

## Sundaram-Clayton Limited

### Annexure - VI to Directors' Report to the shareholders

#### BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

#### Introduction

The National Guidelines on Responsible Business Conduct (NGRBC) introduced by the Ministry of Corporate Affairs (MCA) in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by MCA in the year 2011.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR) and the NGRBC.

The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. The NGRBC also provide a useful framework for guiding companies in their operations, in addition to aligning with applicable national standards and norms governing responsible business conduct.

#### SECTION A: GENERAL DISCLOSURES

1.	Name of the Company	Sundaram-Clayton Limited				
2.	Year of registration	1962				
3.	Corporate Identity Number (CIN) of the Company (if applicable)	L35999TN1962PLC004792				
4.	Corporate address, telephone, email and website	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India. Tel: 044-28332115 e-mail: <a href="mailto:corpsec@scl.co.in">corpsec@scl.co.in</a> Website: <a href="http://www.sundaram-clayton.com">www.sundaram-clayton.com</a>				
5.	Financial Year reported	2019-20				
6.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Aluminium Castings <table border="1"><thead><tr><th>NIC Code</th><th>Description</th></tr></thead><tbody><tr><td>2930</td><td>Aluminium alloy cast articles including parts and components.</td></tr></tbody></table>	NIC Code	Description	2930	Aluminium alloy cast articles including parts and components.
NIC Code	Description					
2930	Aluminium alloy cast articles including parts and components.					
7.	List of three key products that the Company manufactures	Machined and sub-assembled aluminium castings for heavy and medium commercial vehicles, passenger cars and two-wheelers (Please refer to Company's website for complete list of products)				
8.	Brands (top five by respective share of market) owned and percentage of revenue contributed	Not Applicable				
<b>Operations:</b>						
9.	Location of plants (in case of manufacturing businesses)	i. Number of National Locations:				
a.	National (Districts and states - top five by employee strength):	A. The Company has four manufacturing locations: 1. Padi Chennai - 600 050, Tamil Nadu, India 2. Mahindra World City Plot No. AA5, VI Avenue, Auto Ancillary SEZ, Mahindra World City, Chengalpattu, Kancheepuram District - 603 004, Tamil Nadu, India				

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3. Oragadam  
Plot No.B-14, SIPCOT Industrial Growth Centre,  
Sriperumbudur Taluk, Kancheepuram District - 602 105,  
Tamil Nadu, India.
  4. Hosur  
Hosur - Thally Road, Belagondapalli, Hosur - 635 114,  
Tamil Nadu, India.
- The registered office of the Company is situated at  
"Chaitanya", No.12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai - 600 006, Tamil Nadu, India

- b. International (Country - top three by employee strength): ii. Number of International Locations:  
One (United States of America)
- The Company, together with its subsidiary viz., Sundaram Auto Components Limited is setting up an overseas manufacturing facility in the United States of America, where commercial production is expected in the year 2021.

10.	Location of major offices (in case of service businesses)	
a.	National (Districts and states - top five by employee strength)	Not applicable
b.	International (Country - top three by employee strength)	Not applicable

### Employees:

11.	Number of permanent employees	1,917
12.	Contractual employees (seasonal, non-seasonal)	353
13.	Temporary employees	1,294
14.	Percentage of women employees	4%
a.	On the Governance Structure	-
b.	In top management i.e. business and function heads;	-

### Associate entities:

15.	Names of subsidiary / associate companies	<p><b>Subsidiaries of Sundaram-Clayton Limited</b></p> <ol style="list-style-type: none"> <li>1. TVS Motor Company Limited, Chennai</li> <li>2. Sundaram - Clayton (USA) Limited, USA</li> </ol> <p><b>Subsidiaries of TVS Motor Company Limited</b></p> <ol style="list-style-type: none"> <li>3. Sundaram Auto Components Limited, Chennai</li> <li>4. TVS Housing Limited, Chennai</li> <li>5. TVS Motor Services Limited, Chennai</li> <li>6. TVS Credit Services Limited, Chennai</li> <li>7. TVS Two-wheeler Mall Private Limited, Chennai</li> <li>8. TVS Micro Finance Private Limited, Chennai</li> <li>9. Harita ARC Private Limited, Chennai</li> <li>10. Harita Collection Services Private Limited, Chennai</li> <li>11. TVS Commodity Financial Solutions Private Limited, Chennai</li> <li>12. TVS Housing Finance Private Limited, Chennai</li> <li>13. TVS Motor Company (Europe) B.V., Amsterdam</li> <li>14. TVS Motor (Singapore) Pte. Limited, Singapore</li> <li>15. PT TVS Motor Company Indonesia, Jakarta</li> <li>16. Sundaram Holding USA Inc, Delaware, USA</li> </ol>
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15.	Names of subsidiary / associate companies ( <i>continued</i> )	<p><b>Subsidiaries of Sundaram Holding USA Inc</b></p> <p>17. Green Hills Land Holding LLC, South Carolina, USA  18. Components Equipment Leasing LLC, South Carolina, USA  19. Sundaram - Clayton (USA) LLC, South Carolina, USA  20. Premier Land Holding LLC, South Carolina, USA</p> <p><b>Associates of Sundaram - Clayton Limited</b></p> <p>21. Emerald Haven Realty Limited, Chennai  22. Sundram Non-Conventional Energy Systems Limited, Chennai  23. TVS Training and Services Limited, Chennai</p> <p><b>Associates of TVS Motor Company Limited</b></p> <p>24. Ultraviolette Automotive Private Limited, Bengaluru  25. Tagbox Solutions Pvt Ltd, Bengaluru</p> <p><b>Associates of TVS Motor (Singapore) Pte Ltd</b></p> <p>26. Tagbox Pte Ltd, Singapore  27. Predictronics Corp, USA</p> <p><b>Subsidiaries of Emerald Haven Realty Limited</b></p> <p>28. Emerald Haven Projects Pvt Ltd, Chennai  29. Happiness Harmony Property Developers Pvt Ltd, Chennai  30. Emerald Haven Property Development Ltd, Chennai  31. Emerald Haven Development Ltd, Chennai  32. Emerald Haven Life Spaces (Radial Road) Ltd, Chennai  33. Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai  34. Emerald Haven Town &amp; Country Pvt Ltd, Chennai  35. Emerald Haven Towers Ltd, Chennai</p>
16.	<p>Details of Trust/Society/Section 8 company to further its CSR agenda:</p> <p>a. Name;</p> <p>b. Organization form (Trust, Society, Company) and year of establishment;</p> <p>c. Main objects / purpose;</p> <p>d. Amounts and sources of funds received in the reporting year;</p>	<p>Srinivasan Services Trust</p> <p>Trust, Established in 1996</p> <p>Main objects:</p> <p>i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</p> <p>ii. Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects;</p> <p>iii. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups;</p> <p>iv. Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water;</p> <p>v. Rural development projects</p> <p>vi. Health care activities</p> <p>Donations received from various entities.</p>
17.	Contact details of Nodal Officer for this report (name, designation, email id, phone number).	<p>Mr R Raja Prakash  Company Secretary &amp; Nodal Officer  <a href="mailto:rrp@scl.co.in">rrp@scl.co.in</a>  044-28332115</p>

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### SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

- P1 Businesses should conduct and govern themselves with integrity, and in a manner ethical, transparent and accountable.
- P2 Businesses should provide goods and services in a manner that is sustainable and safe.
- P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.
- P4 Businesses should respect the interests of, and be responsive to all its stakeholders.
- P5 Businesses should respect and promote human rights.
- P6 Businesses should respect and make efforts to protect and restore the environment.
- P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
- P8 Businesses should promote inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers in a responsible manner.

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1.	Names of the policy / policies that covers each Principle	The Company has in place the following policies in line with the NGRBC: 1. Code of Business Conduct and Ethics 2. Whistle Blower 3. Related Party Transaction 4. Corporate Social Responsibility 5. Code of fair disclosure of material information 6. Code of conduct to regulate, monitor and report trading by insiders 7. Quality and Environment, Health & Safety policies relating to safe and sustainable products								
2.	Core Elements related to the Principle that the policy/ policies cover	All the core elements as stated in the policies								
3.	Policy/ policies relating to each principle that has been translated into guidelines and procedures	Y	Y	Y	Y	Y	Y	-	Y	Y
4.	Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy/ policies relating to each Principle.	Y	Y	Y	Y	Y	Y	-	Y	Y
5.	National and International codes and standards adopted mapped to various Principles	Y	Y	Y	Y	Y	Y (ISO 14001 and OSHAS 18001)	-	Y	Y
		All the policies of the Company are in compliance with the national / international standards wherever applicable								

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S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Governance, leadership and oversight</b>										
6.	Names of the above policies that have been approved by the Board/top management	<p>The following policies/ codes have been approved by the board:</p> <ol style="list-style-type: none"> <li>1. Code of Business Conduct and Ethics</li> <li>2. Whistle Blower</li> <li>3. Related Party Transaction</li> <li>4. Corporate Social Responsibility</li> <li>5. Code of fair disclosure of material information</li> <li>6. Code of conduct to regulate, monitor and report trading by insiders</li> </ol> <p>Other operational / internal policies are approved by the management.</p>								
7.	Name of the specified committee(s) of the Board / Director / Officer and processes to oversee the implementation of the policy/ policies	<p>Audit committee and Board oversees the implementation of various policies / Codes as required under the legal framework in force from time to time.</p> <p>CSR committee oversees the implementation of CSR activities by the Company.</p> <p>All the policies and their implementation are being reviewed at regular intervals by the board.</p> <p>The implementation and adherence to the code of conduct for employees is administered by the Human Resources Department.</p> <p>The Environmental, Health and Safety (EHS) policy is overseen by Personnel department.</p>								
8.	The process for board/ top management to review performance against the above policies and incorporating inputs	<p>The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety &amp; Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments.</p>								
9.	Process for board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances	<p>All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by an independent external agency as part of internal financial control requirement.</p> <p>The report on Company's conduct of its businesses is presented to the Board for its review and further improvement of its standards.</p>								
10.	Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the board / top management	<p>The board on a continuous basis reviews the business' alignment with the principles and core elements.</p>								

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S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Stakeholder Engagement</b>										
11.	Description of the process to identify your business's key stakeholders	<p>The Company is aware of the fact that not all stakeholders have a direct business engagement with it.</p> <p>However, the Company has identified eight stakeholder groups:</p> <ol style="list-style-type: none"> <li>1. Investors</li> <li>2. Employees</li> <li>3. Customers</li> <li>4. Suppliers</li> <li>5. Government</li> <li>6. Regulatory Authorities</li> <li>7. Trade Union</li> <li>8. Local Community</li> </ol>								
12.	Description of the process to engage with your stakeholders on the Principles	<p>The Company continuously expands its proactive engagement with the stakeholder groups. The Company also recognizes that stakeholder engagement is an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future.</p>								
13.	Description of the processes to identify groups that are vulnerable and marginalized stakeholders.	<p>The Company identifies marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.</p>								
14.	Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders	<p>The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.</p>								
<b>Communication</b>										
15.	Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them.	<p>The Company proactively engages with stakeholders formally and informally to:</p> <p>Share information, discuss the Company's sustainability priorities, programs and performance, and determine opportunities to collaborate towards common goals.</p>								
16.	Description of how the business communicates the results of stakeholder engagement in the public domain	<p>The Company communicates the performance against the Guidelines to the stakeholders through its website, stakeholder interactions, BRR and Annual Report.</p>								
17.	Description of the process of communicating performance against these Guidelines to relevant stakeholders	<p>The Company believes in listening to the viewpoints of its stakeholders and addressing them on priority.</p> <p>The Company values the inputs received from the engagement process and these engagements help to identify material aspects.</p> <p>The progress on the material aspects are communicated in Annual Report, BRR and on websites at periodic intervals.</p>								
18.	Note on how disclosures and reporting helped in improving business performance / strategy	<p>Such measures help the Company to identify stakeholder expectations and to design its sustainability strategy to balance the different stakeholder needs and expectations.</p>								

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If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
It is planned to be done within next 12 months	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	P7 - the Company through the various industrial forums endeavors to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

### **PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER ETHICAL, TRANSPARENT AND ACCOUNTABLE.**

#### **Essential Indicators:**

**1. Month /year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines:**

Company's current and future organization structure of senior level employees is reviewed by the Nomination and Remuneration Committee at periodic intervals.

**2. Percentage Coverage of leadership team by awareness programmes on the Guidelines:**

**a. In reporting year** : 100 % of the functional heads are covered by awareness programmes on the Guidelines at all times.

**b. Total to date** : 100 %

**3. Percentage of suppliers and distributors (by value), in the year:**

**a. Covered by awareness programmes for the Guidelines** - 100 % of the suppliers

**b. Had responsible / sustainable business policies in place?** - 100 %

**4. Number of meetings / dialogues with minority shareholders that were organized in the year:**

Nil

**5. Number of complaints received on any aspect of the NGRBC in the year from:**

**a. Shareholders / investors** - Nil

**b. Lenders** - Nil

**6. Number of the above complaints pending resolution at close of year:**

Not Applicable

**7. Value of non-disputed fines/ penalties imposed on your business by regulatory and judicial institutions in the year?**

Nil

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**8. Number of complaints/ cases of corruption and conflicts of interest that were registered in the year?**

Nil

**9. Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the central, state, or local governments:**

Nil

**Leadership Indicators:**

**1. Percentage coverage of all employees by awareness programmes for the Guidelines:**

**a. In reporting year** - 100 % of the functional heads

**b. Total to date** - 100%

The reporting under the guidelines are ensured by the functional heads and the awareness programme for the guidelines was conducted to the said functional heads.

**2. Percentage of suppliers and distributors (by value) covered by social and environmental audits:**

**a. In reporting year** - Nil

**b. Total to date** - Nil

**3. Was report on responsible business conduct made, in the year:**

**a. As per mandatory / global reporting frameworks** - The Company follows Global Reporting Standards (GRI).

**b. Available in the public domain** - Internal Report on the said standards is generally prepared for reporting to management. The said report is not available in public domain.

**c. Assured by a third party** - Internal Report is being prepared and assurance on such report will be obtained thereafter.

**4. Details of non-disputed fines/ penalties imposed on your business by regulatory and judicial institutions in the year available in public domain:**

Nil

**5. Provide examples (up to three) of corrective action taken on the above fines/penalties imposed.**

Not Applicable.

**6. Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.**

Not Applicable

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**PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE**

**Essential Indicators:**

**1. List top three goods /services (revenue in the year) which incorporate environmental and social concerns, risks, and/or opportunities in their design.**

The Company has installed roof top solar panels to a capacity of 2.2 MW across its Chennai and Hosur plants, capable of producing 33 lakh units per annum. The Company has introduced reclamation of sand used in making sand cores for die cast parts.

The Company is also working to reduce the amount of die spray (release agent) on its pressure die cast dies. This will have a positive impact on fumes produced during evaporation, and also consumption of water used in diluting the liquid spray.

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The Company is also enabling development of high efficiency turbochargers with its customers. SCL is developing process technologies that will improve the surface finish of turbocharger parts. This in turn improves the fuel efficiency, and reduces emissions from automobiles.

**2. Details of investments in specific technologies to improve the environmental and social impacts (top three by value):**

The Company is developing process technologies that will improve the surface finish of turbocharger parts and improve its efficiency. This in turn improves the fuel efficiency and reduces emissions from automobiles

The Company is also investing in green energy through installations on solar power and reducing its dependence on conventional forms of energy.

**3. Percentage of input material and services (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels:**

100 %

**4. Percentage of total raw material consumed in the year (by value) that consisted of material that was recycled or reused) ( a.<5% ; b. between 5%& 25%, c. > 25%):**

The material processed by the Company - i.e Aluminum based alloys is 100% recyclable.

Presently rejected aluminum castings (10% of production) are re-melted inside the factory.

Aluminum swarf is sold to external agencies for recycling. Sand (2500 tonnes / year) used for making cores is recycled.

Hazardous waste materials generated by the Company during aluminium casting production are given to authorised vendors either for disposal or recycling.

**5. Describe the process in place to safely collect, reuse, recycle and dispose of your products at end-of- life:**

The Company do not have a process to collect, reuse, recycle and dispose the aluminium castings after supply to customers. However, this process is done by various OEMs or third parties to recover and reuse aluminium. Infact the major raw material used is ADC12 that is primarily generated from aluminium scrap which is converted into castings by the Company.

**Leadership Indicators:**

**1. For goods and services that incorporated environmental and social concerns, give details of:**

**a. Resource use (energy, water, raw material) per unit produced in the year:**

**Resource use per unit produced in the year:**

- The Company takes up internal projects to reduce energy consumption per ton of aluminum castings produced.
- The Company is also pursuing the TPM process across its plants to reduce waste.

**b. Reduction in resource use covering sourcing, production, and distribution in the year:**

**Reduction in resource use: Sourcing**

- The Company works continuously with its vendors to use returnable packaging modes (trolleys and plastic bins) to reduce usage of non-recyclable packaging wherever possible.
- The Company also strives to ensure a considerable vendor count for specific commodities in its surrounding areas in order to reduce material movement.
- The Company takes initiative every year to select a group of suppliers who are trained for quality up-gradation in their plant. Both in-house and outside faculty is employed to develop suppliers by training.

**c. Sustainability standards/ codes/ labels adhered to:**

Following Sustainability Standards / codes / labels adhered:

The Company is a supplier of parts as per customers' drawings and specifications and therefore adheres to customer specific requirements as stated in their manuals.

In addition the Company also comply with following:

- Operational : TS16949:2016
- Environmental : ISO14001:2015 and OHSAS18001:2015
- Internal standards for gender equality, human rights and labour standards

**d. Product life cycle assessment completed**

Not applicable

**2. Information on the impacts of your products across the value chain communicated to:**

**a. To which stakeholder groups?**

Investors, employees, customers, suppliers, the government, regulatory authorities, trade unions and local community.

**b. By which channels for each group?**

The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

**c. At what frequency?**

Annually, Quarterly, Monthly and need based.

**3. Provide examples (up to three) on how the feedback received from stakeholders is used for improvements:**

The Company has strong team which gathers information through market survey, customer research, etc. It has developed its own methodology for this purpose. We incorporate these inputs to improve the Company's processes and systems on a continuous basis.

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**PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.**

**Essential Indicators**

**1. Complaints received on cases arising out of discrimination and Number of complaints received in the year :**

The Company follows clear code of conduct and the same is communicated to every employee.

It clearly states that the Company is an equal opportunity employer and prohibit any kind of discrimination/ favouritism on the basis of gender / region / religion / race / caste / colour any abide by laws of the country.

During 2019-20 the Company has not received any complaints relating to discrimination.

**2. Number of the above complaints pending resolution at end of the year:**

Not applicable since during the year 2019-20, the Company has not received any complaints relating to discrimination.

**3. Percentage of permanent employees who are members of the employee association(s) recognized by the management:**

100% of permanent employees in the workers grade are members of internal Employees Union that is affiliated to INTUC.

**4. Percentage of your establishments / value chain that has been audited in the year for - a. Child labour; b. Forced / involuntary labour:**

As a part of Internal audit, this particular aspect is scheduled and covered during the audit process. Audits are conducted in all locations of the Company.

**5. Number of cases of child labour in your establishments / value chains identified to date - a. Resolved; b. Pending resolution:**

There are no cases of child labour.

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- 6. Number of cases of forced / involuntary labour identified to date - a. Resolved; b. Pending resolution :**  
No cases reported.
- 7. Percentage of your employees that were paid above the legal minimum wage in the last year:**  
100%. Majority of employees are above the legal minimum wage limit as agreed through long-term wage settlements for the Company's Workforce and market/industry benchmark for Executives and Managers.  
Stipends for trainees are fixed above legal minimum wage limit through attracting talent from campus/market.
- 8. Ratio of the highest salary paid to the lowest salary paid amongst your permanent employees:**  
Refer Annexure V to the Directors Report for the year 2019-20.
- 9. Number of cases of delay in payment of wages during the year - a. Resolved; b. Pending resolution:**  
NIL. Wages for employees are paid on or before last working day of the month. Stipend for trainees is paid on or before 7<sup>th</sup> day of every month.  
Wages for contract workforce is ensured to be paid through Service providers on or before 7<sup>th</sup> day of every month.
- 10. Number of complaints related to harassment to date - a. Resolved; b. Pending resolution:**  
The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the POSH Rules.  
The Company has not received any complaints relating to harassment till date.
- 11. Percentage of employees (all categories) trained on health and safety issues and measures - a. In the year; b. Total to date:**  
100% of new recruits in all categories including Workforce, Executives and Managers undergo health and safety orientation before being deployed.  
100% of contract workforce is also provided health and safety orientation periodically.  
In addition, regular and scheduled role-based, process-based health and safety programmes are conducted for employees.  
As a special drive, employees and their families were trained on road safety awareness.
- 12. Percentage of employees provided training and skill upgradation - a. In the year; b. Total to date:**  
The Company focuses on skill development of its workforce through regular training. The management ensures continuous skill upgradation and competency development of employees through its structured training and competency development programs.  
TVS Institute for Quality and Leadership, a Globally Certified Corporate University has been established to provide powerful learning solutions and an environment to evolve people, culture, strategy, processes and eco-system towards sustained global leadership of the Company and its group companies.

### **Leadership Indicators:**

- 1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year:**  
Workforce, Executives and Managers are the three categories of employees.  
Continuous efforts are made towards affirmative actions as and when opportunities arise for recruitment / engagement of Workforce, Executive and Managers.
- 2. Percentage of non-permanent employees that are linked to any standing platform / association:**  
For 100% of non-permanent employees, the Company has different platforms as mentioned below:
- Trainees/Temporary workforce - Contact programmes are scheduled and conducted periodically to feel the pulse on Things Going Right (TGR) and take action on Things Going Wrong (TGW).
  - Contract workforce - Contact programme is leveraged to obtain feedback and take correction if any.

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**3. Percentage of children identified as employed in your establishments / value chain that have been remediated - a. In reporting year; b. Total to date :**

No cases of child labour.

As a system lock, hiring process allows only adults aged 18 years and above.

As a part of daily management, entry into the premises is restricted only for persons 18 years and above.

With all our Supplier and Service provider, this requirement is one of the clauses in all our Business agreements mentioned and enforced.

**4. Percentage of forced / involuntary labour identified in your establishments / supply remediated - a. In reporting year; b. Total to date:**

NIL.

**5. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases:**

As mentioned in Code of Conduct, all complaints, enquiries and investigations are treated with confidentiality and the protection to whistle blower is also assured.

Needless to mention, any attempts to intimidate the whistle blower is also treated as violation of Code of Conduct and communicated to all employees.

Information revealed by the committee is strictly on a need to know basis. The process followed is with Principles of Natural Justice, maintaining anonymity of the employee.

**6. Percentage of supply chain partners (by value) that were assessed for adherence to health and safety practices:**

100% of the suppliers and service providers.

**7. Describe the work-life balance issues (up to three) that were brought up by employees:**

Work-life balance is a concern for Executives and Managers due to long working hours during critical times / project deadlines.

Difficulty faced by women employees to manage children in cases where both parents are working.

**8. Examples (up to three) of identified work-life balance topics that have been implemented:**

The Company conducts various programs concerning wellbeing and work-life balance of employees.

Focussed programs are also conducted for effective time management. For first line supervisors policy for crediting extra working hours as C-off that can be availed later implemented.

Focused programs are also conducted keeping in view the welfare of women employees. In-house crèche and day care facilities started for children of all employees.

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**PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS**

**Essential Indicators:**

**1. List stakeholder groups that have been identified as key to your business:**

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Shareholders, Investors, Suppliers, Trade Union, Media and Local Community.

**2. Positions / departments / functions responsible for engagement with each stakeholder category identified above?**

Internal stakeholders: Corporate, President & CEO, Business planning, Marketing, Quality, Operations, Purchase, HR, Personnel, Finance

External stakeholders: Corporate, President & CEO, Business planning, Finance, HR, Personnel.

**3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year:**

All stakeholder groups were formally engaged on environment and social issues.

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**4. Percentage of input material and services (by value), in the year, that were procured from local and small vendors / producers:**

54.7% of the input is sourced from local vendors (within India)

**Leadership Indicators:**

**1. Frequency of engagement with each stakeholder group:**

Daily, Weekly, Monthly, Quarterly, Yearly- Based on the needs and Key Performance Indicators (KPI) review schedules.

**2. Examples (up to three) of how the business has incorporated inputs from stakeholders:**

As explained in Principle No.2, Leadership Indicator, Question No.3.

**3. List of the vulnerable and marginalized groups in each stakeholder group :**

Yes, the Company has identified marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.

Such marginalized and disadvantaged communities include villages and economically deprived children and women who are in great need of care and protection.

**4. Examples of decisions and actions taken by the business to address the interests of vulnerable/marginalized groups :**

The Company goes beyond its business activities to create social impact through its diverse initiatives and works towards improving lives of India's marginalized and vulnerable communities.

The Company has taken up initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.

The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.

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### **PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

**Essential Indicators:**

**1. Percentage of employees that have been provided training on human rights issues - a. In the year; b. Total to date:**

The Company does not have a stated Human Rights Policy.

The Company has put in place a Code of Conduct, which is applicable to all the employees to adhere and uphold the standards contained therein.

**2. Employee categories that are covered by the human rights policies of the business - Permanent / Contract / Casual**

All categories of employees viz., Permanent / Contract & Casual are covered by the Code of Conduct.

**3. Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impact in the previous year:**

100% of business agreements are reviewed to ensure code of conduct is adhered with.

**4. Stakeholders groups governed by the grievance committee for human rights issues:**

The whistle blower mechanism provides employees to report any concerns or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of BRR.

Each of the policies formulated by the Company has an in-built grievance and redressal mechanism.

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**5. Number of stakeholders that reported human rights related grievances and/or complaints - a. Received in the year; b. Pending resolution:**

Nil

**Leadership Indicators:**

**1. Percentage of contractual employees and value chain partners that have been made aware / provided training on human rights issues - a. In the year; b. Total to date:**

Contract workforce are engaged through professional service providers.

Contract agreements contain compliance to all statutory labour laws including POSH.

**2. External stakeholder groups and representatives that are covered by the human rights policies of the business:**

All contract agreement with stakeholders have clauses pertaining to Industrial & labour laws compliance.

The Company does not have a stated Human Rights Policy.

**3. Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues - a. During the year; b. Total to date:**

100% of stakeholders have been made aware of the grievance mechanism for any issues with clear redressal process.

In addition, following programmes enable picking up early warning signals and taking action closer to the source of occurrence.

- Employee Contact Program
- Employee Address
- Open Door Policy
- Plant Committee Meeting
- Workers participation through various committees which meet periodically
- Need based meetings with Union

**4. List (up to three) corrective actions taken to eliminate complicity with adverse human rights impact in the last year.**

Nil

**5. Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

Not Applicable.

**6. Provide details of the scope and coverage of any human rights due-diligence conducted during the year.**

Nil

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**PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT.**

**Essential Indicators**

**1. Material risks of potential or actual adverse impact upon the environment and communities by the business:**

The Company is ISO 14001 and OHSAS 18001 certified. The Company has an environmental policy that applies to the Company only.

The Company's environmental policy focuses on eco friendliness, conservation of resources, water management and prevention of pollution.

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Green initiatives include:

- Green belt coverage in all manufacturing plants
- Implementation of gas fired melting furnaces
- Usage of solar power
- Sand recycling and reuse
- Zero discharge effluent treatment plants

**a. Identified in the year:**

NIL

**b. Mitigation and adaptation measures put in place for the above environmental risks:**

Not applicable

**2. Good practices (up to three) in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint of your business activities:**

Refer Principle 6 - Essential Indicators - Point no. 1

**3. Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above:**

- Identified employees were sent to attend sustainability programs conducted externally.
- The Company will be working to identify actions and timelines for implementing them for sustainability.

**4. Details of any adverse orders in respect of any show cause / legal notices from CPCB/ NGT/ SPCB received during the year:**

Nil

**Leadership Indicators:**

**1. Information on environmental impact assessments undertaken in the year:**

- a. Have the results been communicated in the public domain.**
- b. Provide details of any actions taken to mitigate any negative social impacts.**

Necessity for Environment impact assessment did not arise.

**2. Risk management strategies and measures for each material environmental risk identified for the business:**

**a. Details of measures:**

Risk Management Strategies:

The Company is certified under ISO 14001: 2004 standard and has laid down procedure for risk identification, assessment and mitigation.

**Risk Identification and Assessment**

The identification of risks and opportunities is through a process across all manufacturing and supporting functions. The input for identification of Risks and opportunities are:

- Significant aspects due to emergency conditions, legal requirements and interested party concern.
- Internal and external issues.
- Environmental conditions.
- Needs and expectations of interested parties.

**Risk Mitigation and Monitoring**

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed and implemented.

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**b. Targets and achievement values:**

To be decided after identifying the action plans.

**3. Details of your specific contribution to India's Nationally determined Contributions (submitted at UNFCCC COP21 in 2015):**

The Company has taken actions to continuously work on improving energy efficiency and increasing usage of renewable energy. Currently 22% of energy consumed is from renewable sources.

**4. New businesses - products - services created to address the material environmental risks identified:**

The Company has developed a patented process that can be introduced in products made that will improve fuel efficiency and reduce emissions in automobiles.

**a. Information on businesses created:**

The Company is discussing with various customers to introduce in the market.

**b. Percentage of revenue contributed by these:**

Revenue yet to be realized.

**5. Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice:**

The Company has adopted 3R principle of Reduce, Reuse & Recycle towards consumables like cutting tools, coolants, lubricants, etc and their usage across its plants.

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**PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT**

**Essential Indicators:**

**1. Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines a. Frequency; b. Month/year of last review:**

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

**2. Names of trade and industry chambers and associations that you are a member/affiliate of:**

The Company is member of :

- Confederation of Indian Industry (CII);
- Federation of Indian Chamber of Commerce and Industry (FICCI);
- Madras Chamber of Commerce, Industry;
- Automobile Component Manufacturers Association (ACMA).

**3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business:**

Nil

**4. Monetary contributions (if any) that have been made to political parties:**

Nil

**Leadership Indicators:**

**1. The public policy positions available in the public domain:**

The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

**2. Examples (up to three) of any policy changes in the past year as a result of your advocacy efforts:**

The Company has a separate wing Srinivasan Services Trust (SST), which

- a) Works with Government education departments and local panchayats to improve education;
- b) Introduces new income generation activities, increase in agriculture and better Livestock management;
- c) Coordinates between local bodies, government and community to maintain a clean environment;
- d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition;
- e) Supports government bodies in developing infrastructure such as roads, drinking water facilities and more; and
- f) Women empowerment through supporting self-help groups (SHGs) involved in income generation activities to market their products.

**3. Details of corrective action for anti-competitive conduct, taken by the business based on adverse orders from regulatory authorities:**

Not Applicable.

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**PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.**

**Essential Indicators**

**1. Social impact assessments of your business operations conducted:**

**a. Number completed in the year?**

The Company carries out its welfare and CSR activities through Srinivasan Services Trust (SST), the CSR arm of the Company and also through other implementing agencies.

SST's intervention under CSR are mainly confined to individual and household level, the measure on the impact are regularly made at village level internally through few indicators such as:

- Increase in community involvement on SST initiatives in villages as equal partner in the process of change.
- Increase in the delivery of existing government schemes and programs in villages which enable a win-win situation for people and government officials.
- Increase in the level of ownership by community towards sustainability of development created in villages through community based organizations.

**b. Number conducted by an independent external agency.**

No social impact assessment was done by external agencies in this year.

Development of Social impact assessment matrix by an external agency is under progress in SST.

**2. Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society:**

- Facilitating formation of Self Help Groups (SHG) among rural women.
- Facilitating SHGs to avail credit facilities from banks.
- Enabling farmers to utilize the benefit of Agriculture schemes announced by the Government.

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- Undertaking infrastructure repair works for balwadis, school, health centre, water supply and water storage structures.
  - Conducting adult literacy programs among village women folk.
  - Encouraging farmers to adopt good agricultural practices for increasing yield.
- 3. With respect to projects during the year for which Re-settlement and Re-habilitation (R&R) is applicable - a. Number of persons that were affected / displaced by these projects ; b Gross amount paid out to project-affected and displaced persons:**
- Not applicable.
- 4. Details of investments (top three by value) in regions which are underdeveloped:**
- To implement the CSR activities the working areas are categorised into clusters based on geographical division. The top three invested clusters during this year includes:
- |                              |                  |
|------------------------------|------------------|
| 1. Thirukurugudi, Tamil Nadu | : ₹ 151.85 lakhs |
| 2. Hosur, Tamil Nadu         | : ₹ 117.58 lakhs |
| 3. Padavedu, Tamil Nadu      | : ₹ 94.10 lakhs  |
- 5. Examples of goods and services (up to three) that incorporate local traditional knowledge:**
- The resource and skills available with the Company and employees are transformed to community for making better quality produce such as:
- Systematic way of honey collection without disturbing the bees and honey combs.
  - Concerting waste banana bark into value added product.
  - Concerting palm leaf into handicraft product.
  - Making of eco-friendly bags from jute.
- Similarly the products produced by the community on good quality and enhanced quantity are utilized by Company in canteens and by employees.
- 6. Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act 2013) or linked to the CSR Policy of the business:**
- The Company CSR initiatives towards developing a conduit between the government and local communities, enabling people to access various government schemes and benefits.
  - The attempt is to make people independent and drivers of change themselves. The idea is to eventually convert individual beneficiaries into community leaders, who in turn motivate and guide others to bring about social and economic transformation of communities.
  - Development of rural communities requires a holistic approach where different aspects in an individual's life need to be addressed.
  - The economic well-being, education, social empowerment, health of the community and clean environment are all interrelated. Improvement of any one parameter often results in a commensurate improvement in others.

### **Leadership Indicators:**

**1. With respect to these social impact assessments:**

**a. Results made available in the public domain:**

The results of social impact assessments of SST is made available in its Website: [www.tvssst.org](http://www.tvssst.org).

**b. Details of any actions taken to mitigate any negative social impacts:**

No such negative social impact noticed. SST has in house planning, implementation and monitoring team, which review the project activities in various locations at periodic intervals. The CSR team are flexible to take forward the learning at every stage of the project and do course corrective measures.

**2. Numbers benefitting from such beneficial products, technologies or processes:**

- 485 women SHGs formed with 6950 members.
- ₹15.68 crores received as loan by women SHG members from banks.
- ₹25 crores worth of government schemes availed by farmers in our working villages.
- 204 infrastructure works repaired/ improved.
- 526 families got direct benefit through WADI plantation.
- 1580 illiterate women motivated to undergo literacy classes.
- No. of Farmers enabled to undertake soil fertility measures: 2300
- No. of Farmers enabled to undertake soil & water conservation measures: 750
- No. of Farmers enabled to undertake crop protection measures: 900

**3. With respect to projects during the year for which R&R is applicable - a. Was the R&R package developed in consultation with project-affected people; b. Information on gross amounts, made available in the public domain:**

Not applicable.

**4. Channels / platforms used to communicate Information regarding resolution of grievances / complaints from communities:**

CSR team members lives in villages where welfare activities are carried out, in order to understand the needs and receive feedback then and there.

Continuous interaction with community to understand the benefit and utility of various programs implemented through SHG meetings, Gram sabha and meeting with various community based organisations.

Feedback from government officials at local, block and district level on the effectiveness on implementation of the government welfare schemes and programs at grass root level villages.

**5. Examples (up to three) of economic and social value addition in these underdeveloped regions:**

- Community involvement for inclusive development: Treating the community as equal partners in the process of change. They also play an active role on monitoring and evaluation.
- Facilitate and strengthen delivery of existing Government schemes and programs: enabling a win-win situation for the local Government officials and institutions. Hence check and balance done by government departments.
- Empower CSR task force for achieving sustainable outcomes.

**6. Examples where benefits of this local traditional knowledge being used by the business are shared with the community:**

The learnings we have within factories which are suitable for village environment will always be utilized in our intervention villages. Few such learning in Company shared with community are:

- The needed resources which including ideas, inspiration and funds may are all be within reach but mobilization of the needed is key.
- Identify the priority needs and focus to ensure the benefits of development reach.
- Effective targeting is key to achieving maximum impact.

**From a struggle for access, to a path paved with opportunities:**

- Irulambarai, Tamilnadu - once was a road less village.
- Children couldn't access their school as the small path that cut through fields was unsafe.
- Farmers had to hire people to carry their produce as head loads to neighboring markets. Even a sick person had no choice but to be carried up to this point.

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- The 2 kilometer stretch was the main stumbling block in the progress of the people. The villager's efforts to resolve this by approaching various ways had failed.
- The SST met leaders of the community and key beneficiaries. They were briefed and it was decided that instead of searching outside source, villagers themselves would carry out the construction of the road - our first taste of self-reliance.
- Of the total cost of ₹ 2,00,000, a sum of ₹ 30,000 came from key beneficiaries in the village whilst the rest was contributed by SST.
- It took a month to complete the project. Today, the gravel road is more than a lifeline.

### **Knowledge being used**

- A lot of development work in agriculture-based communities is about finding local cost-effective solutions.
- It is important to first offer a holding hand so that people gain confidence to follow.
- People's mindsets are changing and they are taking the initiative for fulfillment of their needs.

### **7. Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act, 2013), disaggregated by the vulnerable and marginalized group categories:**

SST CSR initiatives are in 5000 villages enabling people to enhance the socio economic condition.

Out of 24.50 lakhs people, 1.29 lakhs are tribal people.

### **8. Examples of how the impact of your community initiatives contribute to local and national development indicators:**

- So far 63,000 women are enrolled by SST and enabled to do savings.
- So far 1,15,100 farmers sensitized on crop management practices and various schemes cum programs through agriculture department, agriculture institutions.
- So far 1,36,500 livestock owning families made aware on the available veterinary care services, feeding practice along with animal husbandry department and veterinary science universities.
- So far 4, 80,600 households sensitized on the need of toilet construction and utilization of government support for constructing.
- So far 4,28,500 households made aware about the need of proper solid waste disposal and educated to support local panchayat for disposal of solid waste.
- Enhance water storage capacity of 272 MI tanks by desilting to a water holding capacity of 1438 million litres.
- Sequestering and fixing carbon to a tune of 1080 tonnes by supporting for planting 5.44 lakh trees in community & private land in last five years in addition to economic benefits.

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## **PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS IN A RESPONSIBLE MANNER**

### **Essential Indicators**

#### **1. Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain:**

Not Applicable.

#### **2. Percentage by value of goods and services of the business that carry information about:**

##### **a. Environmental and social parameters relevant to the product:**

The Company produces parts to the prints and specifications provided by the customers.

The Company displays product information as required by the customers. This is approved by them during the development process.

##### **b. Safe and responsible usage:**

As explained in 2(a) above.

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3. **Number of consumer complaints in respect of data privacy - a. Received during the year; b. Pending resolution:**  
Nil
4. **Number of consumer complaints in respect of advertising:**
  - a. **Received during the year** - Nil
  - b. **Pending resolution** - Nil
5. **Number of consumer complaints in respect of delivery of essential services- a. Received during the year; b. Pending resolution:**  
Nil

### **Leadership Indicators:**

1. **Corrective actions taken on adverse impacts of goods and services of your business - a. Details; b. Communicated in the public domain:**  
Not applicable
2. **List of national-international product labels / certifications being used by the business:**  
Not applicable.
3. **Channels platforms where information on goods and services of the business can be accessed:**  
Official Website, Social media, labels.
4. **Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products:**  
Not applicable
5. **On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.**  
Not Applicable.
6. **Processes in place to inform consumers of any risk of disruption / discontinuation of essential services:**  
Risks - business and operational - are identified and appropriate countermeasures deployed. These are reviewed by the management and the board periodically. As appropriate, the risk of disruption / discontinuation of services are also communicated to customers as well as external agencies.

For and on behalf of the Board of Directors

Chennai  
29<sup>th</sup> May 2020

VENU SRINIVASAN  
Chairman