

GROWING THE BETTER WAY



SRF
Packaging Films Business

**SUSTAINABILITY
REPORT**

2018-20



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For more information visit our website at www.srf.com



SRF Values



RESPECT



INTEGRITY



NON-DISCRIMINATION



EXCELLENCE



WELL-BEING

About the Report

This is SRF Packaging Films Business' first Sustainability Report. Being a responsible business, sustainability defines the way we create and protect value for our stakeholders. We are committed to enriching the quality of life of those, whose lives we touch through our wide range of products and services.

About SRF Packaging Films Business

With operations in four countries, SRF provides flexible packaging solutions for a wide range of food and non-food applications, both in the category of fast moving consumer goods and industrial products.

Supported by our close to 2000-member strong workforce of diverse nationalities, working in three manufacturing plants in India, one in Thailand, one in South Africa and one in Hungary, we cater to customers spread over 90 countries.

Our motto of 'Easy To Do Business With' reflects our stakeholder-centric philosophy. This report presents how SRF Packaging Films Business (SRF PFB) creates long-term value while addressing issues that are material to its stakeholders.

Introducing Sustainability Report 2018-20

This report presents an in-depth insight into our business operations, and focuses on our environment, economic and social initiatives, their progress and performance. It also demonstrates the Company's management approach and policies on these issues and the risk-management framework.

Scope and Boundary

The reporting scope covers our corporate office in Gurugram, Haryana along with our manufacturing sites in Indore (India), Kashipur (India), Rayong (Thailand) and Durban (South Africa).

The data in this report is for FY 2018-19 and FY 2019-20. Some significant expansions and happenings that occurred during the 1st half of FY 2020-21 have also been mentioned.

Framework followed

The report's information has been obtained from various departments responsible for managing relevant data and reported to the head office and the respective site offices. Although not externally assured, the report has been prepared in accordance with GRI Standards. The senior management has vetted all information presented in this report.



Drivers for Growth

ASPIRATIONS 2025

We will continuously strive to be known for our Aspirations 2025



Performance Highlights 2018-20

For SRF Packaging Films Business, sustainability is not just about creating economic value. It is about inclusive and conscious growth that makes a positive impact on the environment and the lives of communities around whom we operate.



Environment

GHG Emissions (Direct)

6%

reduction over FY19

Energy Consumption (without resin)

20%

reduction over FY19

Wastewater recycled

100%



Engagement

Employee Strength

27%

increase over FY19

Female Employees

100%

increase over FY19

Award conferred by His Excellency, the President of India for

Excellence in CSR



Enterprise

Profit before Interest and Tax (PBIT)

35%

increase over FY19

All figures as on 31 March, 2020



A Perspective

Flexible Packaging and Sustainability

Background

The world has witnessed a paradigm shift in the way technology is making human life easier. While we move to making lives more convenient, conventional norms of consumption are being questioned. With the burgeoning resource consumption, the need for environmental and social sustainability has gained prominence. The 'after-use' packaging waste and its ecological footprint is another very important facet of this resource-intensive growth.

Packaging materials play a very important role in the protection and transportation of material, especially food products. When food is lost or wasted, all the natural resources that were expended in the supply chain are lost as well – use of land, nutrients, synthetic fertilizers, water and energy. As every new step in the value chain adds resources and emissions, waste of food at the consumer or food service level has the highest environmental impact.

Four major application areas for plastics

- Packaging
- Textiles
- Industrial
- Construction

Plastics remain the most popular packaging material and its production has grown exponentially since 1950s, reaching 368 million metric tonnes (MMT) in 2019¹. Flexible packaging is one of the most important and widely used packaging material for food. This is mainly due to the various benefits it offers – food protection & hygiene, food safety, storage, handling, flexibility, light weight, ease of transportation, energy efficiency and finally better economics.

Outlook on packaging waste

Though flexible packaging offers multiple benefits, it's after use waste disposal remains a challenge due to multiple reasons and often ends up as municipal solid waste (MSW) and marine debris. Littering of packaging waste is the real cause of concern. Proper end of life management for plastics and packaging waste is in fact at the centre of most global debates.

According to UN reports and projections, the current world population of 7.3 billion is expected to reach 8.5 billion by 2030 and 9.7 billion in 2050. Such growth in population is bound to result in

¹ <https://www.statista.com/statistics/282732/global-production-of-plastics-since-1950/>

massive rise in consumption and subsequent pressure on natural and social resources.

Despite its criticism, plastics use is increasing and so is the waste. This, in fact provides a huge potential for bringing in recyclable packaging material back into the system, both, in terms of reducing the amount of waste generated and, reducing costs for the producers by using more of recycled products.



Understanding flexible packaging

Flexible packaging is an essential and as of today, an irreplaceable part of our lives. It is mostly used to package fast moving consumer goods and food products – confectionery, personal care products, snack foods, frozen foods, detergents, personal hygiene products, bakery, fresh produce, grains, meat, dairy, pet food, processed foods, cosmetics, household beverage, pharmaceuticals, medical and other technical products. It is also used in packaging of other products such as seeds, fertilizers, insecticides, pesticides and fragrances.

Flexible packaging comes in the form of multiple polymeric materials like BOPP, BOPET, PA, CPP, PE, EVA, Inks, Adhesives, Coatings, PVC, Acrylates, EVOH, PVOH, PVDC, pigments, Additives, SiOx, AlOx, Al Foil, Paper, Metallized Paper, Metallized BOPP, Metallized BOPET, Metallized CPP, and so on.

Most flexible packaging material are being used in the form of laminates (the combination of multiple material to form a single web). The design and selection of constituent material of a particular laminate depends on multiple factors like product shelf life, specific critical virtue within the product to be preserved, filling machine conditions, transportation and handling, material availability and costs.

Depending upon the product nature and behaviour, the laminate can be in mono web or Multi-layer laminates (MLPs) with different structures starting from 2-layer, 3-layer or 5-layer laminates.

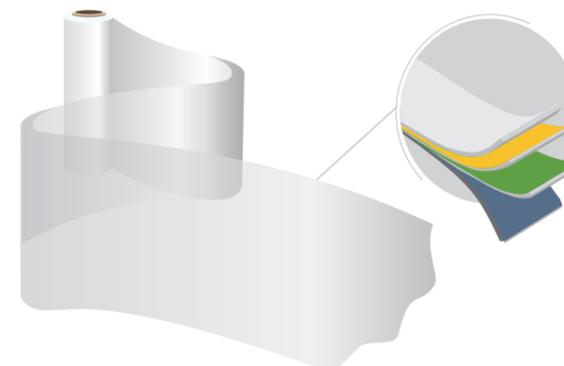
In a typical 2-layer structure, one layer gets printed as outer layer and laminated with sealant layer by use of adhesives.

For instance,

BOPET // Ink // Adhesive // CPP

BOPA // Ink // Adhesive // PE

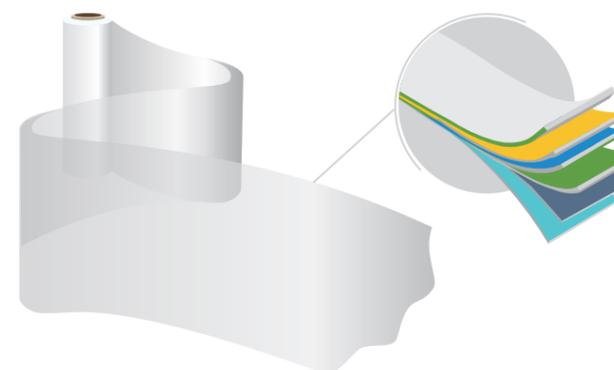
BOPP // Ink // Adhesive // Met. BOPP



Whereas, in a typical 3-layer structure, a barrier layer comes in between the printed layer and the sealant.

BOPP // Ink // Extrusion PE // Metallized BOPET // Adhesive // PE

BOPET // Ink // Adhesive // Al Foil // Adhesive // PE



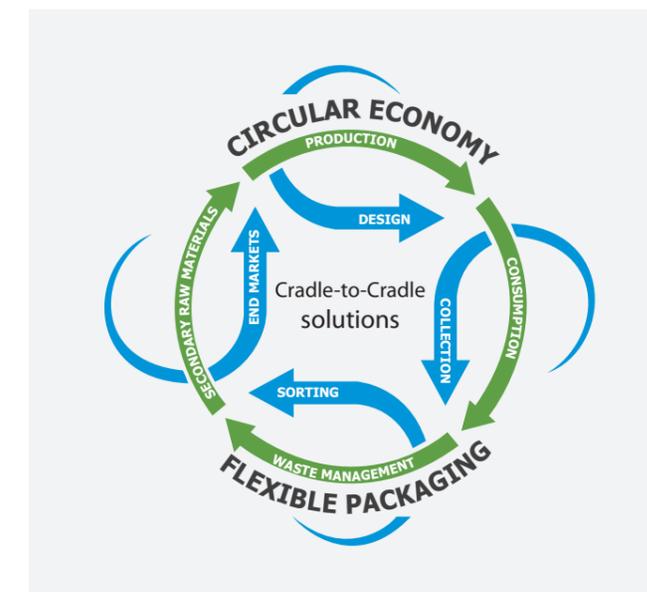
The 'after-use' waste management of a majority of flexible packaging typically follows linear economy route:

Also known as the 'cradle to grave' economy



Approach to 'Circular Economy'

Many packaging industry players, associations and fora, along with SRF, are trying to bring waste material back into the economy to offer 'Circular Economy' or 'Cradle to Cradle' solutions. The '3R' approach – Reduce, Reuse and Recycle – is fundamental to our operations. Our R&D and innovation practices are focused on offering sustainable products that foster a "Circular Economy"².



What is recyclable?

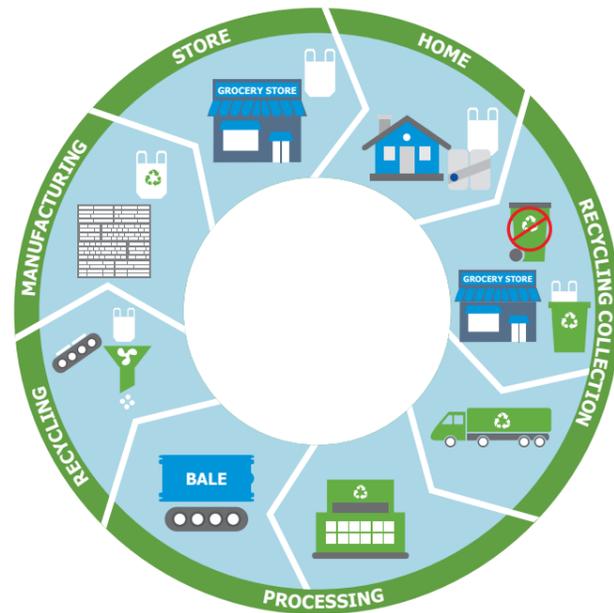
According to Ellen MacArthur Foundation, "in order for something to be deemed 'recyclable', it must be collected, sorted, reprocessed and manufactured back into a new product or packaging at scale and economically".

According to the above definition, packaging or a packaging component is recyclable if post-consumer collection, sorting and recycling is proven to work in practice at scale. A package can be considered recyclable if it represents over 95% of the entire packaging weight, and if any remaining minor components are compatible with the recycling process and doesn't hinder the recyclability of the main component.

² Source: Read more on Circular Economy at <https://www.ellenmacarthurfoundation.org/circular-economy/concept>

A Perspective

Recyclability of flexible packaging



Post-consumer flexible packaging waste is not widely collected for recycling at end-of-life. Though some work has been initiated by the industry and recycling makes good business sense, collection of post-consumer flexible end-of-life packaging waste remains a challenge.

Plastic is recyclable through mechanical and chemical processes. The “mechanical recycling” process, used by most recyclers, turns post-consumer waste material into a recycled material by physical means. Recycling of PET material through mechanical recycling process is quite mature and a well-established process. The recyclates achieved by recycling of PET (bottle & trays) are good to go for food packaging end use as it qualifies the guidelines laid out by Food Safety Authorities.

The “chemical recycling” process covers a range of technologies including pyrolysis, gasification and de-polymerization. Pyrolysis process recycles the hydrocarbons back into a Naphtha, which can be used to produce new plastics and other chemicals replacing virgin Naphtha. Other technologies, such as solvent-based recycling, are being developed and commercialized, opening further opportunities to improve the recyclability of flexible packaging structures. Chemical recycling of PET into monomer is considered as another recycling option to improve the recyclability.

Majority of flexible packaging material comes in multilayer structure (MLP) consisting of inks, adhesives, metallization, and so on. Post recycling, the recyclates are contaminated with such constituents and are not fit for going in the same stream but good for other end use applications.

Use of predefined materials into laminate structures is being advocated, so that the post-consumer waste of such laminates can be recyclable. This primarily applies to mono family material like PP, PE, PP-PE mixed (PO), and the recyclates from them are termed as rPP, rPE and rPO. These recyclates (rPP, rPE & rPO) don’t pass the food safety guidelines laid by Food Safety Authorities and are not suitable for food packaging. Therefore, these materials can’t go back into the same stream.

MLPs, which consist of multiple materials in the structure like PET // ink // Adhesive, are recyclable via mechanical recycling process. PET // Adhesive // PE and the recyclates behave in a similar manner as rPP/rPO. Therefore, recyclates achieved through mechanical recycling of MPLs can go into different multiple streams. These recyclates can be used in non-food segments to create new articles like flowerpots, bulb holders, carats, bins, key chains, furniture, park benches, etc. These usages replace the equal amount of virgin material that would have been used to create these materials.

There are various other challenges for post-consumer flexible packaging waste like collection infrastructure, sorting, cleaning for recycling, and so on. These challenges have led to burning MLPs to extract energy, which is being used in the cement industry to some extent.

Plastics for road construction

One of the interesting applications of post-consumer plastic packaging or flexible packaging material (PCR) waste is construction of roads. Plastics and plastic composites can be used in two ways:

- Prefabricated road elements made from consumer waste plastics
- An asphalt mix (a mix used to surface roads) with plastic waste

Roads using plastic or plastic waste as raw material offer numerous advantages like:

- Light-weight construction
- Faster construction turn out time
- Higher durability
- Better resistance to rainwater and cold weather

Opportunities and way forward

The packaging industry is growing at rapid pace. Global packaging industry is estimated to be around USD 880 Billion in 2018; growing at around 3% p.a. to become USD 1 Trillion by 2022³. Such growth brings in huge opportunities to Reduce, Reuse & Recycle and bring resource efficiency, resource conservation, circularity in economy, usages of degradable material and bioplastics.

The recycling of packaging is turning into a significant business segment with immense potential for value generation from waste.

Emerging developments in flexible packaging are foreseeable mainly in

- Sustainable solutions including recyclability
- Structure optimization
- Product safety and hygiene
- Product security
- Building customer convenience & satisfaction
- Enhanced aesthetics & customization
- Developments towards MAP (Modified Atmospheric Packaging)
- Digitalization through QR codes and microchips

Challenges in flexible packaging

While the industry is replete with opportunities, there still are multiple challenges facing plastic recycling and recyclability:

- Government and consumer perception on plastics and packaging
- Recyclability (mono family & multilayer packaging recyclability) myths
- Mix of recyclable & biodegradable packaging materials
- Sorting & collection infrastructure
- Continued pressure on cost reduction for packaging
- Speed of transformative change in industry

Pledges by brand owners

In order to support sustainability and circular economy some of the major brand owners have taken pledges to use PCR material in their packaging. The pledges are taken in stages to reduce usage of virgin material within specified timeframe. For instance, a global F&B company has pledged to reduce virgin plastic by 35% by 2025. The challenges to fulfil the pledges are mainly around processing of recyclates and food contact approval due to contamination.

Sustainability at SRF Packaging Films Business

A true sustainability programme encompasses elements of environment and social impact and a strong management approach to sustainability. SRF’s “Triple E” sustainability framework spans Environment, Engagement and Enterprise and rests on a strong fulcrum of Governance and ethics. It ensures that sustainability is at the very core of SRF’s business.

Environmental protection is a matter of attitude. Before sustainability issues became the centre of global debate, SRF has been mindful of its impact on society and environment. This has been a part of our core philosophy – To enrich the lives of people whom we impact everyday through the products we offer!

³Source: Smithers Pira - The Future of Global Packaging to 2022

Message from the President and CEO

Committed to sustainable growth



I believe that all stakeholders representing the plastics packaging industry will have to work jointly towards establishing a sustained 'circular economy', based on 'Reduce, Reuse and Recycle', which explains the theme of our maiden sustainability report, 'Growing the better way'.

Dear Shareholder,

I feel a great sense of responsibility while presenting SRF Packaging Films Business' maiden Sustainability Report. This report is our first endeavor towards a systematic presentation on the economic, social and environmental performance of the Packaging Films Business.

Sustainability reporting has become quite relevant and meaningful in the present era, with the global production of plastics growing over 20 fold from 15 million metric tons (Mt) in 1964 to around 359 million Mt in 2018. With its ever-expanding applications, plastics have delivered many benefits for society. Plastic packaged food lasts longer, reducing wastage. With minimum carbon footprint, high barrier properties and versatility, flexible plastic packaging is here to stay.

However, in today's scenario, there are concerns around the sustainability and environmental friendliness of plastic packaging. There is a general belief that Multi-Layer Packaging (MLP) is non-recyclable. This belief is not true and based on flawed prejudices. MLP is completely recyclable and such recycled material is already being used in specific applications like foundation blocks in road construction, furniture and many more.

To address the sustainability challenge, I believe that all stakeholders representing the plastics packaging industry will have to work jointly towards establishing a sustained 'circular economy', based on 'Reduce, Reuse and Recycle', which explains the theme of our maiden sustainability report, 'Growing the better way'. With the 'power of one', the industry will benefit from the pooling of information and knowledge resources. Industry experts from different areas of operations should come forward to establish a comprehensive panel producing useful insights and a clear way forward. As industry leaders, we view this as our responsibility and are committed to work proactively on this important subject of sustainability.

From being a 3,000 tons per year player in 2003 to a 279,500 tons per year player in 2020, we have come a long way in our Packaging Films Business journey. At SRF, we have a dedicated team of experts working towards making our offerings more sustainable and reducing its environmental impact. We follow a three-pronged approach, focused on: Recyclable solutions; Biodegradable solutions, and; Monolayer solutions. We have already established 90% post-consumer recycled (PCR) based BOPET Films, helping the industry contribute towards the attainment of a 'circular economy'. Further, we are actively working on establishing biodegradable biax films, which will help us reduce our carbon footprint. Moreover, we are also in the process of establishing monolayer solutions for both

BOPET and BOPP for easy recyclability. We have developed high thermal resistant BOPP Films for polyolefin-based packaging structures and high heat seal strength BOPET Films for PET-PET packaging structures.

To be able to contribute towards the larger cause of minimizing the carbon footprint of their end product, today, many of our customers are focused on finding environmentally responsible, recyclable and sustainable packing solutions. They are willing to collaborate with like-minded professional packaging organizations with the required infrastructure and resources in place to address the sustainability concerns. At this juncture, I want to reiterate our Packaging Films Business' USP of being an 'Easy To Do Business With' (ETDBW) business partner. What makes ETDBW work for us is the fact that every team member is aligned with the overall business objective of delivering superior value to the customer. As we progress on this journey of nurturing our relationships with global FMCG / packaging giants across continents, our customers are now looking for packaging as a 'brand differentiator' in order to edge out competition in the market place. Therefore, aspects like pack visibility, shelf life and high barrier properties are being sought. I see this as a huge step forward as we continue to find new solutions every day that are sustainable and keep us ahead of the curve.

Thank you.
Sincerely,

Prashant Mehra
President & CEO

Packaging Films Business | Coated Fabrics Business | Laminated Fabrics Business
SRF Limited

About SRF

A strong legacy



Global Workforce

6,677

EBIDTA

₹ **1,508** Crore

Revenue

₹ **7,259** Crore

PAT*

₹ **916** Crore

Exports to **75+** Countries

14 Manufacturing Plants

Operations in **4** Countries

Above numbers as on 31 March 2020

* Excludes discontinued operations

SRF Limited, the erstwhile Shri Ram Fibres, was established in 1970 as a manufacturer of Nylon Tyre Cord Fabric, becoming one of the first companies in India to do so. Today, SRF has grown from being a tyre cord manufacturer into a leading, professionally managed, diversified chemical conglomerate.

The Company's business portfolio covers Fluorochemicals, Specialty Chemicals, Packaging Films, Technical Textiles, Coated and Laminated Fabrics. Anchored by a strong workforce of close to 7,000 employees from different nationalities working across eleven manufacturing plants in India and one each in Thailand, South Africa and Hungary, the Company exports to more than 75 countries. Equipped with State-of-the-Art R&D facilities, SRF, as of March 31, 2020, the Company has applied for 205 patents. Till date, the Company has been granted 70 patents globally.

The Company is a market leader in most of its business segments in India and commands a significant global presence in some of its businesses, namely Nylon 6 Tyre Cord (global no 2) and Belting Fabrics (global no. 3). A winner of the prestigious Deming Prize for two of its businesses, Tyre Cord business in 2004 and Chemicals business in 2012, SRF continues to redefine its work and corporate culture with TQM as its management way.

SRF's Businesses



Fluorochemicals Business

Refrigerants
Pharma Propellants
Industrial Chemicals



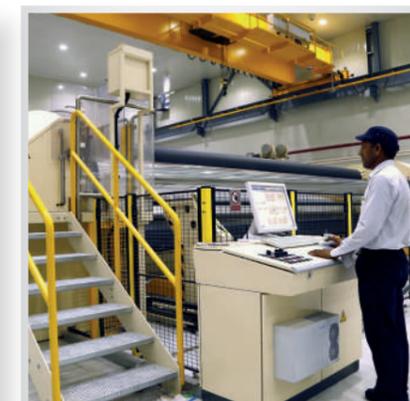
Specialty Chemicals Business

Catering to the
Agrochemical Industry
Pharmaceutical Industry



Technical Textiles Business

Tyre Cord Fabrics
Belting Fabrics
Industrial Yarns



Packaging Films Business

Metallized Films
Transparent Films
Specialty Films



Coated and Laminated Fabrics

Catering to the
Architectural segment
Signage segment
Protective Covers segment

About SRF PFB

Leading the better way

SRF – Packaging Films Business

Packaging Films Business (PFB) is a strategic business division of SRF Limited – a multi-business entity and one of the leading manufacturers of fluorochemicals, specialty chemicals, technical textiles and packaging films. We manufacture flexible packaging solutions and consistently endeavour to make packaging safer and more environment-friendly.

SRF PFB is one of the largest manufacturers of a broad spectrum of standard and specialty Bi-axially Oriented Polyethylene Terephthalate (**BOPET**) and Bi-axially Oriented Polypropylene (**BOPP**) films.

Our manufacturing plants are located in three countries – three plants in India, one manufacturing plant in Thailand and one in South Africa. Besides, our greenfield manufacturing unit at Hungary is scheduled to commence operations by mid 2020.

Manufacturing Capacity

279,500 mtpa

Manufacturing capacity of SRF PFB (MTPA)

Substrate	BOPET			Total	BOPP				Total
	India	Thailand	Hungary		India	S Africa	Thailand	Total	
Manufacturing Capacity	1,00,500	75,000	40,000	2,15,500	34,000	30,000	45,000*	1,09,000	3,24,500
Metallised	27,000	16,000	9,000	52,000	7,000	9,000	-	16,000	68,000

* Under commissioning to start Q2 FY 2021-22

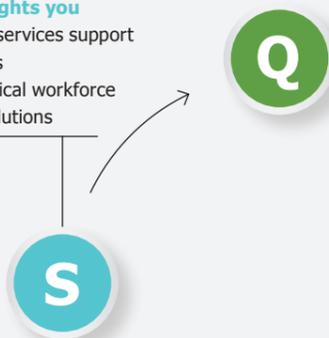
EASY TO DO BUSINESS WITH

We support our customers and stakeholders to ensure **easy to do business with**.

That is why we have chosen the timeless foundations of **Quality, Cost, Delivery** and **Service** as the core of our existence.

SERVICE that delights you

Advanced technical services support
Swift response times
Professional and ethical workforce
Tailored business solutions



QUALITY that you expect

100% Product performance
Continuous improvements
Practice TQM philosophy
Global certifications

DELIVERY that you trust

Global production sites
Faster and reliable lead times
End to end international logistics
Information technology support

COST that supports your growth

Operational excellence
Competitive structures
Innovation for cost-efficient products
Sustainable development

Our products and applications

The BOPET and BOPP film products find major applications in 'flexible packaging' used in food and non-food segments. This includes fast-moving consumer goods such as foods, extruded food, snacks, chips, soaps, detergents, tea, coffee, shampoo sachets, and others to name a few. We also cater to industrial products and various other end-use applications such as cable, insulation, ducting, tape and textile, among others.

Our products conform to global safety standards and regulatory requirements. The products are characterised by best-in-class mechanical, optical, thermal, surface and barrier properties, and are sold under two brand names **PETLAR** for the entire range of BOPET films and **OPLAR** for BOPP films.

Products under PETLAR and OPLAR brands

PETLAR

A diverse range of products including Corona Treated, chemically (co-polymer/acrylic) coated, metallised, holographic and specialty grade PET films

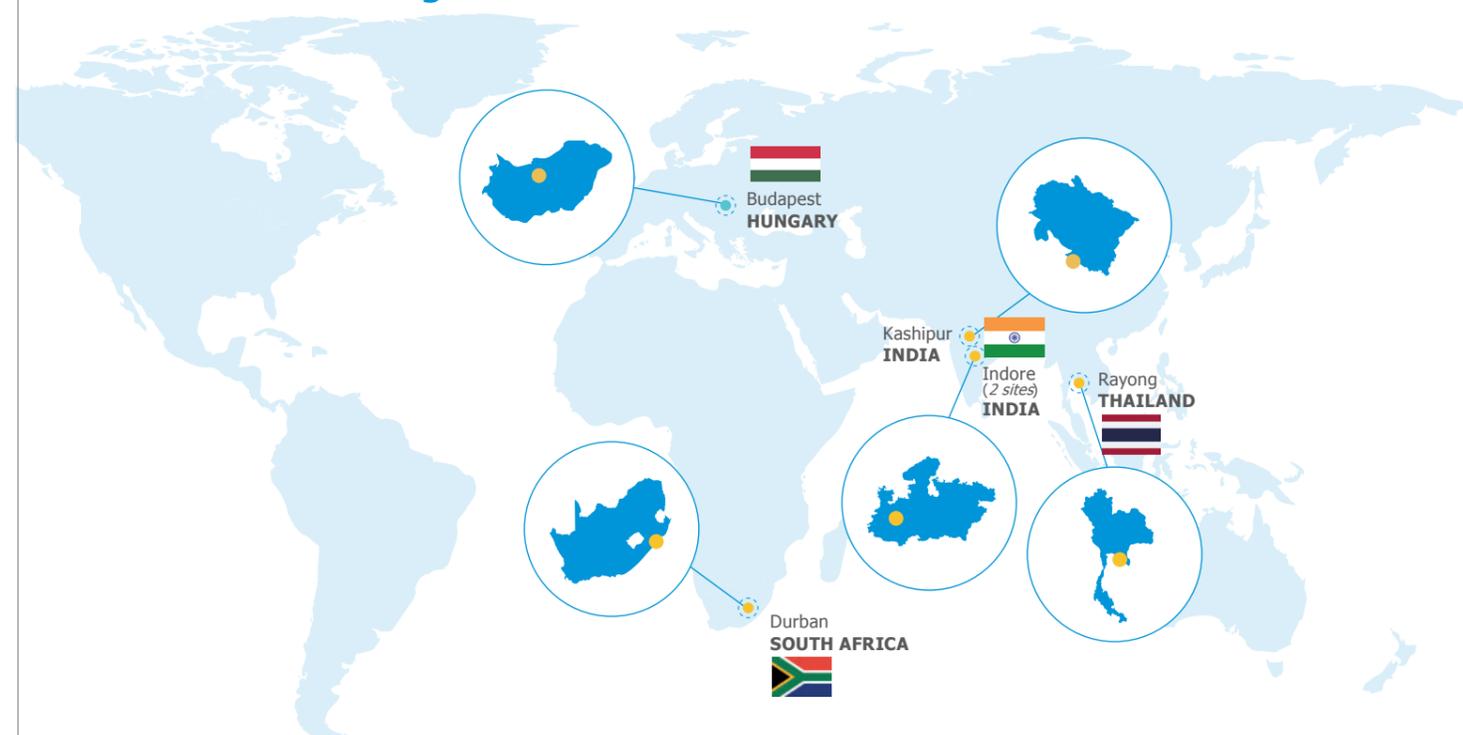
OPLAR

Various grades of BOPP Films including non-sealable, sealable, metallized, metallizable, matte finish, pearled white

SRF PFB's processes and products have earned numerous international certifications like



Our manufacturing locations



Evolution over the years

1995

3.2 Metre BOPET Line
(Celier, France) Kashipur, India



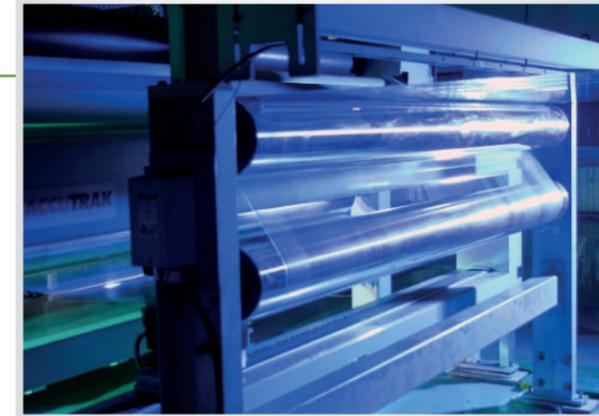
2004

8.5 Metre BOPET Line
(Dornier, Germany)
Indore SEZ, India

2.45 Metre Metallizer
(General Vacuum, UK)
Indore SEZ, India

2007

Soft Embossing Holography Machine
(Diaures, Italy)
Indore SEZ, India



2013

8.7 Metre BOPET Line
(Dornier, Germany)
Rayong, Thailand

2.85 Metre Metallizer
(Applied Materials, Germany)
Rayong, Thailand

8.7 Metre BOPP Line
(Bruckner, Germany)
Durban, South Africa

2.85 Metre Metallizer
(Applied materials, Germany)
Durban, South Africa

2010

BOPET Resin Plant
(Aquafil, Germany)
Indore SEZ, India



2009

8.7 Metre BOPET Line
(Dornier, Germany)
Indore SEZ, India

2.45 Metre Metallizer
(Applied Materials, Germany)
Indore SEZ, India

2014

1.65 Metre Metallizer
(General Vacuum, UK)
Kashipur, India



2016

2.85 Metre Metallizer
(Applied Materials, Germany)
Rayong, Thailand

8.7 Metre BOPET Line
(Dornier, Germany)
DTA Indore, India

2.85 Metre Metallizer
(Applied materials, Germany)
DTA Indore, India

2017

2.85 Metre Metallizer
(Applied materials, Germany)
DTA Indore, India

8.7 Metre BOPP Line
(Bruckner, Germany)
DTA Indore, India

Offline Coating Machine
(Kusters Calico)
DTA Indore, India

2020

10.4 Metre BOPET Line
(Brueckner, Germany)
Jászfényszaru, Hungary

2.85 Meter Metallizer
(Applied materials, Germany)
Jászfényszaru, Hungary

10.6 Meter BOPET Line
(Dornier, Germany)
Rayong, Thailand

BOPET Resin Plant
(Aquafil, Germany)
Rayong, Thailand



Corporate Governance

Responsible leadership

For SRF Limited, good corporate governance means the adoption of best practices to ensure that the Company complies with applicable regulations; and that it is guided by broader business ethics and values of transparency and responsibility.

At SRF PFB, the same governance principles, business ethics and values are followed. All Board members and Corporate Leadership Team (CLT) of SRF affirm compliance with the group-wide Code of Conduct. A declaration to this effect, duly signed by the Managing Director, is enclosed as a part of the Corporate Governance Report in the SRF Annual Report 2019-20.

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

Board of Directors



Arun Bharat Ram
Chairman



Ashish Bharat Ram
Managing Director



Kartik Bharat Ram
Deputy Managing Director



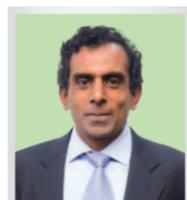
Pramod G. Gujarathi
Director (Safety & Environment)



Dr. Meenakshi Gopinath
Director (CSR)



Lakshman Lakshminarayan
Independent Director



Vellayan Subbiah
Independent Director



Tejpreet S. Chopra
Independent Director



Bharti Gupta Ramola
Independent Director
(w.e.f. February 4, 2019)



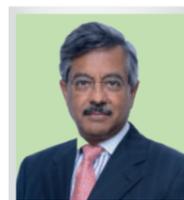
Puneet Yadu Dalmia
Independent Director
(w.e.f. April 1, 2019)



Yash Gupta
Independent Director
(w.e.f. April 1, 2019)



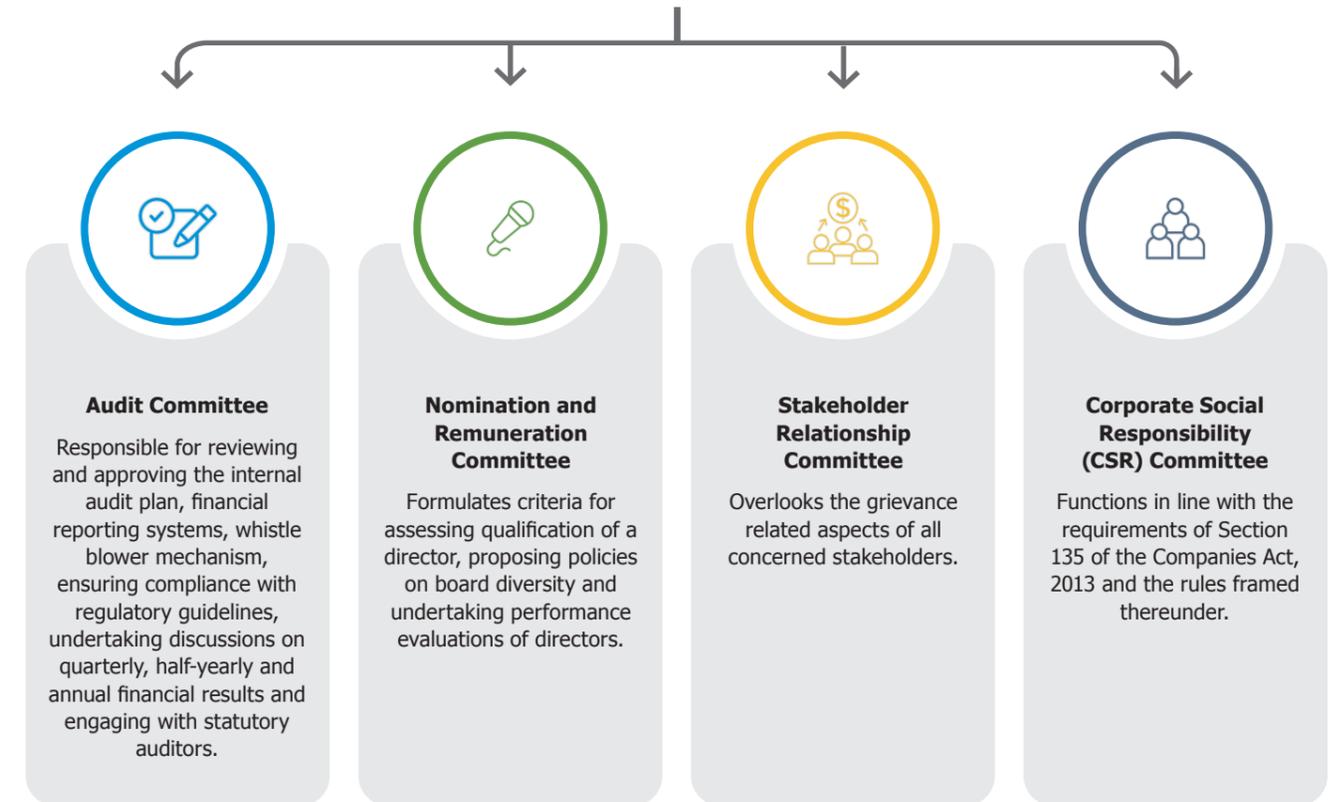
Vinayak Chatterjee
(Served the Board as Independent Director till 31.03.2019)



Pramod Bhasin
(Served the Board as Independent Director till 04.02.2019)

Board committees and their roles

Our internal audit processes at each level of the organisation monitor the adequacy and effectiveness of the internal controls and the status of compliance against regulatory requirements and policies. Several board committees have been set up to assess the various risks faced by the organization and develop adequate mitigation strategies.



Board's performance parameters

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:

- Emulating global benchmarks
- Enhancement of brand equity
- Undertaking new initiatives and innovation
- Complying with the Code of Conduct and other policies such as the whistle-blower policy

Corporate Governance

Sustainability governance framework

Over the years, we have steadily evolved a framework of governance, which is resilient. The key tenets of corporate sustainability is driven down from the corporate leadership to the teams responsible for implementing sustainable practices at the business divisions.

Sustainability aspects of the business are monitored by the Corporate Leadership Team (CLT) for SRF, the Business Leadership Team (BLT) at the business level and by the Unit Leadership Team (ULT) at the plant level.

Sustainability aspects of the business are monitored by the CLT for SRF, the BLT at the business level and by the ULT at the plant level.

1

Corporate Leadership Team (CLT)

The heads of diverse business functions led by the Managing Director form part of this team. The CLT is in charge of making all major business decisions at the Group level.

2

Business Leadership Team (BLT)

This team is led by the President and CEO of SRF PFB. The other members of the team are various heads of functions, including marketing, strategic sourcing, HR, Finance, Operations and IT.

3

Unit leadership Team (ULT)

Every manufacturing unit has a ULT led by the plant operations head. The ULT is constituted by the heads of different functions within the plant like HR, Safety, Finance, Engineering, Production and Processes.



Code of conduct

The Board members and designated senior management personnel have affirmed compliance with the Code of Conduct. The principles enumerated in the Code of Conduct are adopted and followed by SRF's businesses. While ensuring accuracy in financial performance, the Code ensures a discrimination-free workplace based on race, colour, religion, age, gender, nationality, disability, veteran status and any other biases. The Code of Conduct also ensures a safe and congenial work environment for employees across all businesses.

Our Code of Conduct provides our employees relevant guidelines regarding ethical behaviour, transparency, accountability, anti-corruption, discrimination and antibribery. The broad aspects of ethics and values, which fall under the purview of our Code of Conduct include maintaining cordial relationships and teamwork with fellow employees, ethical usage of resources, responsible usage of emails and internet and guidelines on maintaining relationships with business associates and partners.

The key aspects addressed under the Code of Conduct are:

- Equal Employment Opportunity
- Sexual Harassment
- Company Assets and Services
- Company Invention/Innovation
- Company Policies and Records
- Insider Trading
- Conduct with Customers & Suppliers
- Gifts and Entertainment
- Conflict of Interest

Responsible corporate citizenship

SRF plays a critical role on various platforms as a responsible corporate citizen. The SRF PFB is also actively involved in various aspects specific to the packaging films industry.

Among other trade associations, SRF PFB has maintained its membership with:

Confederation of Indian Industry

PETCORE Europe

BOPET Films Europe



Risk Mapping and Mitigation

Future-proofing the business

At PFB, we continuously monitor our risk landscape to identify potential threats arising from the external and internal environment that may adversely impact the business.

The Board of Directors oversees the performance of SRF Packaging Films Business on economic, environmental and social aspects, and also assesses the risks associated with it periodically.

We have a well defined structure for managing risks within our organisation. Our risk management process is driven by the Managing Director at the Group level, overseen by the risk management committee at the Board, strategised by the Corporate Leadership Team and executed by Business Leadership Teams. All employees across functions also have a significant role to play in managing and documenting the risk management related activities.



Risk management process



Key risks and mitigation strategies

The following risks are identified at SRF PFB, along with relevant mitigation measures

	Mitigation measures
Regulatory risks These include the risks arising from rapidly-changing laws and regulations in the plastic industry. Any regulation around recyclability or circularity of our products may have a significant business impact. We require certain statutory and regulatory permits for our plant operations, including environmental clearances. Any failure to procure, renew or maintain these approvals may jeopardise business operations.	<ul style="list-style-type: none"> Our team continuously monitors the changing regulations and keeps itself updated with latest developments, to keep the organisation compliance driven. We keep liaising with regulatory bodies and industry associations as well as play an active role in advocacy.
Operational risks Any uncertainty or hazard which an organisation faces while carrying out its day-to-day business activities can be summarised as operational risks. These risks can result from a breakdown in internal processes, people related issues, safety risks and other manufacturing system related risks.	<ul style="list-style-type: none"> We have adopted safety policy and quality management systems. TQM driven processes eliminate operational risks and contribute to the company's strategy and build capabilities for sustained operational success in the future.
Financial risks Financial risk refers to the possibility that a company's cash flow is inadequate to meet its obligations. Credit risk (i.e. risks which businesses incur by extending credit to customers) and asset liquidity risk (i.e. ease with which a company can convert its assets into cash) form a major part of financial risk. As SRF PFB operates globally, its business is also subjected to major currency fluctuations.	<ul style="list-style-type: none"> The Company has laid down detailed policy guidelines to deal with all aspects of financial risks such as liquidity risks, credit risks and market risks. The implementation is monitored by the corporate treasury. Some focus areas include cash management, investment of excess funds and the raising of short-term and long-term debts. We iron out the currency fluctuations by entering into long-term business associations and invest in hedge funds.
Strategic risks For smooth functioning of the Company and to expand business, the management needs to continuously formulate innovative strategies and implement them. Against the backdrop of a dynamic business environment, a strategic decision may not entail the desired outcome, posing a threat to business growth and sustainability.	<ul style="list-style-type: none"> Our customer portfolio is rich and diverse spanning several geographies. Strategic sourcing ensures uninterrupted raw material supplies.
Environmental risks Given the various environmental issues and the related societal outcomes associated with the plastic industry, being environmentally responsible is of extreme importance. Also due to the nature of plastic films which are perceived as one of the key sources of waste, irresponsible disposal of waste could have serious implications on the plastic industry.	<ul style="list-style-type: none"> At SRF PFB, we have adopted several initiatives to save energy and reduce the GHG emissions by installing Hot Water Vapour Absorption Machine Chiller, Resin Plant Close Loop Cooling Tower for granulator cooling at higher throughput, Variable Frequency Drives (VFD) for Line2 TDO Blowers, to name a few. We focus on rationalising resource usage, and have adopted relevant measures to reduce the thickness of packaging films (from 8 microns to 12 microns) and engineer light-weight, but high-strength products. We incorporate the use of materials which are derived from Post Consumer Recyclates (PCR) and reduce the use of virgin material.

Stakeholder Engagement and Materiality

Participatory growth

At SRF PFB, stakeholder engagement entails comprehensive understanding of the interests, expectations and information requirements of various stakeholder groups through a dialogue using various interactive platforms. Continuous engagement with all stakeholders provides better clarity and insights about stakeholder expectations, helps enhance our performance and decision-making as well as facilitates a resilient and sustainable business model.

Stakeholder engagement process

- 
01 Identify
 - Identify internal and external stakeholders relevant to PFB
 - Define each stakeholder's status and existing perceptions before and during the reporting period
- 
02 Plan
 - Establish the objectives and scope of the stakeholder engagement
 - Design engagement strategy and modes of communication
- 
03 Engage and consult
 - Conduct engagement exercises with each stakeholder group through interview, focus group, public meetings and stakeholder panels
 - Share relevant information with stakeholders
 - Conduct follow-up stakeholder sessions to receive feedback on the identified areas of concerns
- 
04 Monitor and report
 - Ensure effective and timely documentation of the consultation process
 - Assimilate diverse insights from stakeholders
 - Report back to stakeholders on commitments and performance related to identified issues
 - Ensure transparency in stakeholder engagement



Assessing materiality

We follow an inclusive stakeholder engagement process to assess the material issues relevant to our operations and to our stakeholders.

Materiality assessment helps identify and prioritise 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 targets and map our performance for each reporting period.

Process for determining and prioritising material issues

We identify priority areas for our functions, which pass through rigorous internal evaluation by focus groups comprising technical experts and specialists in 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 prioritised by those who are in charge of implementing sustainability related initiatives in the Company.

Prioritisation is done on the basis of importance of these issues to the SRF's Packaging Films Business and importance to our key stakeholders.

The team categorises the prioritised material issues under the **3 'E's** – Environment, Engagement and Enterprise, as applicable for each unit.

Stakeholder Engagement and Materiality

The material issues identified by the top management at SRF PFB are listed below. A detailed survey for materiality assessment will be carried out in the coming reporting cycle.

Our key stakeholders and their concerns

	Expectations	Key issues identified and discussed	Frequency and mode of communication
Investors / Shareholders	Our investors expect SRF's Packaging Films Business to be consistently profitable and growing, maintain industry-best practices in corporate governance and uphold its credibility	<ul style="list-style-type: none"> Consistently improving financial performance Risk management Entry into new markets Optimising operational costs Corporate governance 	<p>We leverage various channels such as annual and quarterly meetings, various reports and a dedicated investor relations page on the SRF website</p> <ul style="list-style-type: none"> Quarterly and annual results of SRF are published in two major national dailies, generally Business Standard/ Financial Express (in English) and Jansatta (in Hindi) and on the website of the Company, www.srf.com. The website also contains other information regarding SRF SRF communicates with its institutional shareholders through analysts briefing and individual discussions between fund managers and the management team The presentations made to analysts and fund managers are posted on the Company's website
Customers	Our customers expect SRF PFB to engage in fair and ethical market practices through safe and reliable products with consistent quality. They also expect innovative bespoke solutions from SRF PFB	<ul style="list-style-type: none"> Quality, Cost, Delivery and Service (QCDS) Sustainable product solutions Product innovation and life-cycle efficiency Service quality Redressal of customer concerns Quality and safety of products Pricing of products 	<ul style="list-style-type: none"> Annual performance report Customer visits and meetings Customer satisfaction surveys Customer's recognition/awards programmes Feedback sessions

	Expectations	Key issues identified and discussed	Frequency and mode of communication
Suppliers	Consistent performance and economic growth of our suppliers is of prime importance as that would directly contribute to SRF PFB's overall business strategy and ensure sustainable growth	<ul style="list-style-type: none"> Fair pricing Accountable transactions Business growth Knowledge exchange 	We conduct regular supplier meetings on and off site.
Employees	Our employees look forward to career development, evaluation, fair compensation and a conducive work environment.	<ul style="list-style-type: none"> Learning and development programmes Trainings Rewards and recognition Occupational health and safety Work environment and policies Ethics and transparency Emergency preparedness 	<ul style="list-style-type: none"> Through quarterly CEO communication and daily Total Involvement of Employees (TIE) group meetings Annual meeting with the Chief Human Resource Officer (CHRO) 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 assessment of training requirements
Local communities	We are responsible for local communities where we operate and ensure minimum environmental and social impact from our operations. We partner with qualified local individuals to support the local economy and bring enduring change in the lives of stakeholders.	<ul style="list-style-type: none"> Community safety and emergency preparedness Conserving the natural environment Local infrastructure support Local employment support 	<ul style="list-style-type: none"> Social impact assessments Needs assessment studies Formalised public hearing sessions
Regulatory bodies	We must ensure compliance with all necessary regulatory requirements and adhere to relevant national and regional policies	<ul style="list-style-type: none"> Regulatory compliance Operational efficiency Development of communities Management of environmental impact 	<ul style="list-style-type: none"> We participate in various public advocacy programmes organised by the Confederation of Indian Industry (CII), FICCI and other trade bodies All statutory clearances are clearly communicated as part of the annual review meetings

Stakeholder Engagement and Materiality

Material issues we are addressing



Environment

- Waste management and recycling
- Material management
- Use of renewable energy
- Natural resource conservation
- Air and GHG emissions
- Energy efficiency
- Water consumption and discharge

While addressing the material issues, our business is contributing to the United Nation's Sustainable Development Goals. The impacted Goals are highlighted here.



Engagement

- Employee engagement and development
- Labour conditions
- Occupational health and safety
- Community engagement
- Ethics and values



Enterprise

- Financial performance and growth
- Business risk management
- Regulatory compliances
- Product innovation and safety
- Total Quality Management



Being in the packaging films business, for us **SDG 12 – Responsible Consumption and Production** is of utmost priority. Through multiple activities addressing our material issues, **SDG 12** is impacted the most.

Stakeholder Engagement and Materiality

Sustainability framework

For SRF, sustainability is about addressing a wide array of issues from optimising our socio-economic impact through prudent production and consumption to creating value for all stakeholders and ensuring healthy working conditions for our employees, while being profitable.

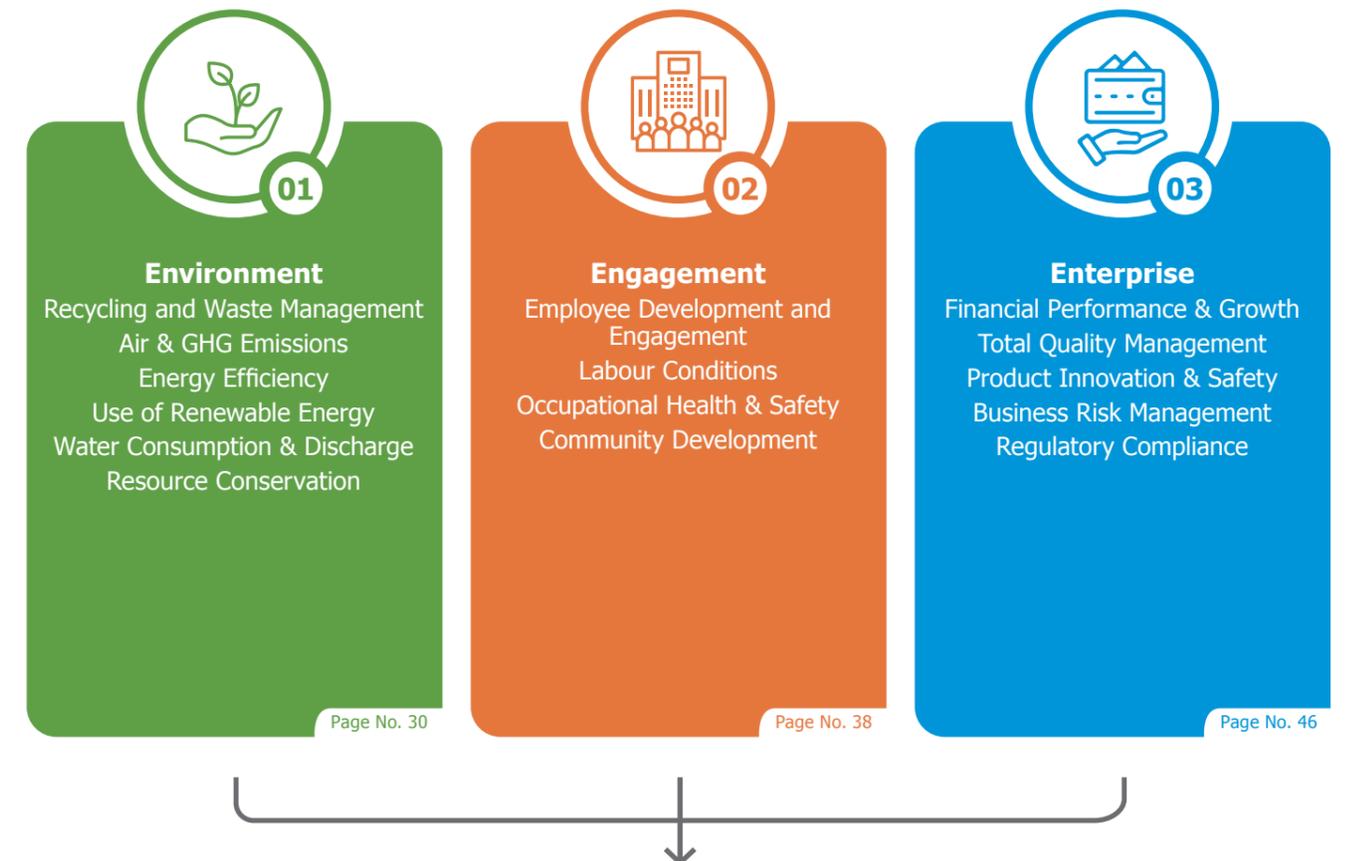


Being in the packaging films business, a primary responsibility we fulfill towards the environment is by working on the recyclability of our products. At the same time, we also strive to minimise the use of virgin material by using recycled content for our packaging films.

At the core of all our activities lies the sustainable business framework - the **Triple 'E' Approach**

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

The pillars of sustainability



Underpinning the three pillars are our fundamentals of **Ethics and Values** and our efforts on **Stakeholder Engagement**

01 Environment

Upping resource efficiency, recyclability

At SRF PFB, we are conscious of the environmental impacts of our operations. Our business operations at Indore (SEZ and DTA), Rayong (Thailand) and Durban (South Africa) are energy efficient and aim at producing least amount of waste and emissions. We regularly monitor our performance to further minimise the impact of our operations on the environment. We comply with all applicable regulatory requirements.



Recognised for environmental performance

SRF PFB received the Madhya Pradesh State's highest recognition on environment from the Chief Minister of the State.

Certifications



Emissions management

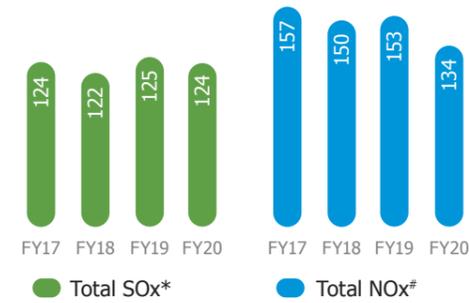
Manufacturing of packaging films is an energy-intensive process. It is our continuous endeavour to reduce GHG emissions across operations.

Specific GHG emissions (tCO₂e/MT of product)



Note: This does not include the emissions from the Kashipur unit

Other air emissions NOx and SOx (µg/m³)



* This does not include Kashipur unit and the manufacturing unit in Thailand

This does not include Kashipur unit and the manufacturing unit in South Africa



Energy management

While energy efficiency and use of renewable energy are our material issues, it is also extremely important to understand our energy consumption portfolio. The total fuel consumed in FY 2018-19 and FY 2019-20 was 21,940 MT and 22,091 MT, respectively.



100%

of our corporate office is powered by solar energy.



We are an ISO 50001:2011 certified organisation.

Specific energy consumption (GJ/MT of product)



01 Environment

Energy efficiency

We have adopted several initiatives to rationalise our energy usage, starting from retrofitting and replacing existing equipment to process and behavioural change to enhance our operational efficiency. Few significant ones are as below:

Energy-saving initiatives during FY 2018-19 and FY 2019-20

Measures adopted at SEZ, Indore	Energy saved (kWh/annum)
Installation of low RPM thermic fluid pump in thermic fluid secondary loop	1,57,500
Modification of the logic of Transverse Direction Orienter (TDO) supply and exhaust blower of zone 1-8	73,500
Replacement of lower KW motor of line I root blower	70,000
Up-gradation of utility cooling tower	50,000
Installation of Energy efficient AHU, Chilled water operated FCU's, Installation of chill roll cooling water circulation pump	40,87,917
Optimization of blowers speed and by automation of motor start/stop sequences according to plant running MODES in Line-2 TDO system	6,11,398
Installation of Lean phase CP conveying system, Compressed air optimization for energy and air quality	1,94,354
Annualized saving from all energy conservation initiatives: ₹ 2.77 Crore (2020)	

Measures adopted at DTA, Indore	Energy saved (kWh/annum)
Using the close loop cooling tower in winder-slitter air handling unit	3,40,000
Using the motion sensors and day night timer in plant lighting	73,000
Shift of Extruder oil heating on oil injection loop heating from electrical heating	14,00,000
Reduction of the speed of penthouse blowers in TDO	4,20,000
Reduction in the speed in crystallized blower in standby mode	1,75,000
Annualized saving from energy conservation initiatives: ₹ 1.25 Crore (2020)	

Measures adopted at Kashipur	Energy saved (kWh/annum)
Using cooling water in air handling units during winters for plant air conditioning	2,88,000
Modification of the metallizer cooling water circuit to use close loop cooling tower	1,20,000
Using single air handling unit for slitter and winder	21,600
Running single pump for chilled water	18,000
Replacing Piston type vacuum pump with Installation of Energy efficient vacuum pump in Metallizer	50,600
Replacing DC drive with AC drive system in Main plant and slitter	3,11,000
Annualized saving from all energy conservation initiatives: ₹ 0.25 Crore (2020)	



Measures adopted at South Africa	Energy saved (kWh/annum)
Installation of VFD in Chilled water Pump	89,600
Installation of Regulator speed in Air compressor	1,92,500
Installation of VFD in Cooling water pump	65,450
Water bath CLCT	6,86,412
Increasing direct fluff consumption through Ktron	1,85,500
Running PRS HCU unit with cooling water instead of chilled water.	68,600
Upgradation of conventional lights in plant with LED	98,000
Optimization of AHU run time as per environment condition	1,52,250
Annualized saving from all energy conservation initiatives: ₹ 0.36 Crore (2020)	

Water consumption and discharge

At SRF PFB, we judiciously use one of the most precious resources, i.e. water. The water used for our operations is drawn from the ground as well as surface water sources.

100%
of the waste water generated is recycled in all our units

Specific water consumption (KL/Tonne of product)



01 Environment

Waste management

In line with our philosophy of sustainable business, we are working towards closing the loop for different types of waste generated.

The different types of hazardous and non-hazardous waste generated by our operations include waste from Triethylene glycol, Effluent Treatment Plants (ETP), and other process waste.

The waste generated due to our operations requires careful handling, storage and disposal. Any hazardous waste generated at our sites are adequately disposed off in government authorised landfills or recycled through authorised recyclers and sold for reuse. Scrap management is done in a defined environment-friendly and legally approved manner.

Almost all the process waste generated is recycled in-house.

While we recycle and reuse our process wastes to reduce the use of virgin materials, being in the plastic films business, we produce materials that are recyclable. Towards this purpose, we adopt the **3R principle**.



REDUCE

To reduce the use of polymer mass per unit of packaging, SRF PFB has taken the initiative to reduce the thickness of the polyester film from existing 12 micron to 8 microns i.e. by 33%, without compromising product quality, reducing the use of virgin material at source.



REUSE

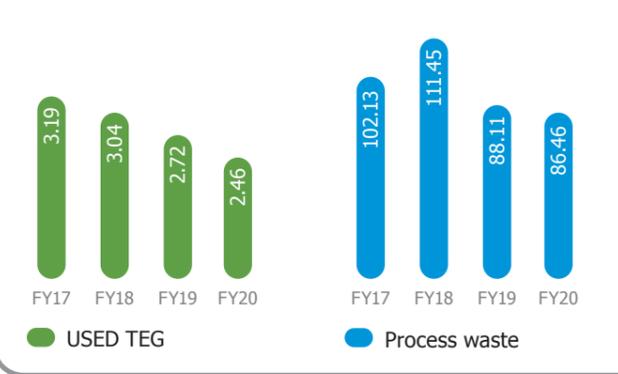
The finished products are typically packed in wooden pallets. At SRF PFB, we collaborate with customers to bring the wooden pallets back and reuse it. This is a green initiative which helps reduce the use of wooden material and at the same time saves associated costs.



RECYCLE

SRF PFB has taken up an initiative to use post-consumer recyclates (PCR), which are typically generated from PET bottles into films. We have committed infrastructural investment for this purpose.

Hazardous waste generated
(MT/10,000 MT of product)



* This does not include Kashipur unit and units where the waste generated is not of hazardous nature

Products and Solutions offered by SRF PFB to support Reduce-Reuse-Recycle initiatives

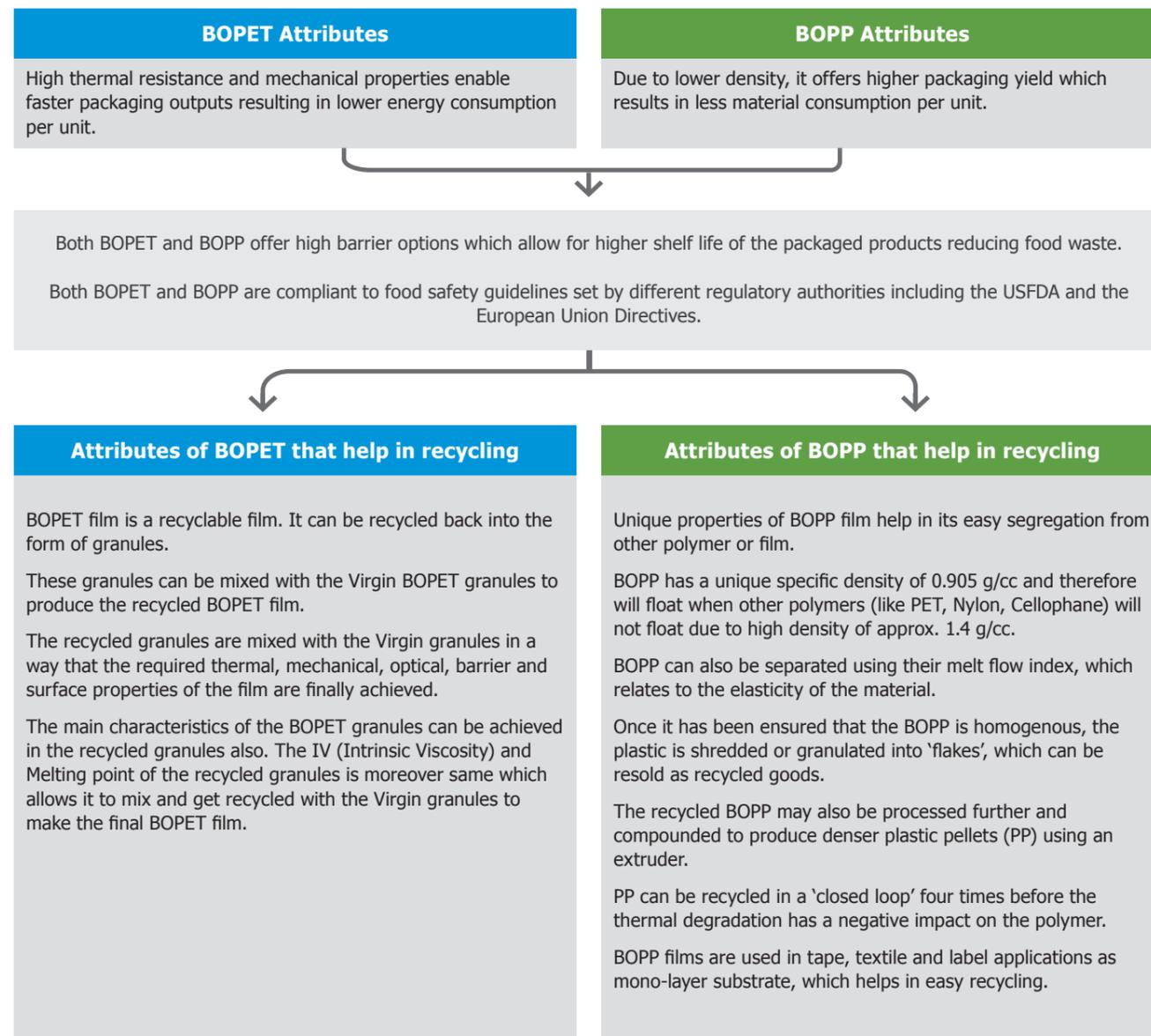
	Solution	Product	Reduce	Reuse	Recycle
Source Reduction	Downgauged Films	Printable 7.5, 08, 09 and 10 Micron PET (Plain, Corona & Coated)	Reduced Virgin Polymer Consumption by >35%		
	Functional Enhancement	Heat Sealable PET Film as sealant layer in Mono & Multi Web Pouches and Container Lids	Replacement of thick gauge PE		Enables recycling as mono-material
	Shelf Life Extension	Anti Static Coated PET	Replacement of Alu Foil, prolonged shelf life reduces food wastages		Enables Single Polymer Family Laminate Structures
	Efficiency Enhancement	Ultra High Barrier Metallised PET & OPP	Faster processing enables reduction in carbon footprint at converting equipment		Enables recycling as mono family material in laminate with HS PET
Environmentally Positive Replacements	Heavy Metal / Chlorine Footprint Reduction	Twist PET for Candy Overwrap	Replacement of PVC. Efficiency enhancement on wrapping machines.	Environmentally Positive Replacements	
		Inorganic Barrier (Transparent) Coated PET	Replacement of Chlorinated (PVDC) and Inorganic (Alox & SiOX) Barriers		Enables recycling versus incineration or landfill in case of PVDC
Circular Plastics Economy	Post Consumer Recyclate Content Consumption	12 Micron 90% PCR PET Film [Printable (corona, chemical), Metallised High Barrier)	Reduced Virgin Polymer Consumption by 90%		Promotes Post-Consumer recycling rates for film production
	Single Family Solutions	HSM	Offers barrier as well as sealant solution		Enables single family recycling
		HHS	Replacement of thick gauge PE		Enables Single Polymer Family (PET) Laminate Structures
		Mono Web PET & OPP	Enables to reduce polymer mass		Enables single family recycling
		NCL-TR	Enables to operate OPP based structures at higher temperature and speed		Enables Single Polymer Family (Olefinic) Laminate Structures
	Industrial Multi Use	Release PET		Upto 5 time reuse without compromising functional performance	Plastic Free Cardboard. Carrier Layer (PET) recycling as mono-layer, the release film goes back in system again
	Responsible Manufacturing Process	Process Waste (Film) Recycling	Reduced Virgin Polymer Consumption by 10%		>95% recylation rate of processed film wastes
Returnable External Packaging	Recollection of wooden pallets/cores with select customers/markets		Re-use of external packaging components	>95% recylation rate of processed film wastes	

01 Environment

Product responsibility

We are continuously improving the way our products are designed, manufactured, distributed, consumed and disposed, to ensure least environmental impact. Both BOPET and BOPP films are recyclable and render themselves to be environment friendly.

Moreover, the production process of these films is proven to be less intensive as compared to other alternative packaging materials such as glass, aluminium, papers, among others.



R&D and Innovation

Research and innovation are key to our growth strategy. We lay emphasis on developing new products.

- At our world-class product development centre
- With all the major equipment and technology for testing, analysis, reverse engineering of products. Our R&D Centre also houses the pilot resin, pilot coating and printing facilities.

Four new products were launched in FY 2018-19 and five in FY 2019-20. Significant growth was also registered in value added products. To further widen the product portfolio and provide additional value to our customers, an offline coating facility was set up in India.

There have been zero incidents of non-compliance of health and safety regulations, as well as, any voluntary codes. We have also had no violation or instances of non-compliance with 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.

Product innovation and safety

Our product innovation helps create customised solutions for varied customer requirements and meets the highest standards of consumer health and safety. Research and development are the bedrock of SRF PFB's continued 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.

Product labelling

The product in packaging films business is delivered in the form of rolls and each roll consists of a label. The labels cover the unique roll identification number, information on thickness, the product grade, the dimensions, and the winding directions and other statutory details. In addition, a material safety data sheet is shared with the customers.

We customise the labels as per the customers' requirements, making the traceability and usage of the product easy for customers.



Regulatory compliance

All our environment-related activities comply with the rules and regulations of the Government. During the reporting period, we have not received any notices or notices for monetary fines from regulatory bodies such as the Pollution Control Board (PCB) or the Ministry of Environment, Forest and Climate Change (MoEFCC).

02 Engagement

Touching and transforming lives

Engagement has played an important role for our very existence and we consider well-being and development of the society as one of our core responsibilities. The management proactively engages with all stakeholders to formulate mutually beneficial business strategies and create value. Open and honest communication through a variety of traditional and innovative ways with a wide range of stakeholders provides valuable insights not only regarding emerging trends, business risks and opportunities, but also ways to serve the society in a sustainable manner.



Employee engagement survey score (2020)

95% (Officers)
96% (NMS)

Employee engagement

Like any other well-developed organisation, our success depends on our people performing to the best of their abilities. The management and non-management employees, which form our workforce, have played and continue to play a vital role in contributing to our success.

To achieve this, they must feel motivated, connected and valued. Ensuring our employees are engaged helps foster a culture of personal responsibility and innovation. Numerous initiatives have been taken to encourage teamwork and interpersonal relationships between employees of all levels. This approach ensures our employees are continuously engaged and motivated.

Every year, employee engagement survey is conducted for the management and non-management staff and the survey results are very encouraging.

At SRF PFB, we follow the PRAISE philosophy.

Other engagement initiatives include summer camps for employee kids, family picnic and programmes for celebration of festivals.

We have a few employee connect programmes as well.

1. A quarterly programme 'Samagam' is organised, wherein the CEO meets the managerial and non-managerial staff in the corporate office. In this programme, each department updates on the business performance every quarter.
2. Similar programme takes place every month at the plants – 'Mahapanchayat'.
3. Every year, an open-house is organised for employees to voice their concerns and suggestions.

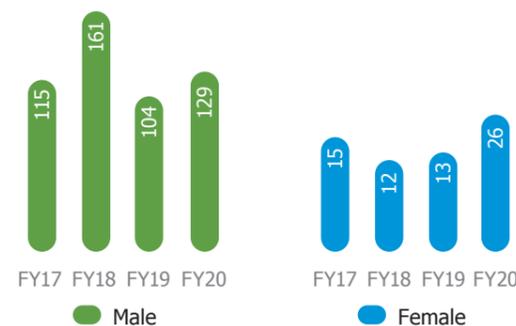
Diverse workforce

Operating in a diverse culture, we are committed to providing equal opportunity in employment and promoting diversity within a respectful, inclusive workplace. We have taken up steps to maintain gender diversity and create a mix of people with varied work experience to maintain a balance of the experienced and young professionals.

Employee count (in No.)

	FY17	FY18	FY19	FY20
Total number of employees	650	731	782	996
Women in workforce	55	52	58	92
Total number of contract labourers	725	699	664	744

New employee hires (Gender-wise) (in No.)



Workforce turnover (%)



Note: These are for Indore SEZ, DTA and Thailand units

We consistently strive to ensure that our employees not only get a safe and satisfying work environment, but are also assured about maximum possible growth and job satisfaction by following the most prudent and practical methods of evaluation.

New employee hires (Age-wise) (in No.)

	FY17	FY18	FY19	FY20
Age 20-30	64	84	72	108
Age 30-40	47	58	36	34
Age 40-50	19	22	7	11
Age 50 onwards	0	5	2	2

Encouraging diversity at workforce

- We have engaged female colleagues significantly at the shop floor, which is a breakthrough for PFB in India.



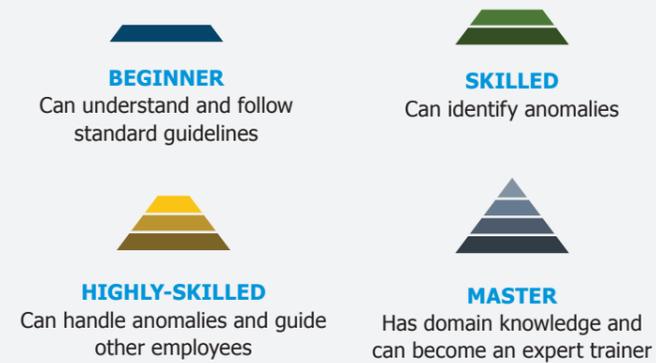
- To enrich the demographic diversity in the recent years, we hire employees worldwide.
- Infrastructure requirement has been reviewed and modified as per requirement.
- Policy against Sexual Harassment: At SRF PFB, we aim to create a healthy and conducive work environment. In this regard, we have put 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).

02 Engagement

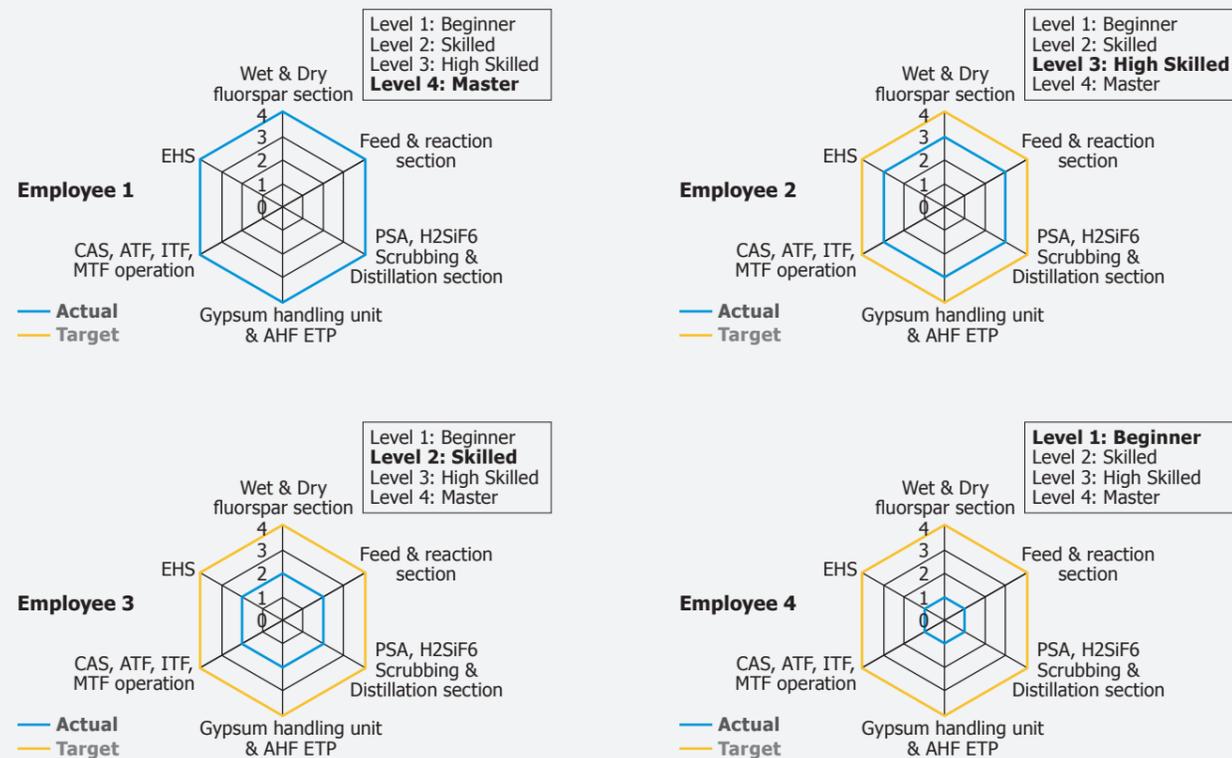
Employee development

We are committed to the professional development of our employees. Our conducive work environment encourages employees to acquire new skills and improve their knowledge curve. Employee training plays an important role and has a positive impact on employee satisfaction, performance and retention. Also, our training methodologies are tailored to job profiles and business segments.

The range of technical parameters based on which an employee is assigned one of the above four categories are:



Skill Matrix Sample



Levels of **skill** and **expertise** our employees can achieve have been listed below and are categorised accordingly:

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

We conduct this evaluation periodically and the outcome of these are used to design training programmes focusing on individual skills and improvement areas of our employees.



Workforce trainings

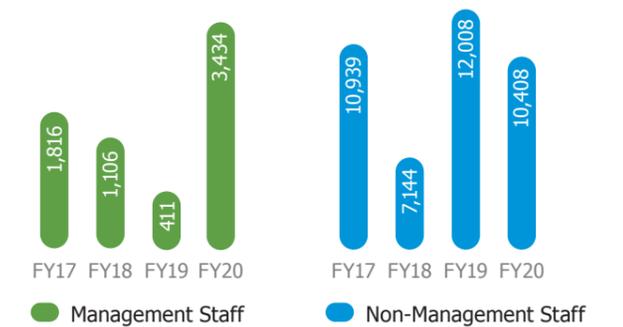
We identify training needs with employees and their managers, which are then validated and agreed upon. A training calendar is prepared accordingly. We also have a system for the management staff to track the training progress and map the training plan. A training portal 'SOUL' monitors the training plans for the officers and tracks the training hours as well. For non-management staff, this process is manual and we are planning automation next year onwards. The types of training programmes conducted include:

1. Technical training
2. Behavioural training
3. Functional training
4. Safety related training workshops
5. Legal compliance training
6. Training on POSH

Average training hours (per person)



Training person hours



02 Engagement

At all our locations, the management of SRF PFB shares a harmonious relationship with the workforce and we have not lost any manhours due to labour unrest.



Work environment

A safe and productive environment is our priority. Besides abiding by the labour laws, we have got strict internal systems as well, which help us follow responsible labour practices. Some of these practices include, spreading awareness regarding our policy on social accountability through continuous communication. We engage with our workers for the maintenance of healthy working conditions and conduct committee meetings to do a periodic review of the existing policies on working conditions.

To bring in more transparency, third-party audits are carried out by expert auditors such as Bureau Veritas, who 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

Occupational health & safety

We, at SRF PFB ensure safe and healthy work environment for all our employees and contract workforce. We believe that the onus of ensuring safety lies with every employee. Hence, we have created EHS Committees to bring about behavioural change on safety.



EHS Committees

EHS committees comprising employees from both management as well as non-management teams are formed. The purpose is to ensure that all operations meet the requirements of the organisation's Health and Safety Policy and any relevant matter concerning health, safety and environment are dealt with. We monitor and address issues at an early stage to take pre-emptive measures and report near-miss incidents.

The Company takes safety as a priority regardless of Full-Time employees, Contractor workforce and visitors as well.

All individuals who enter the factory – both employees and visitors are given safety induction training and instructions on use of Personal Protective Equipment (PPEs) at the plant gates, prior to entering the plant premises.



PFB Indore (SEZ Unit) becomes the 1st recipient of the prestigious Sword of Honour and Five Star Rating by the British Safety Council in the Indian Packaging Films Industry in the year 2018.



Avish Tiwari - Head of Safety at Indore and Sidharath Behl - Vice President (Manufacturing) and Site Head at DTA, received the Sword of Honour award for the SEZ and DTA sites respectively in the year 2019.

SRF Limited, Packaging film Business, Indore AWARDED PRESTIGIOUS HEALTH AND SAFETY MANAGEMENT AWARD



Our SEZ & DTA Plants were two of 84 organisations worldwide that achieved a Sword of Honour, which is awarded to companies that demonstrate excellence in the management of health and safety risks at work.

SRF's Packaging Films Business, DTA and SEZ sites in Indore, India have been awarded the prestigious Sword of Honour by the British Safety Council on November 22, 2019 in London. Each year, the British Safety Council presents the Sword of Honour to companies around the world for excellence in health and safety management. SRF is proud to have demonstrated to an independent adjudication panel a proven track record of excellence in managing risks to workers' health and safety and to the environment. It is a testament that SRF is leading the global efforts to make our workplace safe, healthy and sustainable.

On behalf of the board of trustees and staff of the British Safety Council I would like to congratulate SRF Limited, Indore on achieving the very highest standards of health, safety and environmental management. Excellence at this level is very hard won. We are proud to have supported you in your achievements, and I am delighted that you have chosen to celebrate it with us today.

Lawrence Waterman
Chairman of the British Safety Council

I would like to congratulate SRF, Indore and its staff for their huge commitment to keeping their workplace safe and healthy from their organisations' day-to-day activities.

Mike Robinson
Chief Executive of the British Safety Council

Certifications



02 Engagement

Community development

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 through various programmes on natural resource management, education and community partnership.

Our corporate social responsibility arm, the SRF Foundation, spearheads all our CSR related activities in India. Our CSR Champions lead and execute these programmes. In Thailand and South Africa, the CSR activities are directly managed by the SRF PFB team.

CSR beneficiaries (by end of FY20)

~**80,000** students in

~**270** schools at **21**

locations across **9** states in India



SRF has been conferred the Corporate Award for Excellence in CSR by the President of India. We won the Award for 'CSR in Challenging Circumstances – North India'.



There are multiple CSR projects addressing a wide variety of societal issues.

School Adoption & Mobile Digital Lab Program in collaboration with IndiGo

Under this program, Government schools are transformed into 'Model Schools' through academic, digital and infrastructural upgrades. The program aims to ensure 0% out-of-school children in project areas, age-appropriate student learning outcomes, promoting leadership among schools, communities, head masters/teachers, students and SMCs. It is aimed at developing ownership and foster sustainability among schools and communities.

Various facilities have been developed in schools such as the installation of play equipment, distribution of green boards for classrooms, construction and maintenance of library and science labs, BaLA (Building as Learning Aid) paintings, drinking water stations and functional toilets. Within the ambit of the Academic Enrichment Program, workbooks are designed for class 1 to class 8 based on their school curriculum. It helps them practice and revise the topics taught in class.

Another key component of the program is IndiGo GetSmart lab that offers a mobility solution to bridge the existing digital divide by bringing the world of information and knowledge over wheels to isolated and disadvantaged groups in rural and semi-urban locations. IndiGo GetSmart is a 20 seater, IT-enabled air

conditioned vehicle equipped with 20 computer system, interactive panel, printing equipment as well as numerous software and e-learning tools.

This program is currently operational around PFB's Indore facility and other four locations, covering 75 schools and positively impacting the lives of 24,000 students.

Swachh Vidyalaya

Swachh Vidyalaya – 'Bachcho Ka, Bachcho Ke Liye, Bachcho Dwara' is a campaign to promote healthy, hygienic practices with the slogan of "Pehle Safai, Phir Padhai".

The objective of the campaign is to sensitize children towards the need and importance of cleanliness and create a clean and hygienic environment in schools. A key feature of the campaign is to ensure the proper functioning and maintenance of water, sanitation and hygiene facilities that are necessary to produce a healthy school environment and to develop or support appropriate health and hygiene behaviors. The program also aims to facilitate the larger goal of improving the health, school enrollment, attendance and retention of children.

Swachh Vidyalaya initiative is operational in nine Indian states – Haryana, Karnataka, Rajasthan, Madhya Pradesh, Tamil Nadu, Uttarakhand, Gujarat, Uttar Pradesh and Assam, positively affecting the lives of more than 78,714 students across 269 schools.



KidSmart Learning Program

SRF Foundation runs the KidSmart Learning Program in collaboration with IBM India Pvt. Ltd. The KidSmart Program provides an opportunity to children of Government primary schools to experience state-of-the-art computer-aided learning. The initiative integrates reading, cognitive, physical and creative aspects of learning.

The program has touched the lives of 1,380 students across twenty schools in seven locations in India.



03 Enterprise

Enhancing economic impact

The key motto of our 'Enterprise' is 'Easy To Do Business With'. This motto truly reflects how we deliver value to our customers, share best practices with suppliers and create value for our stakeholders. To maximise the benefits that reach our stakeholders, we focus on multiple facets of what makes us a sustainable enterprise.

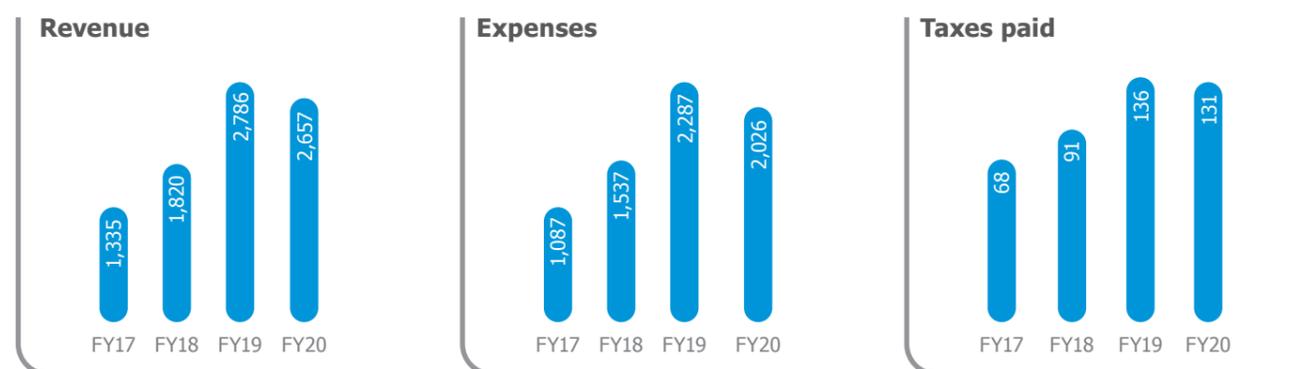
Additional capacity for FY 2020-21

~ **75,000** MT/annum

Enhancing economic value

Our financial performance, including revenue, expenses, jurisdiction and tax compliances, is regularly assessed and publicly reported in our Annual Reports. While growing as a profitable business, we ensure that the economic benefits of our growth are far reaching. Not only through direct employment generation but also through the indirect impact our businesses have in the regions we operate in.

PFB Economic Performance (₹ in Crore)



Facilitating community development

We care for the community and steward several programmes under the aegis of SRF Foundation. These programmes are implemented in collaboration with local partners, who provide relevant suggestions and insights to help accelerate need-based outcomes.

We help drive change at the grassroots and our intervention areas focus on diverse realms from imparting education to people at the bottom of the social pyramid, facilitating skill development and supporting preventive healthcare.

Encouraging the local economy

Suppliers are the backbone of our operations and new suppliers for SRF PFB are selected and evaluated not only based on economic viability but also on their environmental, social and corporate governance standards. By engaging with local suppliers and contractors, we also contribute to the development of the local economy.

Our suppliers comprise contract workforce providers, transport vendors, security vendors, and housekeeping personnel, among others. They belong to the states or provinces where we have presence.

In addition to the contribution we make to the national exchequer, our operations also create significant indirect economic benefits through the development of ancillary industries and supporting infrastructure.

Partnering customers in their growth

We also aspire to be the preferred supplier for our customers. We create opportunities for mutual growth. One of the value-drivers for our customers is optimal pricing. We allow flexibility in terms of pricing and contracts to our coveted customers. We not only work with converters, we also work with end customers which include global FMCG firms.

A very important aspect of customer centricity is our focus on quality. The Total Quality Management System we follow is essential for our long-term value creation.

Total Quality Management (TQM)

As part of the TQM system, we have developed systems and processes, which ensure complete quality control of our products and operations. Multiple cross-functional teams facilitate the process of implementing TQM. The quality control measures are audited every six months and the findings are communicated to the workforce on the shop floor.

Quality, Cost, Delivery, Service (QCDS) are critical elements that help us deliver efficiently and stay relevant. We are inspired by our overarching guiding principle of 'Easy To Do Business With', and we have the strength and flexibility to adapt to evolving customer aspirations, and shifting market dynamics to maximise plant efficiency and deliver diverse films solutions. To put in succinctly, enriching the quality of life and making an enduring difference in the communities in which we operate continues to be a part of SRF's values and mission.

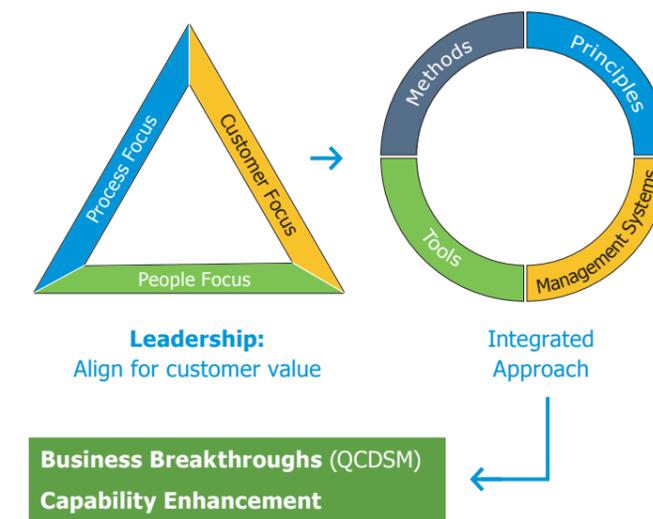
The TQM training is conducted as part of the induction process.

Training on TQM (Man hours)

Unit	2016-17	2017-18	2018-19	2019-20
South Africa	455	641	646	552
Thailand	200	300	400	152
DTA & SEZ	775	1064	637	2080
Kashipur	-	264	264	362
Total	1430	2269	1947	2461



We practise our own unique system of TQM



Regulatory compliance

We continuously upgrade our compliance mechanism to meet the changing regulatory requirements. We have evolved appropriate quick-response systems through which we maintain high levels of transparency in all our dealings. Our internal and external auditing mechanism is robust and conveys the audit results to the higher management.

To our valued Customers and Partners

Sustaining through challenging times

The COVID-19 pandemic brought the whole world to a standstill. It affected production, disrupted supply chains and markets, resulting in huge financial losses. SRF Businesses too had a tough time with unexpected closure of operations for a considerable period. Since the Packaging Films Business (PFB) is part of the essential goods value-chain, we continued to operate our factories in a scaled-down manner during the national lockdown.

The health and safety of all our stakeholders is paramount and we are following the guidelines from WHO, local governments and the national health authorities. Given the extraordinary circumstances, SRF's Packaging Films Business put in place several measures to prevent the spread of the virus, safeguard its operations and keep its employees safe – all this while serving our global customers.



Production processes

Daily cleaning and stringent hygiene protocols for employees and visitors have always been followed across our factories around the world. With the COVID-19 pandemic, we have instituted increased frequency and depth of cleaning at all our sites. We have reduced all visitor traffic to our facilities, limiting this to business-critical operations and implemented travel restrictions.

Meeting our customers' requirements

The COVID-19 pandemic has accentuated the need for hygienic packaging of essential commodities in the food and non-food categories. SRF's PFB manufacturing units in India and overseas **continued to run its operations** with minimum manpower and uncompromised quality during lockdowns announced by governments across the globe.

Our team acknowledges that their job facilitates an important end goal – of manufacturing packaging films that are important to keep food and other vital products fresh and safe.

Our 'Easy to Do Business With' (ETDBW) philosophy is part of our DNA and ingrained in the entire team. We start the day with one simple question - How can we do it better? 'We always find a better way' is an unwavering commitment recognised and appreciated by our valued customers.



...your dedication... to supply the necessary large volumes...allows us to keep on serving our customers in the Food, Beverage, Pharma, Personal Care and Medical industry and to... maintain the supply chain in countries all over Europe and the World... contributing to keeping the supply of products towards us unaltered, despite the challenges posed by the COVID-19 outbreak.

- One of our major customers in Europe



We are very much aware of the pivotal role that you, our Valued Supplier plays in our country as an essential business in ensuring the supply of food, pharmaceutical, healthcare, and specific industrial products, and we are proud to be associated with you in order to keep the essential supply chains turning during these essential times.

- One of our major customers in Europe

Manufacturing prowess

In 2020, the PFB team commissioned its second BOPET film line at Rayong, Thailand. What is particularly significant is that even during these difficult times, the project team displayed immense process capability and technological ability to commission the plant. The **plant start-up was done via an online commissioning of the line – first-of-its-kind in the industry.** Capable of producing approximately 40,000 MT/annum, the new BOPET film plant in Thailand houses best-in-class 10.6m wide Dornier make line, which is the widest and latest technology machine available anywhere in the world. In addition, direct film casting has been installed, which is expected to result in significant cost savings, thereby increasing competitiveness and lowering the overall carbon footprint of the plant.

The team also commissioned another BOPET film plant in Hungary in 2020, it's first in Europe. This line was in quick succession of the 2nd BOPET film line at Thailand, making SRF **one of the top manufacturers of packaging films globally.** This state-of-the-art facility houses an ultra-modern 10.4m wide BOPET film line from Bruckner, Germany, which can produce 40,000 MT/annum. The facility also boasts of many firsts. From the installation of ultra-modern machinery to the enablement of a number of smart initiatives like a fully automated roll conveying, RFID embedded finished-good stocks and barcode enabled stores and spares management system, it will also envelop various energy conserving methods that reduce the overall carbon footprint of the plant.



Employee safety

We took pro-active steps to protect our teams that include additional hygiene, social distancing (including in canteens) and limiting access of employees on a need to need basis throughout our manufacturing sites.

Community engagement

At PFB, we are doing what it takes to contribute to the philanthropic aspect of the COVID-19 crisis. We believe that it is important for industry to play its part in helping the fight against COVID-19.



At our facilities in Indore, MP, India, we operated a **community kitchen** during the national lockdown **to feed more than 1,000 migrant workers and frontline teams daily.** Addressing the urgent need for personal protective equipment (PPE) by frontline workers, the PFB Indore team **donated 1,000 PPE kits and 1,000 liters of hand sanitizers to the local authorities.** We also made a financial contribution to the Medanta hospital in Indore.

At our overseas facility in South Africa, our team **served 3,500 people by distributing food packets and hygiene kits.** We also made a monetary contribution to The Solidarity Fund, a fund set up by the Presidency of South Africa.



Going forward

In 2020, SRF's Board approved an investment in a second BOPP film manufacturing facility in India at Indore, Madhya Pradesh. This addition expands upon our established BOPP film facilities located in South Africa, India and an upcoming one in Thailand.

In keeping with our 'ETDBW' philosophy, we have been investing in expanding our manufacturing footprint to ensure customer satisfaction while offering closer sources of supply and flexibility in supply to our customers.

We always find a better way





Bringing together social, economic and environmental factors, 'Sustainable' Growth is the only way forward; especially for packaging industry where resource usability and recyclability is a global concern.

At SRF Packaging Films Business, our commitment is clear – To put into practice sustainable practices for tangible results. Some of these we have articulated in this maiden sustainability report and hope to strengthen our disclosures over the coming years.





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