materiality	23	
G4-EN1	Materials	30	
G4-EN2	Waste Management	31	
Aspect: Energy			
G4-DMA	Assessing Materiality	23	
G4-EN3	Energy	26-27	
G4-EN5	Energy	27	
G4-EN6	Energy	28-29	
Aspect: Water			
G4-DMA	Assessing Materiality	23	
G4-EN8	Water Consumption & Discharge	33	
G4-EN9	Water Consumption & Discharge	33	
G4-EN10	Water Consumption & Discharge	34	
Aspect: Biodiversity			
G4-DMA	Assessing Materiality	23	
G4-EN11	Biodiversity	34	
G4-EN12	Biodiversity	34	
G4-EN13	Biodiversity	34	
G4-EN14	Biodiversity	34	While the particulars of the species have been declared, individual numbers have not been reported.
Aspect: Emissions			
G4-DMA	Assessing Materiality	23	
G4-EN15	Air & GHG Emissions	24	
G4-EN16	Air & GHG Emissions	24	
G4-EN18	Air & GHG Emissions	25	
G4-EN19	Air & GHG Emissions	25	
G4-EN20	Air & GHG Emissions	25	
G4-EN21	Air & GHG Emissions	26	
Aspect: Effluents and Waste			
G4-DMA	Assessing Materiality	23	
G4-EN22	Water Consumption & Discharge	34	
G4-EN23	Waste Management	31	
G4-EN24	Waste Management	31	
G4-EN25	Waste Management	32	
G4-EN26	Biodiversity	35	
Aspect: Compliance			
G4-DMA	Assessing Materiality	23	
G4-EN29	Financial Performance & Growth	52	
Aspect: Overall			
G4-DMA	Assessing Materiality	23	
G4-EN31	Financial Performance & Growth	52	
CATEGORY: SOCIAL LABOR PRACTICES AND DECENT WORK			
Aspect: Employment			
G4-DMA	Assessing Materiality	23	
G4-LA1	Employee Engagement	36-38	
G4-LA2	Labour Conditions	42	
G4-LA3	GRI Content Index	63	Only applicable for female employee and no employee took parental leave
Aspect: Labor/Management Relations			
G4-DMA	Assessing Materiality	23	
G4-LA4	GRI Content Index	62	There are no trade unions
Aspect: Occupational Health and Safety			
G4-DMA	Assessing Materiality	23	
G4-LA5	Occupational Health & Safety	44	
G4-LA6	Occupational Health & Safety	45	
Aspect: Training and Education			
G4-DMA	Assessing Materiality	23	
G4-LA9	Employee Development	40	
G4-LA10	Employee Development	38-39	
G4-LA11	Employee Development	40	
Aspect: Diversity and Equal Opportunity			
G4-DMA	Assessing Materiality	23	
G4-LA12	Employee Engagement	36-38	
Aspect: Supplier Assessment for Labor Practices			
G4-DMA	Assessing Materiality	23	
G4-LA14	Financial Performance & Growth	52	
Aspect: Labor Practices Grievance Mechanisms			
G4-DMA	Assessing Materiality	23	
G4-LA16	GRI Content Index	63	There have been no grievances recorded during this period.
HUMAN RIGHTS			
Aspect: Investment			
G4-DMA	Assessing Materiality	23	
G4-HR1	Labour Conditions	41	
Aspect: Supplier Human Rights Assessment			
G4-DMA	Assessing Materiality	23	
G4-HR10	Financial Performance & Growth	52	
G4-HR11	GRI Content Index	63	There have been no significant negative human rights impacts recorded during this period

Disclosure	Report section for cross reference	Page No.	Remarks
Aspect: Human Rights Grievance Mechanisms			
G4-DMA	Assessing Materiality	23	
G4-HR12	Labour Conditions	42	There have been no grievances recorded during this period.
SOCIETY			
Aspect: Local Communities			
G4-DMA	Assessing Materiality	23	
G4-SO1	Financial Performance & Growth	52	
Aspect: Anti – corruption			
G4-DMA	Assessing Materiality	23	
G4-SO4	Labour Conditions	42	
G4-SO5	Corporate Governance	17	There have been no incidences of corruption during this reporting period
Aspect: Anti-competitive Behaviour			
G4-DMA	Assessing Materiality	23	
G4-SO7	Product Innovation & Safety	54	
Aspect: Compliance			
G4-DMA	Assessing Materiality	23	
G4-SO8	Product Innovation & Safety	54	
Aspect: Grievance Mechanisms for Impacts on Society			
G4-DMA	Assessing Materiality	23	
G4-SO11	Labour Conditions	42	There have been no grievances recorded during this period.
PRODUCT RESPONSIBILITY			
Aspect: Product and Service Labelling			
G4-DMA	Assessing Materiality	23	
G4-PR1	Product Innovation & Safety	54	
G4-PR2	Product Innovation & Safety	54	
G4-PR3	Product Innovation & Safety	54	
G4-PR4	Product Innovation & Safety	54	
G4-PR5	Branding	56	
Aspect: Marketing Communications			
G4-DMA	Assessing Materiality	23	
G4-PR7	Product Innovation & Safety	54	
Aspect: Compliance			
G4-DMA	Assessing Materiality	23	
G4-PR9	Product Innovation & Safety	54	

Goals and Targets for the next reporting period

Bhiwadi	Dahej
Sustain specific electricity consumption at FY 2015-17 level	Sustain absolute electricity consumption at FY 2015-17 level
Sustain Scope 1 Greenhouse Gas (GHG) emissions at FY 2015-17 level	Sustain Scope 1 Greenhouse Gas (GHG) emissions at FY 2015-17 level
10% reduction in waste generation at FY 2015-17 level	Sustain waste generation at FY 2015-17 level
Sustain specific water consumption (m3/MT of product) at FY 2015-17 level	Sustain specific water consumption (m3/MT of product) at FY 2015-17 level

Bhiwadi	Dahej
20% increase in inclusion of children under Project Shiksha at FY 2015-17 level	Sustain inclusion of children under Project Shiksha at FY 2015-17 level
Sustain employee turnover at FY 2015-17 level (<10%)	Sustain employee turnover at FY 2015-17 level
Sustain employee unplanned absence at <1% level	Sustain employee unplanned absence at FY 2015-17 level
Sustain man hours of training per employee per year at the level of 24 man hrs per person per year	Sustain man hours of training per employee per year at FY 2015-17 level
10% increase in skill enhancement of all employees (skill index) at FY 2015-17 level	Sustain skill enhancement of all employees (skill index) at FY 2015-17 level
Sustain over all employee satisfaction at >90% level	Sustain employee satisfaction levels at FY 2015-17 level
Sustain rolling target for first aid and minor injury reduction at FY 2015-17 level	Sustain rolling target for first aid and minor injury reduction at FY 2015-17 level
100% reduction in reportable injuries at FY 2015-17 level	Sustain reportable injuries reduction at FY 2015-17 level
Sustain man-hours of EHS training per employee per year at FY 2015-17 level	Sustain man-hours of EHS training per employee per year at FY 2015-17 level

Bhiwadi	Dahej
Sustain new product development at FY 2015-17 level	Sustain new product development at FY 2015-17 level

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