

Business Responsibility Report for the Financial Year 2020-21

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L35999TN1962PLC004943
2. Name of the Company : Sundram Fasteners Limited
3. Registered address : 98A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai 600 004
4. Website : www.sundram.com
5. E-mail id : investorshelpdesk@sfl.co.in
6. Financial Year reported : 2020-2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

As per National Industrial Classification – 2008:

Section	Division	Description
C - Manufacturing	25	Manufacture of fabricated metal products, except machinery and equipment – Metal Fasteners.
G – Manufacture of motor vehicles, trailers and semi-trailers	29	Manufacture of motor vehicles, trailers and semitrailers – Parts and accessories for motor vehicles.

8. List three key products / services that the Company manufactures / provides (as in balance sheet)
 - i. High Tensile Fasteners
 - ii. Pump Assemblies, Engine and Transmission Components
 - iii. Hubs and Shafts
9. Total number of locations where business activity is undertaken by the Company
 - i. Number of international locations (details of major 5) : 2
 - ii. Number of national locations : 11
10. Markets served by the Company – Local / State / National / International:
Local / State / National / International

Section B: Financial Details of the Company (as on 31-03-2021)

1. Paid-up capital : ₹ 21.01 Crores
2. Total turnover : ₹ 3,081.60 Crores
3. Total profit after taxes: ₹ 328.14 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Company's total spending on CSR for FY 2020-2021 is 2% of the average profit after taxes in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred:-
 - i. Education
 - ii. Healthcare
 - iii. Environmental sustainability
 - iv. Art and Culture
 - v. Livelihood Enhancement

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies?

Yes. The Company has 6 Domestic Subsidiaries and 5 Overseas Subsidiaries as on March 31, 2021.

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).

Business Responsibility initiatives of the Parent Company are generally followed by its manufacturing subsidiaries to the extent possible.

3. 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 Directors responsible for BR

(a) Details of the Director / Directors responsible for implementation of the BR policy / policies

DIN Number	Name	Designation
00517456	Ms Arathi Krishna	Managing Director

(b) Details of the BR Head

S. No.	Particulars	Details
1	DIN Number	00517456
2	Name	Ms Arathi Krishna
3	Designation	Managing Director
4	Telephone Number	044-28478500
5	E-Mail ID	mdoffice@sfl.co.in

2. Principle wise BR Policy / Policies (Reply – Y/N)

(a) Details of compliance (Reply in Y/N)

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify.*	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	**	**	**	**	**	**	-	**	**

Sundram Fasteners Limited

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	Y	N	N	Y	-	Y [#]	-

* The policy with respect to Product Responsibility is in line with international standards and practices such as ISO/TS 16949 – 2009 and ISO 14001:2004 standards. The policies with respect to Environment are in line with ISO 14001 standards. The policy with respect to business ethics, wellbeing of employees and CSR meets the national regulatory requirements, such as Corporate Laws, Environmental Laws and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**www.sundram.com/investor.php

As a part of Secretarial Audit by the Secretarial Auditor

(b) If answer to S. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason	-	-	-	-	-	-	*	-	-

* Considering the nature of Company's business, these principles have limited applicability. The Company complies with Regulations governing its operations and has taken initiatives to promote inclusive growth and environmental sustainability.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Company assesses the BR Report / performance on a quarterly basis.

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

Yes. The Business Responsibility Report is published annually and is available on the website under the following web link: <http://www.sundram.com/investor.php>

Section E: Principle wise performance

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

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. The Code of Business Conduct and Ethics policy covers only the Company.

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.

From	Received during the year 2020-2021	Resolved during the year 2020-2021
Shareholders	1	1

One of the Shareholders of the Company had lodged a complaint with the Ministry of Corporate Affairs (MCA) with respect to Non-Receipt of Annual Report for the Financial Year 2019-2020.

In view of the massive outbreak of the Coronavirus pandemic, the Ministry of Corporate Affairs (“MCA”) vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 (collectively referred to as “MCA Circulars”) and the Securities and Exchange Board of India vide its circular dated May 12, 2020 had permitted the dispatch of Notice of the Annual General Meeting (AGM) along with the Annual Report for the financial year 2019-2020 only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. The AGM of the Company was also held virtually on September 16, 2020 in compliance with the aforesaid circulars.

It may be noted that the Company had dispatched physical copy of the Annual Report for the Financial Year 2019-2020 as and when we received the request from the shareholders, though the requirement of dispatch of physical copy of the Annual Report was dispensed by the MCA / SEBI in line with the above-mentioned circulars.

However, on receipt of the complaint received from the shareholder, the Company had dispatched a hard copy of the Annual Report for the Financial Year 2019-2020 to the said shareholder at his address registered with the Company / Depositories.

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

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is environmentally conscious and is committed in creating, maintaining and ensuring a safe and clean environment. The Company is expanding and strengthening its position in the domestic and export markets, balancing commercial ambitions with environmental concern. The Company, by adopting appropriate green initiatives and practices ensures to make processes and businesses more environment friendly.

Three products or services whose design has incorporated social or environmental concerns, risks and opportunities:-

- i. Sprocket [Variable Valve Timing (VVT) – Application]
- ii. Variable Displacement Oil Pump (VDOP)
- iii. Backing Plate for Automotive Transmission
- iv. Shift Fork
- v. Change in process – hazard free coatings
- vi. Development of Electric Water Pump Engine Brake System
- vii. Integrated Front Cover
- viii. Exhaust Brake Valve

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
 - b. Reduction during usage by consumers (energy, water) has been achieved since the previous year? Change in process – hazard free coatings:
-

Sprocket [Variable Valve Timing (VVT) Application]

Sprocket Variable Valve Timing Application adjusts the opening and closing of the intake and exhaust valves and enables the engine to run more efficiently at different speeds. VVT always boosts the power of engines. In order to meet the growing demand for low-emission, high-economy diesel units, all vehicle manufacturers offer a Lean NOx Trap (LNT) to further minimize emissions and fulfil the Euro 6 / BS VI emission targets.

Variable Displacement Oil Pump

A Variable Displacement Oil Pump (VDOP) is an approach to reduce the parasitic losses wherein the oil flow is regulated based on the mechanical needs of the engine.

Backing Plate for Automotive Transmission:

The backing plate used in Automotive Transmission which was earlier manufactured through forging route is now being manufactured through sintered route / powder metallurgy route, resulting in minimum noise and elimination of wastage.

Shift Fork

While the functional location of the component required alloyed iron powder for high strength and wear resistance, the non-functional portion required unalloyed powder. Technology was developed with mixture of powder (alloyed iron and unalloyed iron powder) and the component was produced, thus saving alloy material.

Change in process – hazard free coatings

As a part of reducing hazardous material substitution, the process of coating has been changed to hazard free coatings. The chrome VI passivation after Zinc plating has been substituted with chrome III passivation. Further, electroplating has been replaced with zinc flake coating which completely avoids chrome in any form.

Development of Electric Water Pump Engine Brake System:

Development of Electric Water Pump Engine Brake System and a version of water / oil pumps in order to be compliant to Bharat Stage (BS) VI norms.

Integrated Front Cover:

Development of Integrated Front Cover through which power consumption / friction is reduced in internal combustion.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company had initiated the introduction of new quality system standard IATF 16949:2016, which replaces ISO/TS 16949:2009 and is in line with the revised ISO 9001:2015 Quality Management Standard (QMS) in all its plants that establishes the requirements for a QMS, specifically for the automotive sector. The Company has procedures in place for sustainable reporting. Some of the initiatives are given hereunder:-

- a. Constantly encourages the use of biodegradable / reusable materials for packing and storing of materials.
- b. Materials like oils, lubes, steel etc. are conserved and mainly focused to reduce loss and wastage and to maximize utilisation of materials.
- c. Vehicles are permitted inside the factory, only if they comply with the pollution control norms
- d. Specifically focussed on the storage, handling and disposal of hazardous chemicals
- e. Specialised agencies are employed to treat the chemical wastes.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The steps taken by the Company to improve the capacity and capability of local and small vendors are given hereunder:-

- i. Indigenization / localisation plans are given top priorities
- ii. A strong sub-contractors base has been created at various locations to support the manufacturing plants.

- iii. Top priority of buying is given to the domestic sources for raw materials and consumables.
- iv. Indigenization achieved in raw materials and consumables buying.
- v. Suppliers / Vendor meets and surveys are conducted, to receive feedback and to improve their processes and output.
- vi. Total Quality Management (TQM) training was extended to sub-contractors to support them to manufacture and supply good high quality products to us.
- vii. Vendors contributing for the indigenization are awarded and encouraged.
- viii. Extend technical and financial support to the local small vendors and sub-contractors.

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.

Yes. The Company has a mechanism to recycle products and waste. The recycling / re-usage of tools and consumables, maximizing the life of oils, lubes are part of manufacturing process on a routine basis. Since, most of the products manufactured by the Company are made out of steel, re-usage / recycling is done by melting and the scrap generated from products / processes are provided as inputs to the steel melting plants.

Principle 3: Businesses should promote the well-being of all employees

1. Please indicate the Total number of employees
2,968
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.
7,050
3. Please indicate the number of permanent women employees.
137
4. Please indicate the number of permanent employees with disabilities
4
5. Do you have an employee association that is recognized by management.
Yes
6. What percentage of your permanent employees is members of this recognized employee association?
1,165 (39%)
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	-	-
2	Sexual harassment	-	-
3	Discriminatory employment	-	-

8. What percentage of your under-mentioned employees were given safety and skill upgradation training in the last year?

S. No.	Category	% of safety & skill upgradation training in the last year
1	Permanent Employees	100%
2	Permanent Women Employees	
3	Casual / Temporary / Contractual Employees	
4	Employees with Disabilities	

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes/No
Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations. Individual departments within the organisation have roles and responsibilities identified and defined to engage with various stakeholders.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
Yes.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.
Please refer Page Nos. 22 to 29 (Annual Report on CSR Activities).

Principle 5: Businesses should respect and promote human rights

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 Affirmation of Compliance to Code of Conduct forming part of Company's 'Code of Business Conduct and Ethics', 'SFL's Policies on Prevention of Sexual Harassment of Women at Workplace' and, Prevention of Human Trafficking and non-discrimination & equal employment cover the aspects of ensuring human rights. The policy covers the Company and its subsidiaries to the extent possible.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
One (100%)

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

1. Does the policy relate to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?
The Company encourages employees as well as other stakeholders to actively participate in protecting / restoring environment. The Company over the years has inculcated sustainable business practices through well-defined processes. Best practices are shared to all stakeholders as a part of horizontal deployment. The policy covers the Company and its subsidiaries to the extent possible.
2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
Yes. The Company has a well evolved structure for environmental conservation. All the units / plants have a vast area under green belt with natural flora and fauna. The Company has been focusing on reducing its emissions from its operations which impact the environment. Water conservation is a key theme addressed by the top management with focus on reduction / recycling.
3. Does the Company identify and assess potential environmental risks? Y / N
Yes. All the units of the Company identify and assess potential environmental risks as a part of the ISO 14000 Environmental Management Systems (EMS) standard. Periodical review is done by top management on the steps taken to mitigate the potential risks identified.
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?
The Company has been in the fore front of utilising renewable energy for its units situated in Tamil Nadu, generating green power and feeding to its units through grid. In addition, wind energy is sourced through Group Captive arrangements. During the financial year 2020-2021, the share of renewable wind energy amounted to 49.11% of total consumption of all its units in India.

Apart from wind energy, the Company has also consumed power from roof top solar plant to the tune of 1.53%, thus the total renewable energy consumption amounts to 50.64% of total energy consumed. This has resulted in a reduction equivalent to 83,332.81 MT of CO₂ during 2020-2021. Further addition to solar power roof top capacity is planned in the financial year 2021-2022.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.

The Company has a continuous focus on conservation of energy. Targets in terms of sourcing mix and cost are set every year and action plans are drawn. Constant review is done by the top management and the audit committee on a quarterly basis. Energy conservation measures include energy savings, use of alternate sources of energy i.e. wind power, bio gas.

Apart from maximising renewable energy usage, energy conservation projects like:

- i. Usage of Liquefied Petroleum Gas (LPG) Fired furnace in the process of melting aluminium for pressure die casting in the place of diesel fired furnace. Better combustion with LPG resulted in Fuel cost savings.
- ii. Installation of OFF delay timer to avoid Idle run of Forging machines motors in clutch type Forging Machines.
- iii. Minimizing lighting power consumption through replacement of 250W Metal Halide lamps with 120W LED lamps.
- iv. Usage of cooling water as utility instead of Chilled water leveraging the higher heat transfer area in Heat exchangers.
- v. Use of Variable Frequency Drive (VFD) control with Squirrel cage induction motor in in heavy Duty Wire Drawing machine. Replacement of the existing slip ring induction motor enabled usage of VFD.
- vi. Voltage Optimization in Transformer for Motor energy loss.
- vii. Conventional man cooler replaced with energy efficient Brushless Direct Current (BLDC) man cooler.
- viii. Geomet cooling zone fan idle running eliminated by introducing interlock with product entry detection through sensor.
- ix. Installation of high efficiency IE3 motors on blowers.
- x. Waste heat recovery with usage Heat pump in Dephos and Rinsing heater area.
- xi. Installation of energy efficient brush less Direct Current (DC) motor driven ceiling fans in Canteen.
- xii. Arresting leakage of Compressed air and optimal utilization of Air compressor based on demand.

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

All the units of the company are in compliance with the prescribed norms of Central Pollution Control Board (CPCB) / State Pollution Control Board (SPCB) for Effluent discharge, Air Emissions, hazardous solid and liquid disposals.

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.

Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

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.

- a. Automotive Component Manufacturers Association of India
- b. Madras Chamber of Commerce & Industry
- c. The Confederation of Indian Industry

2. Have you advocated / 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).

Yes. Representations have been made to Chambers of Commerce and industry associations on various matters for the improvement of regulatory policies.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Please refer Page Nos. 22 to 29 (Annual Report on CSR Activities).

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

CSR initiatives are undertaken both by the Company with its own resources as well as working in partnership with specialist organisations, NGOs. Please refer Page Nos. 22 to 29 (Annual Report on CSR Activities).

3. Have you done any impact assessment of your initiative?

Yes, we do review the projects through field visits. Our factories also undergo Greenco certification assessment that assess and analyse the environmental impact of the company's activities or operations.

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.

Please refer Page Nos. 22 to 29 (Annual Report on CSR Activities).

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.

Please refer Page Nos. 22 to 29 (Annual Report on CSR Activities).

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

Nil.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

Yes. The Company displays product information on the product label as specified under the applicable laws and Rules made thereunder.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

No.