

Business Responsibility Report

Section A: General Information About the Company

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| 1. Corporate Identity Number (CIN) of the Company | L29130MH1962PLC012340 |
| 2. Name of the Company | Schaeffler India Limited |
| 3. Registered address | Nariman Bhavan, 8 th Floor, 227, Backbay Reclamation, Nariman Point, Mumbai – 400 021, Maharashtra, India |
| 4. Website | www.schaeffler.co.in |
| 5. E-mail ID | info.in@schaeffler.com |
| 6. Financial Year reported | January 1, 2020 to December 31, 2020 |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise) | Automotive and varied Industrial sectors |
| 8. List three key products/services that the Company manufactures/ provides (as in balance sheet) | <ol style="list-style-type: none"> Ball & Roller Bearings Engine Components – HLA, RFF, varied plastic components Transmission Components – Clutch, Clutch Disks/Plates |
| 9. Total number of locations where business activity is undertaken by the Company | 14 |
| a) Number of International Locations (Provide details of major 5) | - |
| b) Number of National Locations | 14 |
| 10. Markets served by the Company – Local/State/National/International | All: Local, State, National and International |

Section B: Financial Details of the Company

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| 1. Paid-up Capital (₹) | As on December 31, 2020 the paid-up capital of the Company stood at ₹ 312,607,340 consisting of 31,260,734 Nos. of Equity Shares of ₹ 10/- each |
| 2. Total Turnover (₹) | The turnover for the Financial Year 2020 was ₹ 37,618.4 million |
| 3. Total profit after taxes (₹) | For the Financial Year ending on December 31, 2020, the net profit of the Company was ₹ 2,909.7 million |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | ~2% |
| 5. List of activities in which expenditure in 4 above has been incurred: | Please refer. Project-wise summary under CSR Report on page No.94-95 |

Section C: Other Details

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| 1. Does the Company have any Subsidiary Company/Companies? | Company has no Subsidiary as on December 31, 2020 |
| 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s) | Not applicable |
| 5. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No |

Section D: BR Information

1. Details of the Director and BR responsible for implementation of the BR policy/policies

a) Details of the Director responsible for implementation of the BR policy/policies and BR Head

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| 1. DIN Number | 07736005 |
| 2. Name | Mr. Harsha Kadam |
| 3. Designation | Managing Director |
| 4. Telephone No. | +91 2068198400 |
| 5. E-mail ID | harsha.kadam@schaeffler.com |

2. Principle-wise (as per NVGs) BR Policy/policies

| Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|--|----------------|-------------------------------------|--------------------------------|--------------|------------------------------|----------------------|-----|---------------------|
| | Ethics, Bribery & Corruption | Sustainability | Treatment of Employees & Colleagues | Behaviour towards Stakeholders | Human Rights | Environment, Health & Safety | Industry Association | CSR | Customer Excellence |
| 1. Do you have a policy/policies for... | Yes, Company's Code of Conduct sets out the principle & practices that must be observed toward Business Partner and Third Parties. | | | | | | | | |
| 2. Has the policy being formulated in consultation with the relevant stakeholders? | Yes, while formulating the policy documents – rights & of best Industry Practices. | | | | | | | | |
| 3. Does the policy conform to any national/international standards? If yes, specify? | Fairness, mutual respect and integrity are the cornerstones within the Company and the Schaeffler Group upon which our actions are based. Being member of Schaeffler Group, the Company believes in benchmarking practices and global standards – to the best possible extent. | | | | | | | | |
| 4. Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Directors? | All Statutory Policies and Codes are adopted considering prevailing Legal requirements and approvals of respective authority levels [Board of Directors, its Committees and Company Management]. | | | | | | | | |
| 5. Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the Policy? | Implementation mechanism of all the Policies & Codes is presented to and reviewed by the respective authority levels periodically. | | | | | | | | |
| 6. Indicate the link for the policy to be viewed online? | https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/corporate-governance/codes-and-policies/index.jsp | | | | | | | | |
| 7. Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes, the policies are communicated to all the stakeholders and awareness programmes, workshops and e-learning modules including tests and certification are administered which are mandatory for all relevant employees. | | | | | | | | |
| 8. Does the Company have in-house structure to implement the policy/policies? | | | | | | | | | |
| 9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Compliance Management System of the Schaeffler Group and Company' Vigil Mechanism/Whistle-Blower Policy are effective tool towards grievance redressal mechanism. | | | | | | | | |
| 10. Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | The Company has carried out audits as applicable for the respective policies. | | | | | | | | |

3. Governance Related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company: 3-6 months by CEO

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report is published annually and is part of the Annual Report of the Company. The weblink for the same is <https://www.schaeffler.co.in/content.schaeffler.co.in/en/investor-relations/financials/annual-reports/index.jsp>

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- The Company should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain. Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders.
- It should not engage in practices that are abusive, corrupt, or anti-competition.
- To discharge their responsibility on financial and other mandatory disclosures truthfully.
- It should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines

Performance Assessment:

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| 1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? | Yes |
| 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. | <p>The Company believes in pursuing its business objectives ethically, transparently and responsibly with its stakeholders across the value chain. Fairness, mutual respect and integrity are the cornerstones upon which the actions of the Company are based. Further, the Company only engages in business deals with third parties that conduct business ethically and do not subject the Company to any reputational harm.</p> <p>The Company's Code of Conduct is in compliance with the standards of business conduct and ethics, as well as the regulatory requirements. The Code of Conduct is communicated to all stakeholders through its website. The Company's Whistle-Blower Policy also encourages employees to bring instances of unethical behaviour to the knowledge of the management. The Company has a system in place to undertake measures to resolve grievances.</p> |

Principle 2**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- a. To assure safety and optimal resource use over the life cycle of the product – from design to disposal and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.
- b. Should raise consumers awareness of their rights through education, product labelling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.
- c. In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.
- d. Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.
- e. Businesses should recognise and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.
- f. Businesses should recognise that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.

Performance Assessment:

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| 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. | Our business mainly increasing the fuel efficiency by then reduces the environmental impact. For example |
| a. Clutch Disc – With no Asbestos | 1. No Asbestos in Clutch Disc (friction material) |
| b. 1T bearings for automotive applications and New Generation DGBB | 2. Fuel Efficiency and Less noise by bearings from minute diameter |
| c. Large Size Bearings for windmills – with increased life and durability | 3. Large Size Bearings for Windmills with increased life and durability |

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| <p>2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):</p> | <p>The resources like electricity, natural gases, water, raw materials, steel, castings, forgings are utilised in our processes to convert into a product. Also, we are conserving the energy by Energy Efficiency Programs</p> <p>For e.g. The electricity utilisation per unit of clutch and Clutch release system is 1.69 against target of 1.75/unit</p> |
| <p>a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</p> | <p>Company has clear target for the freshwater consumption defined by the Management board. 20% reduction of the total fresh water supply until 2030.</p> <p>In the last financial year overall reduction of water usage was 3.6% which will be further reduced in the current financial year.</p> |
| <p>b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p> | <p>Schaeffler India products focuses on energy efficiency which provides high durability and less consumption of energy.</p> <p>For E.g.</p> <ol style="list-style-type: none"> 1. Water pump bearing of Schaeffler India provides higher efficiency which tends to consume comparatively less power. 2. Schaeffler India clutch provides a self-adjusting clutch which helps the engine of a vehicle consume less fuel and less wear. |
| <p>3. Does the company have procedures in place for sustainable sourcing (including transportation)?</p> | <p>Yes, the Company has a global target of achieving 90% sustainable suppliers by 2021</p> <p>These are defined in the EHS policy of our Company.</p> <p>Minimum Environmental Impact and Environmentally Friendly Products Regardless of the activities we are carrying out, we endeavor to minimise environmental impact by taking suitable measures in advance. We consume raw materials and energy sparingly and make every effort to minimise waste, wastewater, noise, and other emissions. We manufacture environmentally friendly products taking into account the entire product life cycle.</p> |
| <p>a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p> | <p>Yes.</p> <p>As on end of 2020, 39% of the suppliers were assessed for Sustainable Suppliers Self-Assessment defined by Schaeffler globally.</p> <p>Awareness about various environmental aspects and guidelines regarding good environmental practices are being given to the suppliers from time to time. Suppliers are also audited for the basic environmental, health and safety requirements.</p> <p>Supplier are carried out with a selection process which includes environmental condition and actions towards protecting it. The purchase team are trained in environmental sound purchasing and group guidelines which ensures the minimum impact.</p> |
| <p>4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?</p> | <p>Yes.</p> <p>Localization projects are being increased year on year.</p> <p>This is a major focus area to reduce the cost, energy and Scope 3 CO₂ emission</p> <p>Sourcing from all the size of the producers</p> <p>We have commodities defined for procuring the goods from all locations of the plant. Which includes small producers, communities within the area of Schaeffler India plants located.</p> |
| <p>5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.</p> | <p>Yes.</p> <p>Schaeffler India manufactures environmentally friendly products taking into account the entire product lifecycle.</p> <p>Schaeffler has now defined sustainable target to create a Circular Economy</p> <p>The Company is not taking back the materials from consumers after usage for recycle but some of the unique products from major customer are refurbished.</p> <p>E.g.</p> <ol style="list-style-type: none"> 1. Railway bearings are sent back to plant for overhauling and then for reusing. 2. Recycling of scrap and waste is >89% in all locations of Schaeffler India. Company had a target of achieving 90% recycle of scrap and waste by 2020. This will protect the resource depletion and protecting the environment. |

Principle 3**Businesses should promote the wellbeing of all employees**

- a. Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms
- b. Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation
- c. Businesses should not use child labour, forced labour or any form of involuntary labour, paid or unpaid
- d. Businesses should take cognisance of the work-life balance of its employees, especially that of women
- e. Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees
- f. Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis
- g. Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions
- h. Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities

Performance Assessment:

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| 1. Please indicate the Total number of employees | 2794 | |
| 2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. | 1960 | |
| 3. Please indicate the Number of permanent women Employees. | 79 | |
| 4. Please indicate the Number of permanent employees with disabilities. | 7 | |
| 5. Do you have any employee association that is recognised by the Management | 1. FAG Karmachari Association 2. Shiv Kranti Kamgar Sanghatana 3. LuK India Employees Union 4. LuK India National Employees Union | |
| 6. What percentage of employees is member of this recognised employee association | 32.60% | |
| 7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. | | |
| Category | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
| Child labour/forced labour/involuntary labour | NIL | NIL |
| Sexual harassment | 1 | NIL |
| Discriminatory employment | NIL | NIL |
| 8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year | | |
| a. Permanent Employees | 52.5% | |
| b. Permanent Women Employees | 74.7% | |
| c. Casual/Temporary/Contractual Employees | 41.9% | |
| d. Employees with Disabilities | 66.7% | |

Principle 4

Businesses to respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

- a. Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them
- b. Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product and services and associated operations on the stakeholders
- c. Businesses should give special attention to stakeholders in areas that are underdeveloped
- d. Businesses should resolve differences with stakeholders in a just, fair and equitable manner

Performance Assessment:

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| 1. Has the company mapped its internal and external stakeholders? Yes/No | Yes |
| 2. Out of the above, has the company identified the disadvantaged, vulnerable and marginalised stakeholders | Yes |
| 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so. | The Company recognises its responsibility towards disadvantaged, vulnerable and marginalised stakeholders. The Company has undertaken hallmark programmes under 'HOPE' initiative which focuses on Health, Occupational skills development and Protection of Heritage and Education. The details of such programmes and their impact assessment are disclosed in Corporate Social Responsibility section of the Annual Report. |

Principle 5: Businesses should respect and promote human rights

- a. Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature.
- b. Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.
- c. Businesses should recognise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalised groups.
- d. Businesses should, within their sphere of influence, promote the awareness and realisation of human rights across their value chain.
- e. Businesses should not be complicit with human rights abuses by a third party.

Performance Assessment:

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| 1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? | The Code of Conduct of the Company provides for the human rights and it extends to Group as well as other associates. |
| 2. Total No. of stakeholder complaints received in the past financial year and percentage of Complaints resolved by the management | There were no complaints with regards to Human rights violations. |

Principle 6**Business should respect, protect, and make efforts to restore the environment.**

- a. Businesses should utilise natural and man-made resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.
- b. Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.
- c. Businesses should ensure that benefits arising out of access and commercialisation of biological and other natural resources and associated traditional knowledge are shared equitably.
- d. Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.
- e. Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain.
- f. Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.
- g. Businesses should proactively persuade and support its value chain to adopt this principle.

Performance Assessment:

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| 1. Does the policy cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. | Yes, extended to all stakeholders and interested parties. |
| 2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? | Yes, global strategies are defined for the company on Climate protection, Carbon Neutral Protection and sustainable suppliers etc. Sustainability Schaeffler Group |
| 3. Does the company identify and assess potential environmental risks? | <p>Yes.</p> <p>As per ISO14001 Aspect and Impact Study, after identifications of the aspects, they are evaluated for their significance by calculating their severity on the impact.</p> <p>The aspects are identified, which have environmental impact as defined by the statutory bodies are to be directly taken as significant aspects. Also, conservation of natural and man-made resources is to be taken as significant aspects.</p> <p>All significant aspects shall be included in establishing the implementation strategy of environmental management system, including objectives and targets, environmental programmes procedures, etc.</p> <p>One of the primary objectives of environmental protection is to prevent adverse effects on the environment and to minimise the effects that cannot be controlled. To achieve this objective, many measures have been implemented. The environmental effects caused at the location are evaluated on a regular basis.</p> <p>Each location is running a management program to reduce the impact on environment.</p> |
| 4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? | <p>The Company set up a global sustainability target of achieving carbon neutral production sites by 2030 driven centrally by Headquarters</p> <p>To achieve this, we have defined the below goals:</p> <ol style="list-style-type: none"> 1. Achieve maximum renewable energy coverage by 2024 2. 100 GWh cumulated annual efficiency gains until 2024 |
| 5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. | <p>Yes, the Company has taken several initiatives</p> <p>Hosur location purchased third party renewable energy of 5MW produced from solar panels. Which is 50% of plant's overall consumption and 4185 tons of CO₂ emission neutralised.</p> <p>EEP (Energy Efficiency Projects) are carried at all the locations and achieved 429MW energy savings</p> <p>Some of the projects are:</p> <ol style="list-style-type: none"> 1. Salvi installed new compressor management systems to use the compressed air efficiently 2. Maneja installed frequency converter for the central emulsion system 3. Pune replaced 22kW motors with energy efficient motors etc. |

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| 6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported? | Yes, The legal requirements defined by CPCB and SPCP which are regularly monitored by each location this helps Company to perform within the specified limits. For e.g. Annual monitoring of the workplace air quality and ambient air quality are done to check the performance. |
| 7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. | No show cause/legal notices received by the Company in the financial year. |

Principle 7:

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| 1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with. | Yes, Confederation of Indian Industry, Indo German Chamber of Commerce, Federation of Gujarat Industries, The Economic Times India Leadership Council, Auto Component Manufacturers' Association. |
| 2. Have you taken part in discussions/ lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, others). | Through the membership of the trade associations, the company has advocated on the topics of skill development, education and training and related technology areas such as e-mobility, energy consumption and reduction. |

Principle 8:

Businesses should support inclusive growth and equitable development

- a. Businesses should understand their impact on social and economic development, and respond through appropriate action to minimise the negative impacts
- b. Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society
- c. Businesses should make efforts to complement and support the development priorities at local and national levels and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.
- d. Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns

Performance Assessment

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| 1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. | Yes, our project details are available in the Director's Report in CSR segment |
| 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation? | Some programmes are undertaken through inhouse teams and others in partnership with NGOs and implementing agencies. |
| 3. Have you done any impact assessment of your initiative? | Yes |
| 4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. | The details of contributions made by the Company for community development are provided in the CSR report of the Company. |
| 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. | Yes and the details are well explained in the initial pages. |