

**RESPONSIBLE AND ETHICAL  
BUSINESS PRACTICES 2019-20**



# Responsible and Ethical Business Practices

**Adherence to good corporate governance practices and managing its affairs in a fair, honest, ethical, transparent and legally compliant manner is an integral part of the philosophy of GFCL.**

We are committed to the prevention, deterrence and detection of fraud, bribery and all other forms of corrupt business practices. We conduct all our business activities with honesty, integrity and the highest possible ethical standards, and vigorously enforce our business practice, wherever we operate, of not engaging in bribery, corruption or extortion with any government officials or any person for or on behalf of the Company.

We are committed to conducting our business in compliance with all applicable laws and regulations, including anti-bribery, anti-corruption laws, Indian Prevention of Corruption Act, 1988 while being committed and aligned to the UNGC Principles, ISO 26000 standards, National Voluntary Guidelines on Social, Environment and Economic Responsibilities and continue to improve these practices over the years.

Our commitment is further consolidated with the signing of the UNGC, ensuring that our Social Responsibility systems and procedures are in consonance with the ISO 26000 standards. We are also certified with ISO 37001 (Anti -bribery Management Systems). Our overall values of ethics and integrity while doing business are enshrined in the Company’s Statement of Fair Business Practice.

Stakeholder Engagement Level vis-à-vis Business Process Evaluation to Identify Risk Assessment of Bribery, Corruption and Other Unfair Business Processes

Doing business in a fair, transparent, and ethical manner while complying with all applicable laws is part of our

overall sustainability strategy and an important material topic. We have taken a step wise approach to de-risk the possibility of bribery and corruption across the different functions of the Company.

### Step 1 – Functional Exposure to Stakeholder Engagement

Each function is mapped vis-à-vis the various stakeholders on the engagement level. The more the engagement, higher is the possibility of exposure to corruption and bribery. Based on the above, a functional Stakeholder & Bribery Risk Matrix has been drawn up.

### Step 2 – Function wise Process FMEA

Operational processes of each function have been identified and each of the processes are evaluated through a Process Failure Mode Effect Analysis (FMEA) to calculate the Risk Priority Number (RPN).

Function	Location	Number of Processes	Number of Processes covered under Risk Assessment for Bribery, Corruption and Unfair Business Processes	% compliance
Operations	Dahej, Ranjitnagar	14	10	71
Human Resources	Noida, Dahej, Ranjitnagar	12	10	83
Commercial	Noida, Dahej, Ranjitnagar	12	05	42
Safety, Health and Environment	Dahej, Ranjitnagar	8	05	63

We will continue to conduct such Functional Process FMEA to identify the bribery, corruption and unfair business practices risk.

### Step 3 – Identified High Risk Activities

Based on the above FMEAs, we have identified 24 possible high risk activities.

### Step 4 – Implementation of Mitigation Plan

A mitigation plan has adopted to contain the risk of bribery and corruption by way of:

- a) Communication of Company policy to all stakeholders
- b) Training and awareness to all employees
- c) Putting in place financial and non-financial controls

### Policy Framework

We have formulated a Code of Conduct (CoC) to ensure that the business of the Company is conducted in accordance with the highest standards of ethics and values, while complying with the applicable laws and regulations. The CoC encourages each and every Director and Officer of the Company to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct while working at the Company's premises, at offsite locations, at the Company's sponsored business and social events, and/or any other place where they represent the Company.

The policy on Company Related Party Transaction, which is available on Company website ensures the mitigation of the risk associated with money laundering. There has been no reported case of money laundering during the reporting period.

Independent Directors of the Company have given the declaration and confirmation to the Company as required as required by the Companies Act, 2013 and SEBI regulation 2015, confirming that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

### Declaration by the CEO under Clause D of Schedule V of the Listing Regulations:

I, Vivek Jain, Managing Director of Gujarat Fluorochemicals Limited, declare that all the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Board and Senior Management Personnel for the financial year ended 31st March, 2020.

Date: 30th July 2020  
Place: New Delhi

**Vivek Jain**  
Managing Director

Any instance of non-compliance of any of the provisions of the CoC is treated as a breach of ethical conduct and is viewed seriously by us. We also have a Whistle-blower Policy which is a mechanism to reinforce implementation of the CoC which encourages each Director and Officer of the Company to take positive actions which are not only commensurate with the Company's belief but are also perceived to be so. This policy provides all employees and Directors of the Company and its subsidiaries a mechanism to report improper acts and provides adequate safeguards against victimization.

We have a 'Zero Tolerance' approach to all forms of fraudulent acts. We strive to maintain the highest standards of governance, personal and corporate ethics and compliance with all laws and regulations. We value integrity and honesty while dealing with all employees, customers, suppliers and other stakeholders. We are committed to support government, law enforcement and international bodies to combat any financial crime.

Our HR Operations Manual has the following guidelines to ensure corruption and bribery free operations which is also available on our Company website

1. HR/65 - Guideline on Prevention of Corruption & Bribery
2. HR/66 - Guideline on Code of Conduct
3. HR/67 - Guideline on Prevention of Fraud
4. HR/68 - Guideline on Conflict of Interest
5. HR/69 - Guideline on Whistle-blower

# Responsible and Ethical Business Practices

We take systematic steps to implement our anti-corruption system, by doing the following:

- a) **Detailed procedures:** develop detailed procedures that support our anti-corruption commitment and cover forms of corruption such as bribes, gifts, entertainment and expenses, donations and sponsorships, political contributions, facilitation payments and conflicts of interest;
- b) **Responsibility:** The Functional Heads have the responsibility to devise, implement, monitor and improve the programme under the oversight of top Management;
- c) **Business partners:** communicate our anti-corruption commitment to our business partners and obtain anti- corruption standards of them;
- d) **Awareness and education of employees:** provide communication and training to ensure that our employees understand the Company's policies and procedures as well as the Leadership's

commitment to zero tolerance of corruption;

- e) **Consequences:** ensure that appropriate measures shall be taken if the anti-corruption programme is violated;
- f) **Monitoring and continuous improvement:** carry out regular reviews of the anti-corruption programme including internal audits, provide resulting reports to top Management and the Board and take necessary actions to improve the system.

## Ethics and Fair Business Practices Governance Mechanism

At GFCL, governance extends beyond regulatory and legislative requirement. We strive to emphasis on an enterprise-wide culture of good corporate governance with an endeavour to ensure that decisions are taken in a fair and transparent manner, while considering its impact on all stakeholders. We actively monitor and revise our governance structures, practices and processes from

time to time, to ensure the adoption and implementation of best practices.

Our Board of Directors are accountable to shareholders and other stakeholders and are responsible for setting and implementing sound corporate governance practices throughout our operations. Our Board of Directors are committed to assure adherence to the highest standard of corporate governance in the conduct of our business.

We strive to promote good governance practices to create transparent dialogue across the Company vertically, enabling proper channels of communication with respective stakeholders. The Board members are entrusted with the responsibility to make overall strategy and policy decisions and supervise their implementation. They work as a team with a shared vision and are fully aligned to the Company's mid-term strategy and purpose.

Ethics Committee is part of our governance structure which ensures the formulation, implementation and review of the Fair Business Practices Policy across the Company. Details of the composition and area of operation of the Committee is given in our Integrated Annual Report FY 2019-20.

## Trainings and Communications on Anti-Bribery, Corruption and Fair Business Practices

Every existing governance body member, employee, business partners and those who join the Company have to sign a declaration stating that they have read, understood and declared compliance. All the above stated guidelines are included in the Employee Handbook of all Company locations. All employees are trained on various policies which cover the following aspects:



1. Established procedures which enable to take appropriate disciplinary action against personnel who violate the anti-bribery policy or anti-bribery management system.
2. They are also made aware that personnel shall not suffer retaliation, discrimination or disciplinary action (e.g. by threats, isolation, demotion, preventing advancement, transfer, dismissal, bullying, victimization, or other forms of harassment) for:
  - a. refusing to participate in, or turning down, any activity in respect of which they have reasonably judged there to be a more than low risk of bribery that has not been mitigated by the Company; or
  - b. concerns raised or reports made in good faith, or based on a reasonable belief, of attempted, actual or suspected bribery or violation of the anti-bribery policy or the anti-bribery management system (except where the individual participated in the violation).

Total number of governance body members to whom the Company's anti-corruption policies and Fair Business Practices Policies and procedures have been communicated	16
% coverage	100%
Total Number of employees to whom the Company's anti-corruption policies and Fair Business Practices Policies and procedures have been communicated	2216
% of employees to whom anti-corruption and Fair Business Practices policy and procedures have been communicated	100%

We initiated trainings pertaining to anti-corruption policies and Fair Business Practices policies and procedures from FY 2018-19, and such trainings have been given to all governance body members and employees.

#### Trainings pertaining to anti-corruption policies

Domestic										
Management System Topics	Content	Location	FY 2018-19				FY 2019-20			
			Male	Female	Training Hours	Man-hours	Male	Female	Training Hours	Man-hours
Fair Business Practices	Prevention of Corruption, bribery for employees, fraud, whistleblower, equal employment opportunity	Noida & ROI	56	14	2	140	104	20	2	248
		Dahej	823	11	3	2502	967	11	2	1956
		Ranjitnagar	315	3	3	954	346	4	2	700
		Vadodara	60	0	1	60	53	5	2	116
Total			1254	28	9	3656	1470	40	8	3020

# Responsible and Ethical Business Practices

## Trainings pertaining to anti-corruption policies

		International								
Management System Topics	Content	Location	FY 2018-19				FY 2019-20			
			Male	Female	Training Hours	Man-hours	Male	Female	Training Hours	Man-hours
Fair Business Practices	Prevention of Corruption, bribery for employees, fraud, whistle blower, equal employment opportunity	America	6	3	2	18	8	4	2	24
		Europe	5	1	2	12	17	3	2	40
Total			11	4	4	30	25	7	5	64

Our anti-bribery, corruption and other Fair business Practice policies are also communicated through banners, posters and flyers across all our Company locations.



### Standards of Behaviour for our Business Partners

Our Sustainable Procurement Policy defines the standards of behaviour which all our business associates must adhere to, in order to do business with us. The details are presented in the 'Responsible and Sustainable Procurement' chapter of this report.

### Information Security

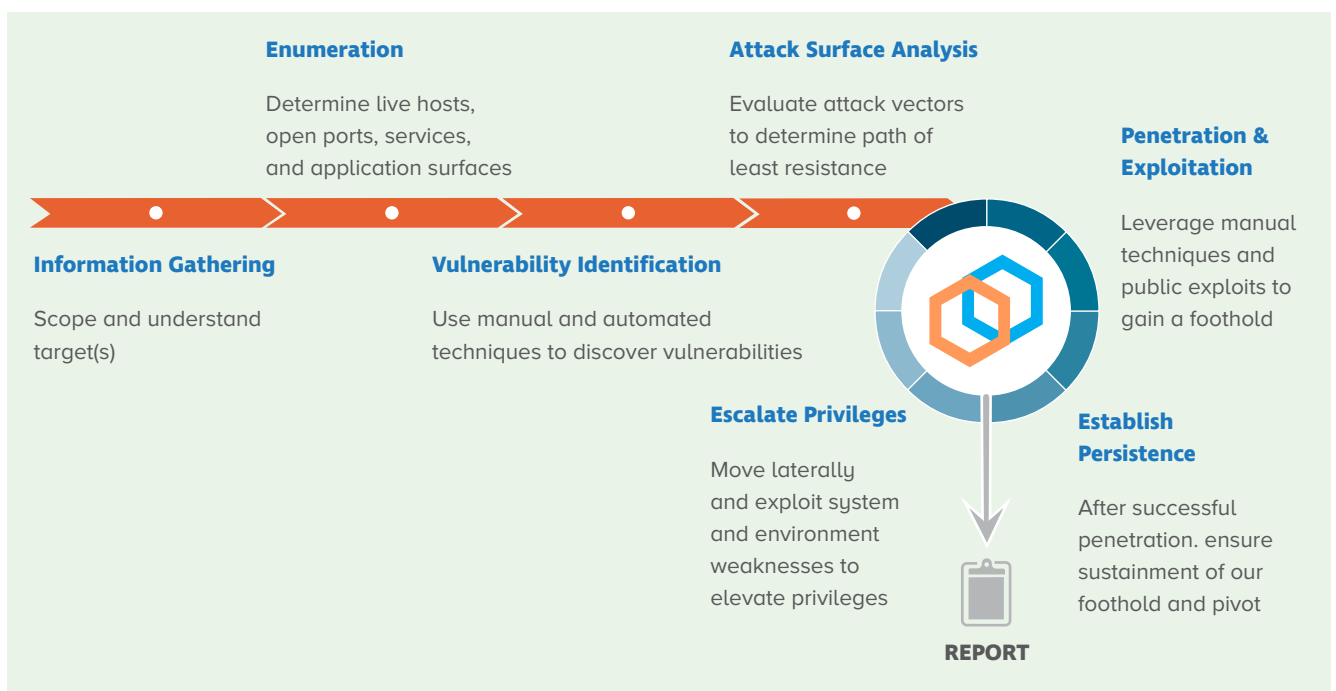
We look at cyber security through the lens of the SDGs to demonstrate the socio-economic importance of trust in and security of the digital environment. Effective use of innovative technologies is critical to the realization of many of the SDGs, and the path to those goals would be substantially undermined in the absence of appropriate cyber security. Today, when cyber-attacks are considered the one of the biggest possible threats that humanity will have to deal with in the coming years, an effective, timeless, and robust strategy to address this threat becomes indispensable. Cyber threats also evolve with the advancing technologies, always lurking behind the shadows of feeble security walls of a Company's IT infrastructure, eyeing for the minutest gaps to seep through.

In order to gear up and address this risk, we have undertaken ISO 27001 certification of our IT platform (Information Security Management). We

undergo periodic IT security audit and our IT infrastructure and usage is governed by the IT Security Policy.

We have performed a vulnerability assessment and penetration testing audit for our cyber security and network security devices like Unified Threat Management (UTM)/ Firewall switches and endpoint (anti-virus).

### GFCL's Penetration Testing Process



### All relevant employees are trained on information security and data privacy aspects.

Domestic										
Management System Topics	Content	Location	FY 2018-19				FY 2019-20			
			Male	Female	Training Hours	Man-hours	Male	Female	Training Hours	Man-hours
Cyber & Data Security	Introduction to cyber security and its importance, Types of Hackers and malwares, Its Counter measure	Noida & ROI	40	5	2	90	75	18	2	186
		Dahej	130	5	2	270	184	11	2	390
		Ranjitnagar	60	2	2	124	95	4	2	198
		Vadodara	34	5	2	78	39	6	2	90
Total			264	17	8	562	393	39	8	864

# Responsible and Ethical Business Practices

**All relevant employees are trained on information security and data privacy aspects.**

International										
Management System Topics	Content	Location	FY 2018-19				FY 2019-20			
			Male	Female	Training Hours	Man-hours	Male	Female	Training Hours	Man-hours
Cyber & Data Security	Introduction to cyber security and its importance, Types of Hackers and malwares, Its Counter measure	America	4	1	2	10	5	1	2	12
		Europe	8	2	2	20	7	2	2	18
Total			12	3	4	30	12	3	4	30

## Personal Data Privacy of Employees

We recognize that personal data protection and privacy is no less than a fundamental right of an employees and misuse of such data is a human rights violation. We believe that employees have rights in relation to their own personal data processed by the Company, and as employees of the Company they have responsibilities for the personal data of others (i.e. clients, customers and colleagues) which they process in the course of their work. The HR Operations Manual has the HR Guideline Number HR/75 – ‘Guideline on Confidentiality of Employee Personal Data/Information’. All employees must compulsorily sign a declaration of compliance in this regard at the time of joining the Company.

All our Business Associates with whom we share employee personal data also must sign a non-disclosure agreement.

% of employees covered under Personal Data Privacy policy communication	100%
Number of Business Partners who have access to Employee Personal Data	6
% of Business Partners who have access to Employee Personal Data and have signed Non-Disclosure and Confidentiality agreement	100 %

## Political Donations and Lobbying

We are apolitical and we advocate government policies. Political donations, if they are made, are as per Section 182 of the Indian Companies Act, 2013. The details of donation to the Electoral Trust and political parties in the year 2019-20 is given in our Annual Report FY 2019-20. Lobbying activities are generally limited, however, we have had several situations over time where we have sought dialogue with local or central authorities around areas of concern. These have included:

- Dialogue at ministerial level
- Dialogue with senior bureaucrats
- Dialogue with senior Statutory Authority

In most cases all such interactions are handled by Company's senior officials. Our policy prohibits any gratification by way of gifts, entertainment, etc. to any



government minister, bureaucrats and statutory authority. The policy of anti-bribery and anti-corruption guidelines debar from such inducements. All such lobbying is closely monitored by the Ethics Committee and if any violation of policy or bribery is reported by third party or employee of the Company, proper investigation and appropriate subsequent actions are conducted by the Committee.

### Operational Procedures to Counter Bribery and Corruption

We have adopted various financial and non-financial controls and incorporated them into respective SOPs to ensure that all our transactions across functions are ethical.

Various financial controls have been adopted to ensure that all financial transactions are timely, accurate, and without any possibility of corrupt behaviour. These include:

- a. Verification that the payee's appointment and work or services carried out have been approved by the Company's relevant approval mechanisms;
- b. At least two signatures are required on payment approvals, one being at least at the level of General Manager;
- c. Appropriate supporting documentation to be annexed to payment approvals;
- d. Cash payment to be made only if one of the signatories is at Vice President level as mentioned in Clause (b) above, with a clear directive that cash payments is discouraged.

- e. Accurate cost code is mentioned clearly in the bill;
- f. Significant financial transactions shall be audited on a sample basis by external auditors.

Over and above the financial controls, we have also adopted various non-financial controls to ensure that the procurement, operational, commercial and other non-financial aspects of our activities are properly managed. Examples of such non-financial controls include:

- a. Awarding contracts only to those business associates who have undergone a pre-qualification process under which the likelihood of their participating in bribery is also assessed;
- b. Assessing the necessity and legitimacy of the services to be provided by a business associate to the company, specially whether any business associate has any relations with any employee of the Company or with any government official or public representative;
- c. Prior to releasing payments, assessing whether the services were properly carried out and whether any payments to be made to the business associate are reasonable and proportionate with regard to those services;
- d. Awarding contracts, only after a fair and, where appropriate, transparent competitive tender process between at least three competitors has taken place;
- e. At least two persons of different functions are required to participate

in evaluating the tenders and approving the award of a contract;

- f. Ensuring that separation of duties is implemented while awarding contracts, so that personnel who approve the placement of a contract are different from those requesting the placement of the contract and are from a different department or function from those who manage the contract or approve work done under the contract;
- g. Signatures of at least two persons to be on contracts, and on documents which change the terms of a contract or which approve work undertaken or supplies provided under the contract;
- h. Signing of contracts as per the delegation of authority.
- i. All tenders and other price-sensitive information are kept under restricted circulation and accessible only to appropriate people.

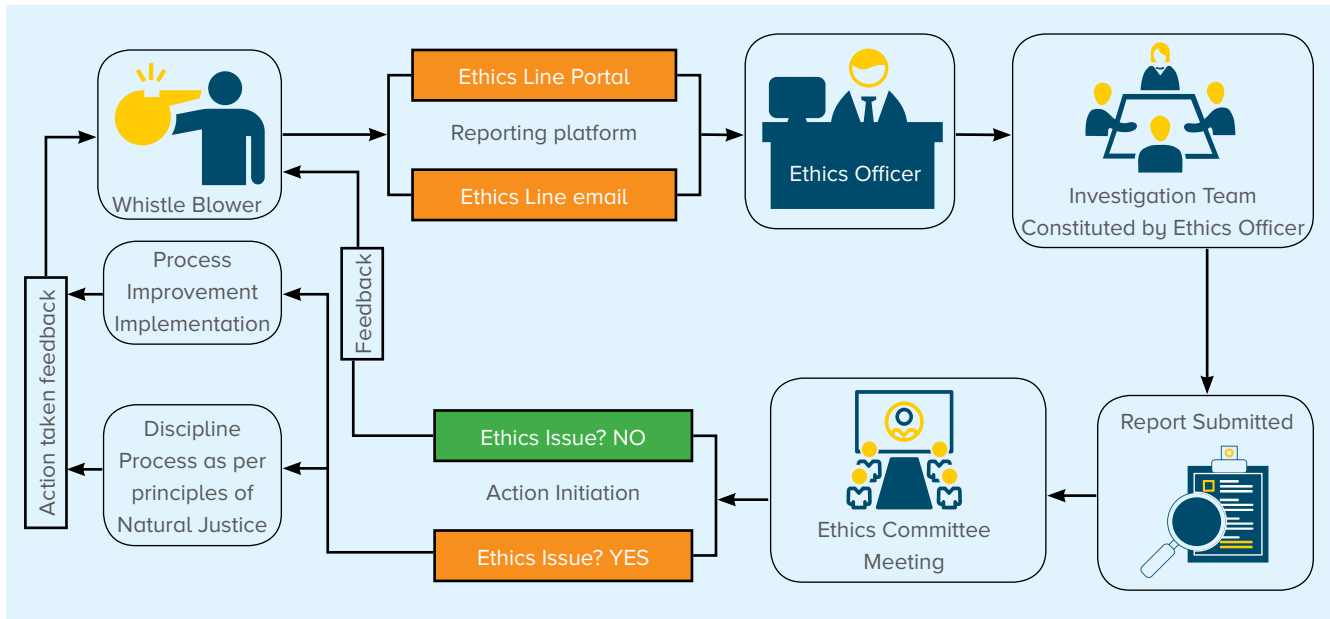
### External Assurance and Internal Audit

It is because of our unwavering commitment to ethics, transparency, fairness in all our business processes that today the Company is ISO 37001 (Anti-Bribery and Anti-Corruption Management System) certified. We underwent a pre-audit and a final audit as part of this certification process.

An internal sustainability and ethics assessment were undertaken across all the Company's locations in FY 2018-19 by an external agency – Sharp & Tannan Associates.

# Responsible and Ethical Business Practices

## Governance Mechanism to Address Concerns about Ethics, Protection to Whistle Blowers and 'Right to Refuse'



Our employees are provided with various platforms to raise alarm in case of a breach of any of the Fair Business Practices Policy or procedure. Upholding and making these policies a way of life at GFCL is the responsibility of everyone acting on behalf of our Company. We not only encourage our employees but also empower them to follow these Policies, raise concerns, ask questions and always make the right choices.

'Ethics Line' is a digital platform available to employees for raising concerns or to report violations. Concerns so raised are reported only to the Ethics Officer to maintain strict confidentiality. It is the duty of the Ethics Officer to investigate and report back to the whistle blower. Furthermore, employees and any of our other stakeholders can also write to [ethicsline@gfl.co.in](mailto:ethicsline@gfl.co.in) to report any incident with complete anonymity.

The Ethics Committee is responsible for investigating all reported incidents.

In case of an investigation, an appropriate investigation resource is assigned to the matter by the Ethics Committee. For concerns that are substantiated, disciplinary actions may be taken which may vary from warnings to separation from service.

We prohibit retaliation in any form against anyone who raises a business conduct concern in good faith, even if the report is proved to be not a material fact or cooperates in a Company investigation. All employees have the right to refuse an instruction or direction given by any superior which they feel is against the Fair Business Practice Policies.

We encourage employees to identify and report any risk of corruption, bribery, fraud, etc. as part of the 'Spot on – Value Champion' spontaneous recognition process.

## Reporting of Incidents

Continuous communication on Fair Business Practices procedures and policies across the values chain, regular training and education of employees, strong vigil and systems implementation has ensured that we continue to be a Company where 'ethics and integrity' is a way of life.

Number of Incidence	Number of reported incidences	Number of actions taken against employee/ Business partner
Corruption	Nil	NA
Bribery	Nil	NA
Fraud	Nil	NA
Conflict of Interest	Nil	NA
Personal Data breach	Nil	NA
Cyber security breach	Nil	NA
Whistle-blower	Nil	NA

During FY 2019-20, we received three complaints from our investors related to non-receipt of dividends, shares, etc. and all the three complaints were resolved as of the end of year.

## Way Forward

- Progress implementation of Fair Business Practices by:
  - Covering our U.S. and EU establishments under ISO 37001 certification;
  - A complete corruption and bribery risk assessment through FMEA in the Project, Finance and Accounts, Product Development and Quality functions.
- Covering 100% employees and contract labours across sites in awareness programmes on Fair Business Practices.
- Covering 100% of our hiring partners in Ethical Recruitment Practices Awareness programmes.
- Business Ethics Audits to be performed in significant locations of our operations.
- Cover 50% business partners (high value-high risk) in awareness programmes on Fair Business Practices.





## Gujarat Fluorochemicals Limited

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