

# GOVERNANCE

We recognise that effective governance is fundamental to long-term economic success and sustainability. Our commitment to strong governance practices is reflected in our transparent and ethical business operations. We adhere to the highest standards of corporate governance, ensuring accountability, fairness, and integrity in all our dealings. Our governance framework is designed to foster responsible decision-making and to protect the interests of all our stakeholders, including shareholders, employees, customers, and the communities we serve.

In recent years, we have enhanced our governance structures to support our Environmental, Social, and Governance (ESG) objectives. Our Board of Directors plays a key role in overseeing ESG initiatives, ensuring that sustainability is integrated into our strategic planning and risk management processes. We regularly review and update our policies to stay aligned with best practices and regulatory requirements. By maintaining high governance standards, we are better equipped to navigate challenges and seize opportunities, reinforcing our commitment to sustainable and ethical growth.

### Material Topics Addressed

- Compliance
- Business Ethics and Transparency
- Data Security
- Risk Management
- Digitalisation

### Stakeholders Impacted

- Employees
- Government and Regulatory Bodies
- Customers
- Suppliers
- Industry Associations and Trade Union
- Non-Governmental Organisation

### UN SDGs





## Board of Directors



AC NRC SRC CSR

### M. G. Parameswaran

Chairman & Non-executive Independent Director

**Appointed:**  
24.09.05

**Qualifications:**

- BE Chemical Engineering (IIT Madras)
- PGDM (IIM Calcutta)
- Ph.D. (Mumbai University)
- Advanced Management Programme (Harvard)

**Experience:**

30+ years of experience in the marketing and advertising industry



CSR

### U. Shekhar

Promoter & Non-executive Director

**Appointed:**  
20.05.1986

**Qualifications:**

- BE Chemical Engineering (University Dept. Of Chemical Technology, Mumbai)
- PGDM (IIM Calcutta)

**Experience:**

40+ years of experience in the chemical industry



SRC RMC

### K. Natarajan

Managing Director

**Appointed:**  
01.10.16

**Qualifications:**

- B. Com (Mumbai University)
- Cost accountant from The Institute of Cost and Works Accountant of India
- Advanced Management Programme (Harvard)

**Experience:**

Diverse leadership across Finance, IT, Business & Supply Chain. COO since 2016



AC SRC

### G. Ramakrishnan

Promoter & Non-executive Director

**Appointed:**  
01.11.09

**Qualifications:**

- CA
- CMA
- CS

**Experience:**

40+ years of experience at Galaxy in Personal & Home Care. Led strategy, marketing, sales & HR



AC NRC

### Kanwar Bir Singh Anand

Non-executive Independent Director

**Appointed:**  
05.08.22

**Qualifications:**

- B. Tech from IIT Bombay
- P.G Diploma in Business Management from the IIM Calcutta

**Experience:**

Joined Asian Paints in 1979, worked in the Sales and Marketing function of the Architectural Coating and Chemical business, Industrial products manufacturing Head of the Decoratives Business in 2009 Managing Director & CEO of Asian Paints Ltd from 01.04.12



AC NRC

### Madhavan Hariharan

Non-executive Independent Director

**Appointed:**  
23.05.23

**Qualifications:**

- Chartered Accountant (ACA)
- Company Secretary (ACS & CISA)
- He has also done multiple leadership programmes at Harvard, Wharton and IIM.

**Experience:**

CFO and Head of Strategy at the CK Birla Group Around two decades at Royal Philips in various CFO roles and global positions Also worked in finance and strategy roles at Ashok Leyland, PepsiCo, TATA SIA, and a Telecom Startup



CSR RMC

### Vaijanath Kulkarni

Executive Director & COO

**Appointed:**  
01.10.16

**Qualifications:**

- Global Advance Management Programme: ISB (India) and Kellogg's School of Management, USA
- Advance Management Programme (Harvard)

**Experience:**

25+ years at company in projects, manufacturing & logistics. Led Galaxy Chemicals (Egypt) as Managing Director



AC NRC RMC

### Subodh Nadkarni

Non-executive Independent Director

**Appointed:**  
16.08.02

**Qualifications:**

- B. Com from Mumbai University.
- Fellow member (ICAI & ICSI)

**Experience:**

40+ years leading across Finance, Commerce, Operations & International projects



NRC

### Nandita Gurjar

Non-executive Independent Director

**Appointed:**  
01.02.15

**Qualifications:**

- M. A. (Psychology)
- Advanced Management Programme (Harvard)

**Experience:**

20+ years of experience in IT and HR



### Shashikant Shanbhag

Promoter & Non-executive Director

**Appointed:**  
20.05.1986

**Qualifications:**

- B. Com (Mumbai University)
- He is an 'associate member' of The Institute of Chartered Accountants of India
- Qualified cost accountant from The Institute of Cost and Works Accountant of India.

**Experience:**

35+ years of experience in chemical manufacturing industry

### Committee Details

- AC Audit Committee
- NRC Nomination & Remuneration Committee
- SRC Stakeholders Relationship Committee
- CSR Corporate Social Responsibility (CSR) Committee
- RMC Risk Management Committee

## Nomination & Remuneration Policy

The Nomination and Remuneration Committee (NRC) occupies a central position at Galaxy, safeguarding the effectiveness of the Board of Directors, its committees, and individual directors. To achieve this, the NRC implements meticulously crafted performance evaluation criteria that encompass both financial and sustainable growth aspects. This ensures our governance remains robust, adaptable, and future-focused.

### Nomination Process: Identifying and Selecting Exceptional Talent

The NRC takes the lead in nominating and selecting individuals for key governance positions. This process is guided by a comprehensive Nomination and Remuneration Policy, which strictly adheres to legal and regulatory frameworks including the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The NRC prioritises identifying individuals with integrity, strong qualifications, diverse backgrounds, and relevant expertise suitable for roles as Directors, Key Managerial Personnel (KMP), or within Senior Management. Their recommendations are pivotal in shaping the Company's leadership, reflecting our commitment to upholding the highest standards in candidate selection.

To identify the most suitable candidates, the NRC may utilise the services of external agencies. They prioritise diversity in candidate backgrounds while remaining mindful of potential time commitments. The Committee actively formulates criteria to evaluate the performance of independent directors and the Board as a whole. Additionally, they develop policies to promote board diversity, recommend qualified individuals for director and senior management roles, and assist in the transparent disclosure of remuneration policies and evaluation criteria within the annual report. Moreover, the NRC assesses

whether to extend the term of independent directors based on performance evaluations. They meticulously oversee the entire evaluation process, determining whether the Board, the NRC itself, or external agencies will conduct it, and ensure the Board's compliance with established protocols. Performance evaluations for the Board, Board Committees, and individual Directors are conducted annually, strictly adhering to legal and regulatory requirements.

### Remuneration Oversight: Aligning Compensation with Performance

The NRC plays a critical role in overseeing the remuneration process for the Board of Directors, Key Managerial Personnel (KMP), and Senior Management. Remuneration for Directors, as recommended by the Board, is subject to shareholder approval through a voting process. The Board considers Galaxy's performance and that of its directors when approving remuneration, based on the recommendations of the NRC. Following the NRC's recommendation, the Board of Directors formally approves the Remuneration Policy. The voting results on Directors' remuneration are readily accessible on the company website ([www.galaxysurfactants.com](http://www.galaxysurfactants.com)) and the stock exchange websites.

Remuneration itself is comprised of both fixed and variable components. The fixed component includes monthly salaries, employer contributions to provident funds, pension funds, and pension schemes, as determined from time to time. Variable pay is directly linked to the performance of the Company, Key Managerial Personnel, and Senior Management, and is reviewed annually or at designated intervals. This approach ensures compensation aligns with both individual and organisational achievements.

## Business Ethics & Transparency

At Galaxy, we are committed to the highest ethical standards. Corruption and anti-competitive behaviour not only undermine fair competition and economic growth, but also erode human rights and environmental sustainability. That's why we have robust policies and procedures in place to prevent and combat these issues.

### Zero Tolerance Policy

Our Code of Conduct and Human Rights Policy clearly communicate our unwavering commitment to ethical conduct. We have specific anti-corruption and bribery provisions, setting clear expectations for employees, contractors, and business partners.

### Training and Awareness

We conduct regular training programmes to educate stakeholders on ethical conduct and the risks of corruption.

### Transparency and Accountability

We emphasise transparency in financial management, reporting, and decision-making. We collaborate with suppliers and partners who share our anti-corruption values.

### Reporting Mechanisms

We have well-defined channels, including "Speak-up Boxes," for employees and stakeholders to report concerns anonymously.

### Promoting Fair Competition:

#### Responsible Business Practices

We are committed to ethical conduct and complying with anti-competitive behaviour regulations. We have robust policies to prevent such practices.

### Employee Training

We conduct internal training to educate employees about competition laws, reducing the risk of anti-competitive behaviour.

### Monitoring and Assessment

We have established processes to monitor the effectiveness of our actions, set goals, and use indicators to evaluate progress.

### Stakeholder Engagement

We actively engage with stakeholders to ensure transparency and accountability in our operations.

### No Legal Actions

As of this reporting period, there have been no legal actions against Galaxy for anti-competitive behaviour.

### Conflict of Interest

We have a system for disclosing and managing conflicts of interest. Directors disclose their interests annually, and any changes are promptly communicated to the Board.

## Membership of Association

By actively engaging with industry and trade organisations, Galaxy helps shape regulations by providing valuable insights and advocating for policies that benefit both businesses and stakeholders.

### Notable associations and bodies of which Galaxy is a dedicated member include:

- Indian Chemical Council (ICC)
- American Cleaning Institute (ACI)
- Bombay Chamber of Commerce and Industry (BCCI)
- CHEMEXCIL — Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council
- Indian Specialty Chemical Manufacturers' Association (ISMA)

- CII TPM Club
- Renewable Energy Demand Enhancement (REDE) initiative
- Taloja Manufacturing Association (TMA)
- Tarapur Industrial Manufacturer Association Association (TIMA)
- Jhagadia Industries Association (JIA)
- Thane Belapur Industries Association (TBIA)

These memberships underscore our commitment to actively engage with industry peers and contribute to the development of effective policies and standards within the chemical and Specialty Chemicals sectors.

Signatory to Responsible Care Global Charter

Ordinary member in Roundtable on Sustainable Palm Oil (RSPO)

The Valuable 500 Commitment

CII GreenCo Rating System

Carbon Disclosure Project (CDP) — Climate Change, Water Security and Forest Disclosure

EcoVadis assessment



### Financial outlook

Galaxy is unwavering in its commitment to delivering superior returns to investors, prioritising consumer satisfaction, and fostering strategic partnerships. Our ideology is grounded in the belief that profitability and financial growth are crucial for inclusive and enduring success. This responsibility is shared across all levels, from our employees to Senior Management and the Board of Directors, who guide our strategic direction through various specialised committees. The CFO and COO, along with process heads, ensure meticulous execution and monitoring of our financial and operational management.

To drive revenue growth, Galaxy is continuously integrating sustainable transformations into its business practices. The implementation of the Corporate Balanced Scorecard (BSC) across the organisation exemplifies this approach. With

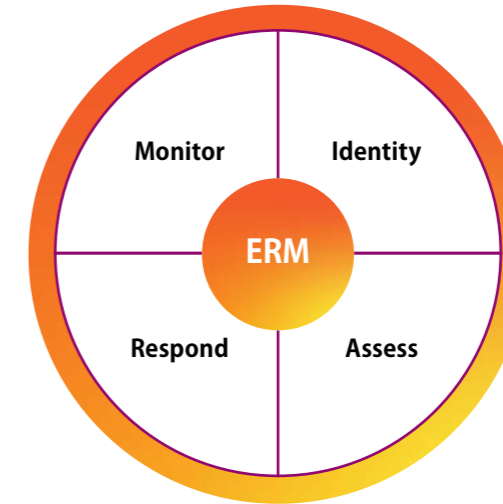
a strong focus on the financial pillar, we meticulously track key performance indicators (KPIs) such as sales growth, EBITDA/MT, net cash creation, and ROI. These metrics guide us in setting objectives, measuring progress, and ensuring the timely realisation of our goals.

### Tax Compliance

Galaxy adheres strictly to all government regulations concerning tax payments, ensuring compliance in all regions of operation, including India, Egypt, and the USA. Our commitment to ethical practices underpins our approach, reflecting our belief in contributing to the economic upliftment of the countries and regions we operate in. By fulfilling our tax obligations diligently, we support the broader socio-economic development and uphold our reputation as a responsible corporate citizen.

Particulars	Without considering Donations						After considering donations					
	Consolidated			Standalone			Consolidated			Standalone		
	2023-24	2022-23	2021-22	2023-24	2022-23	2021-22	2023-24	2022-23	2021-22	2023-24	2022-23	2021-22
Total Revenues from Operations	3,794.38	4,464.03	3,685.71	2,745.24	3,178.05	2,628.59	3,794.38	4,464.03	3,685.71	2,745.24	3,178.05	2,628.59
Employee Benefit Expenses	275.46	248.05	211.81	154.92	140.58	113.62	275.46	248.05	211.81	154.92	140.58	113.62
Dividends	14.18	127.64	14.18	14.18	127.64	14.18	14.18	127.64	14.18	14.18	127.64	14.18
Donations/CSR expenses	4.90	4.45	4.69	4.90	4.45	4.69	4.98	4.47	4.76	4.98	4.47	4.76
Profit after tax	301.47	380.98	262.78	200.34	214.01	133.87	301.47	380.98	262.78	200.34	214.01	133.87

## Risk Management Framework



Galaxy Surfactants leverages Enterprise Risk Management (ERM) as a comprehensive framework to proactively identify, assess, and address potential risks and opportunities impacting the organisation's objectives. This dynamic process entails the following key steps:

### 1. Risk and Opportunity Identification

The ERM process begins with a systematic identification of events, both internal and external, that could significantly influence the achievement of our strategic goals. This includes not only potential threats (risks) but also favorable circumstances (opportunities).

### 2. Risk and Opportunity Assessment

Once identified, each event is thoroughly evaluated based on two critical factors:

**Likelihood:** The probability of the event occurring.

**Magnitude of Impact:** The severity of the consequences the event may have on the organisation, both financially and operationally.

### 3. Development of Response Strategies

Drawing upon the risk and opportunity assessments, tailored response strategies are formulated. These strategies encompass:

**Risk Mitigation:** Actions designed to minimise the potential negative consequences of identified risks.

**Opportunity Realisation:** Initiatives aimed at capitalising on favorable circumstances to generate value for stakeholders.

### 4. Continuous Monitoring and Improvement

ERM is an ongoing process that necessitates constant monitoring and evaluation. We regularly track the implementation and effectiveness of our response strategies, ensuring their continued alignment with our strategic objectives and adaptability to evolving market dynamics.

**Benefits of Enterprise Risk Management:**

By proactively engaging in ERM, Galaxy Surfactants achieves several crucial objectives:

**Risk Mitigation:** Proactive identification and mitigation of potential risks safeguard our capital and earnings from unforeseen adverse impacts.

**Value Creation:** ERM extends beyond risk avoidance. It empowers us to capitalise on emerging opportunities, fostering sustainable value creation for all stakeholders.

**Stakeholder Protection:** ERM prioritises the interests of all stakeholders, including shareholders, employees, customers, regulatory bodies, and the wider community.

Overall, ERM serves as a cornerstone of our strategic decision-making process, enabling us to navigate uncertainties with clarity and confidence.

Risk Description	Risk Drivers	Risk Category	Current Status	Mitigation Plan Owner
<b>Climate change related issues and compliance to current and future regulations</b>	Issue shifting towards reduction of emission Customer/investors seeking responses on CDP disclosure	External	<ol style="list-style-type: none"> <li>Corporate Sustainability for 2030 on 5 pillars- Climate Change, Water, Waste, Green Supply Chain and Diversity &amp; Inclusion</li> <li>GHG accounting on a monthly basis</li> <li>Life Cycle Analysis of Finished goods and actions wherever required</li> <li>Shifting to a renewable source of energy</li> <li>Shifting to a cleaner source of fuel from Coal to Natural Gas, from Diesel, petrol cars to Electric vehicles</li> </ol>	Sustainability Leader
<b>Compliance to Circular Economy</b>	EPR Regulation Regulation on – Plastic Waste, E-Waste, Zero waste to Incineration and landfill, Packaging waste.	Preventable	<ol style="list-style-type: none"> <li>Galaxy has PARIVARTAN-WESAP programme</li> <li>Galaxy has a CEP (Cost efficiency project) programme</li> <li>Circular Economy - Waste Circularity roadmap and Goals declared, many milestones are achieved</li> <li>Galaxy has a TPM programme which captures and implement Kaizen to reduce waste</li> </ol>	Sustainability Leader
<b>Zero Deforestation</b>	Oil Palm Traceability till plantation 100% Demand of 100% RSPO Certified products by developed market or any new regulations like EUDR	Strategic	<ol style="list-style-type: none"> <li>Galaxy is RSPO certified since 2014</li> <li>Galaxy established oil palm traceability processes since 2016: the traceability exists till mill level while traceability till plantation level is communicated to stakeholders on an annual basis.</li> </ol>	Sustainability Leader

Risk Description	Risk Drivers	Risk Category	Current Status	Mitigation Plan Owner
<b>Revenue loss</b>	Delay in Know-how of new technologies/ products Changing consumer behaviour Customers shifting for GREEN products Increased cost of business continuity Insurance due to environmental impact of organisation Cap and Trade Schemes, emission allowances-offsets, carbon taxes	Strategic	<ol style="list-style-type: none"> <li>Solution based company - In-House Project and Innovation team</li> <li>In-house R&amp;D team – 96 patents granted to Galaxy since 2000</li> <li>Use of Green Chemistry principles</li> </ol>	Business Creation (VP)
<b>Water scarcity</b>	Population growth across the globe demands more water as it is a basic need Still water across the world is not priced as per the reality in most parts of the world which leads to water being polluted and wasted. Temperature rise across the globe and disturbance in the water cycle created an imbalance in the waterfall	Preventable	<ol style="list-style-type: none"> <li>All our India Operations are ZLD - Zero Liquid Discharge</li> <li>Rainwater harvesting inside the organisation</li> <li>Outside factory water conservation projects like check dams and rainwater harvesting through CSR initiatives</li> </ol>	Conversion (VP)
<b>Reputational Risk</b>	Negative stakeholder feedback - Customers, Investors, Shareholders, Employees, Customers, Suppliers, Environmentalist	Preventable	<ol style="list-style-type: none"> <li>Balanced Scorecard</li> <li>Allocation of resources</li> <li>ISO standard compliance</li> <li>SEBI listed</li> <li>GRI, BRSR reporting</li> <li>Great Place to Work certified company</li> </ol>	PE Process Head



## Strategic Opportunities and Mitigation Plans

In today's dynamic business environment, proactively identifying and capitalising on opportunities is crucial for sustainable growth. This section outlines key strategic opportunities across various aspects of our business, along with corresponding mitigation plans to ensure successful implementation. By actively pursuing these opportunities and aligning our strategies with them, we can achieve positive impacts in environmental stewardship, employee relations, customer engagement, and financial performance.

### Water Stewardship

**Opportunity:** Achieving Zero Liquid Discharge (ZLD) at locations outside India.

**Mitigation Plan:** We will continue to build on existing water reduction projects and initiatives such as rainwater harvesting, water conservation, and improving drinking water availability. These efforts represent opportunities for incremental progress in water stewardship across our global operations.

### Oil Palm Derivatives

**Opportunity:** Obtaining RSPO (MB) certification and enhancing oil palm traceability.

**Mitigation Plan:** We are committed to increasing the proportion of RSPO (MB) certified palm oil derivatives used in our products. To demonstrate our dedication to sustainability and responsible sourcing, we will conduct oil palm traceability cycles on an annual basis.

### Financial Growth

**Opportunity:** Capitalising on the projected 40% CAGR growth in the mild surfactants market.

**Mitigation Plan:** We will leverage the growth potential in mild surfactants by emphasising products formulated with low eco-toxicity, gentle action, and no preservatives. This approach will allow us to capitalise on the increasing market demand for eco-friendly and sustainable solutions.

### Employee Relations

**Opportunity:** Enhancing employee engagement and fostering positive work relationships.

**Mitigation Plan:** We will continue to invest in initiatives that promote a positive work environment, such as KYG (Know Your Galaxy) programmes, Town Hall Meetings, monthly safety briefings, and a comprehensive performance management system. Additionally, we recognise and reward employee achievements through our rewards & recognition programmes.

### Customer Communication

**Opportunity:** Strengthening customer engagement and building stronger relationships.

**Mitigation Plan:** We will actively participate in both national and international industry exhibitions. Additionally, we will hold regional meetings within domestic markets to foster closer engagement with our customers. Effective communication and a deep understanding of customer needs are essential for building strong and lasting partnerships.

### Employee Safety

**Opportunity:** Providing ongoing safety training to maintain a safe work environment.

**Mitigation Plan:** We are committed to maintaining Responsible Care certification. This commitment ensures ongoing training for both company and contractor employees on critical topics such as behavioural safety, fire safety, and adherence to all relevant safety standards.

### Innovation in Product Quality and Safety

**Opportunity:** Developing safe, sustainable, and eco-friendly products and technologies.

**Mitigation Plan:** Our focus on product development will prioritise innovation while incorporating life cycle thinking to ensure responsible product stewardship throughout the entire product lifecycle. By embracing sustainable practices and technologies, we can meet evolving market demands for safer and more eco-friendly solutions.

By pursuing these strategic opportunities and implementing the corresponding mitigation plans, we can position ourselves for long-term success and make a positive impact on a variety of stakeholders.

## Legislative and Regulatory Compliance

Galaxy is committed to fostering a culture of transparency and accountability. We encourage employees to report any suspected unethical behaviour through our secure and confidential Whistleblower Policy. This policy, accessible via our website and e-learning modules, empowers employees to voice concerns without fear of reprisal. In FY 2023-24, we are pleased to report no whistleblower cases, reflecting our proactive approach to addressing ethical concerns and maintaining a positive work environment.

### Maintaining Compliance

Galaxy prioritises adherence to all applicable laws and regulations. We are proud to report incurring no non-disputed fines or penalties from regulatory or judicial bodies in FY 2023-24. Additionally, there were no registered complaints or cases related to corruption or conflicts of interest.

### Commitment to Ethical Conduct

Our Board of Directors and senior management uphold the highest ethical standards as outlined in our Code of Conduct. This publicly available document emphasises our commitment to transparency and ethical business practices. At Galaxy, integrity, ethics, and transparency remain core values, ensuring stakeholder confidence in our responsible operations.

### Training on Compliance programme – GSL, India

Compliance Programme	Number of employees covered	% coverage
Policy Awareness (Code of conduct, whistleblower, Human rights, ETI codes)	1367	78%
POSH awareness: a step towards making our workplace safer and better	1150	65%
Cybersecurity awareness programme	1265	72%

## Leveraging the Power of Digitalisation

In today's digital landscape, we are committed to leveraging technology for growth. We're unifying our operations under a single Enterprise Resource Planning (ERP) platform, fostering collaboration, streamlining processes, and enabling data-driven decision-making. This digital transformation empowers us to adapt quickly, seize new opportunities, and remain industry leaders. However, we recognise the inherent risks associated with increased digital reliance. To address these concerns, Galaxy has made significant investments in bolstering our cybersecurity infrastructure.

### Cybersecurity

Galaxy takes a comprehensive approach to cybersecurity, encompassing people, processes, and technologies. Our practices aim to safeguard our IT infrastructure, devices, and confidential data from cyberattacks and unauthorised access. We adhere to the ISO 27001 framework, a globally recognised standard for information security management.

Here are some key measures we implement:

- **Continuous Vulnerability Management:** We conduct regular activities like red team simulations (ethical hacking) to identify vulnerabilities across our infrastructure. Additionally, we perform vulnerability assessments and penetration testing on Galaxy servers to proactively identify and address weaknesses. Network

devices such as firewalls, switches, and Wi-Fi access points undergo secure configuration reviews to ensure optimal security settings.

- **Employee Education and Awareness:** We prioritise employee education by conducting quarterly security awareness sessions for all staff. This includes organisation-wide cyber awareness training, monthly awareness screensavers, and mandatory cybersecurity training during employee onboarding.
- **Real-time Security Monitoring:** Our IT infrastructure is monitored 24/7 by a Security Operation Center (SOC) to detect and respond to abnormal activities or potential attacks.
- **Deployment of Security Solutions:** We leverage advanced security solutions to enhance our defenses. These include Endpoint Detection and Response (EDR) for real-time malware detection and response on endpoint devices, Network Access Control (NAC) to restrict unauthorised network access, Privileged Access Management (PAM) to control and monitor privileged user accounts, Email Gateway Security to filter out spam emails, and Mobile Device Management (MDM) to ensure secure data handling on mobile devices.