

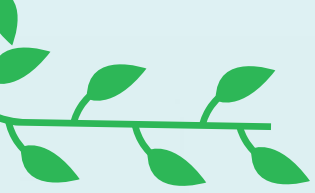


**Sundram Fasteners Limited**



# ESG Report **2023**





# CONTENTS

01

**Leadership Message**

03

**About SFL**

02

**ESG highlights – FY23**

04

**About the report**

06

**Stakeholder Engagement**  
Driving sustainable transformation  
through effective stakeholder  
consultations

05

**Sustainability at Sundram Fasteners Limited (SFL)**  
Delivering long term value to the stakeholders



07

**Materiality**

09

**Environment**  
Preserving the integrity of  
the natural world

08

**Governance**  
Creating sustainable  
value to the stakeholders

10

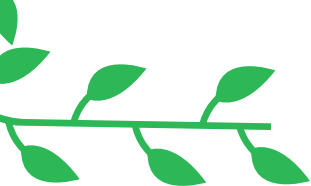
**Social**  
Prioritizing the  
human capital

12

**GRI and  
BRSR Index**

11

**Way forward**



# Leadership Message

“In a long-standing family business, inheritance of companies is more a norm. One rarely gets a chance to start something new from ground up.” SFL started as a small-scale Company with just eight people. The passion and commitment to grow it into a healthy organization were unwavering driving force for its steady expansion. The dedication of the Company’s employees to ensure it thrived has made SFL the Company it is today. It is this commitment and passion that laid the foundation for SFL being a people-oriented Company, a legacy which the current management carries forward.

SFL today is a multi-product, multi-location Company, one which has grown from very humble beginnings. It still fiercely retains its original and ever pervasive character of being people centric. The belief that if you are sensitive to people everything else falls into place has underpinned SFL’s way of conducting business since inception. It is **the Company’s dharma to contribute to raising people’s standard of living as a means to build a better India**. This cherished goal encompasses not only its employees but also the society in which all SFL factories operate today and will operate in the future. This single-minded aim underpins SFL’s efforts to be a socially responsible and environment friendly organization, working to reinforce its governance structure to ensure the continuity of its operations and serve all stakeholders, including customers, employees, suppliers, vendors, sub-contractors, communities etc. The Company has not lost a single day’s production to labour problems in the past sixty years and the industrial relations remain congenial.

Major countries today are grappling with economic challenges which have resulted from a combination of factors including fiscal measures implemented during the pandemic years, supply chain disruptions and geopolitical tensions. The economic fallouts have had a cascading effect on a large part of the

world. India is not an exception to this as businesses grapple with inflationary pressures and strive to balance higher costs with quality, profitability and the interests of customers and consumers. This is in addition to existing challenges of an intensely competitive market.

The present situation presents an immense opportunity for SFL to steer a path towards enhanced sustainability, robust growth, and strengthened industry leadership. It is a firm belief within SFL that true progress takes place when its stakeholders also benefit and develop as the Company advances. This belief is well established in the Environment, Social and Governance or ESG approach which has for long underpinned the way SFL does business. As the Company navigates the complexities of the global business environment and contends with climate related challenges on its growth journey, ESG assumes increasing importance in how SFL manages and delivers to the expectations of its various stakeholders.

Recognizing this, in FY 23, the Company took the step to launch its maiden ESG report and share its ESG commitments and progress with its many stakeholder groups.

SFL’s growth has been consistently powered by a relentless emphasis on customer centricity and product quality. Owing to a combination of factors including the growing demand for steel in the country, import tariffs, and the depreciated Indian rupee, the price of steel - a key component in SFL’s products - has risen. This has posed challenges of realizing cost efficiencies which SFL has successfully met while remaining focused on customers’ needs and product quality and achieving business goals.

As a responsible corporate citizen, SFL is cognizant of its role in sustainable development and in supporting its customers to meet their ESG goals. SFL’s

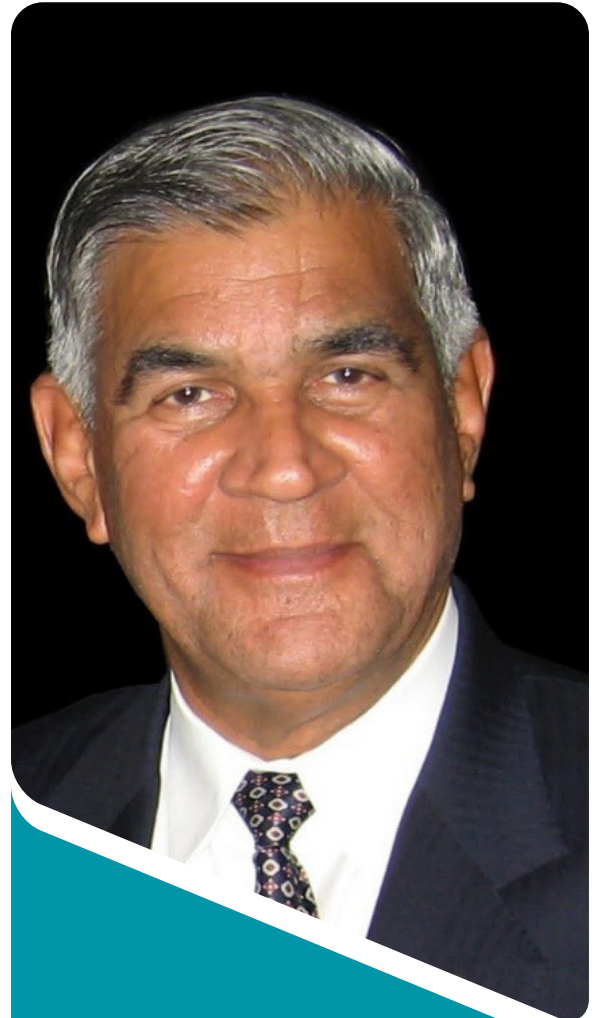
## Chairman's Message

efforts to mitigate its environmental footprint have seen it achieve considerable energy efficiencies and increase the proportion of renewable energy in its operations. Equally important, the Company has implemented measures for the efficient use and management of water. Biodiversity has also received attention with green coverage of 132 acres of land.

Service to community and contributing to their socio-economic development is a key aspect of SFL's founding philosophy. The Company continues to create opportunities for an improved and sustainable way of life for underprivileged communities. While different avenues for community services are followed, SFL's primary focus remains on making education, healthcare, accessible for its employees as well as surrounding communities. The Sundram Matriculation Higher Secondary School established in 1993 at the behest of local residents continues to receive SFL's financial support as do several other education related programmes including those for children with special needs.

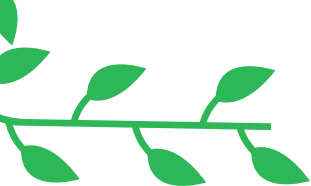
SFL's employees are the Company's most coveted asset and their health and wellbeing is of the highest priority. The Company continues to enable access to healthcare for them including mental health assistance, through an extensive centre for mental health services. Education being the gateway to a better life, employees' families are also enabled to pursue education with financial support from the Company.

While ESG has been made mandatory for listed companies, SFL has been practising ESG since inception. As SFL looks ahead to newer challenges and heights, I would like to congratulate and thank each and every one for their contribution to the Company's sustained success. As the organization grows from strength to strength, SFL should make sure that it carries along with it the value systems that have made it the Company as it stands today.



Best wishes,  
**Suresh Krishna**  
 Chairman





# Leadership Message

Sundram Fasteners Limited (SFL) was built on a strong foundation of quality, and the Company is recognised for its unwavering commitment to maintaining and enhancing the quality of its products. The Company has numerous firsts to its credit, such as the distinction of being the first organisation in India to be certified for ISO 9001, and simultaneously receiving the Deming Award at all 17 of the production locations. The Company is certified for ISO 14001, 45001, and IATF 16949, further solidifying its commitment to excellence. SFL's consistent efforts over the past 50 years to add new product lines and improve its products and processes sets it apart from its competitors and peers.

Despite recent inflationary pressures and other geopolitical developments that have put a burden on global businesses, the Company has demonstrated that it is tenacious and efficient in its operations, leading to year-on-year growth. For the fiscal year that concluded on March 31, 2023, on a consolidated basis, the Company achieved the twin milestones of crossing Rs. 5,000 crores in revenue and achieving Rs. 500 crores as profit after tax. I want to thank everyone at Sundram Fasteners as well as its customers, employees, shareholders, vendors, suppliers and other stakeholders for their support in enabling SFL to achieve this performance and other accomplishments.

In addition to the Company's financial successes, significant ESG (Environment, Social, and Governance) advancements have also been made. The Company took the initiative to make its ESG commitments and achievements public last year (FY 2023) through its first ESG Report, which complies with the guidelines of internationally recognised standards. This marks the beginning of SFL's efforts to strengthen and develop long-term stakeholder

relationships based on trust and transparency. SFL is also creating an ESG strategy that will enable the Company to completely integrate sustainability in all its operations. The ESG strategy will be crucial to SFL's growth as a successful Company with strong sustainability credentials.

## Environment

SFL's commitment to environmental responsibility is unwavering. The Company has implemented several initiatives to minimize its ecological footprint and foster a sustainable future. SFL has set an ambitious goal to reduce its carbon footprint. Today, almost 40% of the total electricity consumed by SFL for its operations is produced from renewable sources thanks to its investments in renewable energy sources like solar and wind power. Similarly, Initiatives related to water management are accorded critical priority, and as a result, most of the units now have facilities that allow for zero liquid discharge.

## Social

Social responsibility has always been an integral part of the Company's ethos. SFL is committed to create a positive impact on society and fostering sustainable development in the communities in which it operates. By leveraging the Company resources, expertise, and partnerships, SFL aims to create a meaningful and lasting impact on society while driving sustainable growth for the organization.

Sundram Matriculation Higher Secondary School, SFL's flagship CSR initiative, reserves 50% of the available seats for females, ensuring that they have an equal opportunity to receive a high-quality and affordable education. SFL firmly believes that empowering women through education and access to quality healthcare is essential for driving positive



## Managing Director's Message

social change and fostering a more equitable and inclusive society. Currently, approximately half of the 469 students enrolled in the school for the fiscal year 2023 are female.

Within the workplace, SFL strives to create an inclusive environment where both men and women have equal access to professional growth opportunities, unlocking the full potential of its workforce and generating a positive and sustainable impact on society. SFL has made significant progress in this area.

SFL's commitment to sustainability and social responsibility extends to the well-being of its employees through various initiatives such as professional advancement through customised training programs and leadership development initiatives, educational sessions on financial wellness, access to healthcare services for employees and their families, and financial assistance for the employee's children's education.

### Governance

SFL prioritizes responsible operations and aligns with the United Nations Sustainable Development Goals. In order to comply with all applicable regulations, SFL has implemented a robust monitoring system for compliance.

Shri T.V. Sundram Iyengar, the founder of the TVS family, established a culture centred on excellence, aiming to reach higher levels of achievement in all endeavours. This enduring legacy has been fostered by its Chairman, Sri Suresh Krishna, and is now being upheld by the management and employees in all aspects of their work.

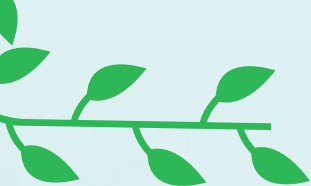
As SFL advances towards its goals, I wish all stakeholders and their families the very best.



Best Wishes,  
**Arathi Krishna**  
Managing Director







# ESG highlights – FY23



New hires

**308**



Training hours

**33,498 hours**



CSR spend

**9.1 Crore INR**



Return on Capital Employed

**18.4%**



CSR beneficiaries

**More than 2500**



Waste diverted from landfill (%)

**86%**



EBITDA\*

**898.3 Crore INR**



Renewable energy  
(in total energy mix)

**39.91%**



Revenue from Operations\*

**5,662.7 Crore INR**



Profit after tax\*

**500.3 Crore INR**



Green belt

**132 acres with  
34,078 trees**



Energy saved through energy  
efficiency initiatives (kWh)

**2,756,156 kWh**

\*Consolidated



## About SFL



### A Small Beginning

An opportunity to manufacture high tensile bolts and nuts was presented by a friend to Sri TS Srinivasan, one of the sons of the Founder of the TVS Group viz., Sri T. V. Sundram Iyengar. Sri TS Srinivasan identified his nephew Sri Suresh Krishna to start a Company, with a remark that fasteners would never go out of demand. That led to the birth of Sundram Fasteners Limited in 1966, with production beginning in a small shed in Ambattur Industrial Estate.

The Company was initially started by Sri Kasturi and Sri NE Jagannathan, two entrepreneurs who had obtained a license for the manufacture of fasteners and incorporated it on December 10, 1962. No headway was made due to financial constraints. The two were keen to sell and approached Sri TS Srinivasan, who assessed that no manufacturer of fasteners was then operating in South India and this presented an opportunity.

Since then, Sundram Fasteners Limited\* (SFL) has become a global leader in manufacturing a diverse range of products for varied customer segments namely from automotive, wind energy, aerospace, defence, farm equipment and industrial amongst others with significant contribution coming from automotive segment.

SFL's manufacturing portfolio includes a wide range of products including high tensile fasteners, aerospace fasteners, powertrain components, sintered metal products, gear shifters, hubs and shafts, tappets and iron powder, cold extruded parts, radiator caps, water pumps, oil pumps and wind energy fasteners. The Company has also acquired technologies and competencies in cold extrusion and machining, hot forging and machining, cold forging, powder metallurgy, pressure die casting, assemblies, casting, and machining.

\*SFL, Sundram Fasteners Limited may be denoted as The Company / Organization through this report

With a diversified product portfolio, SFL has become supplier of choice for leading automotive Companies. The Company has received various awards, recognitions from customers, government agencies and other international organizations for excellent performance. The Company earns 65% of its revenues from the domestic customers and rest from the exports.

## COMPANY'S

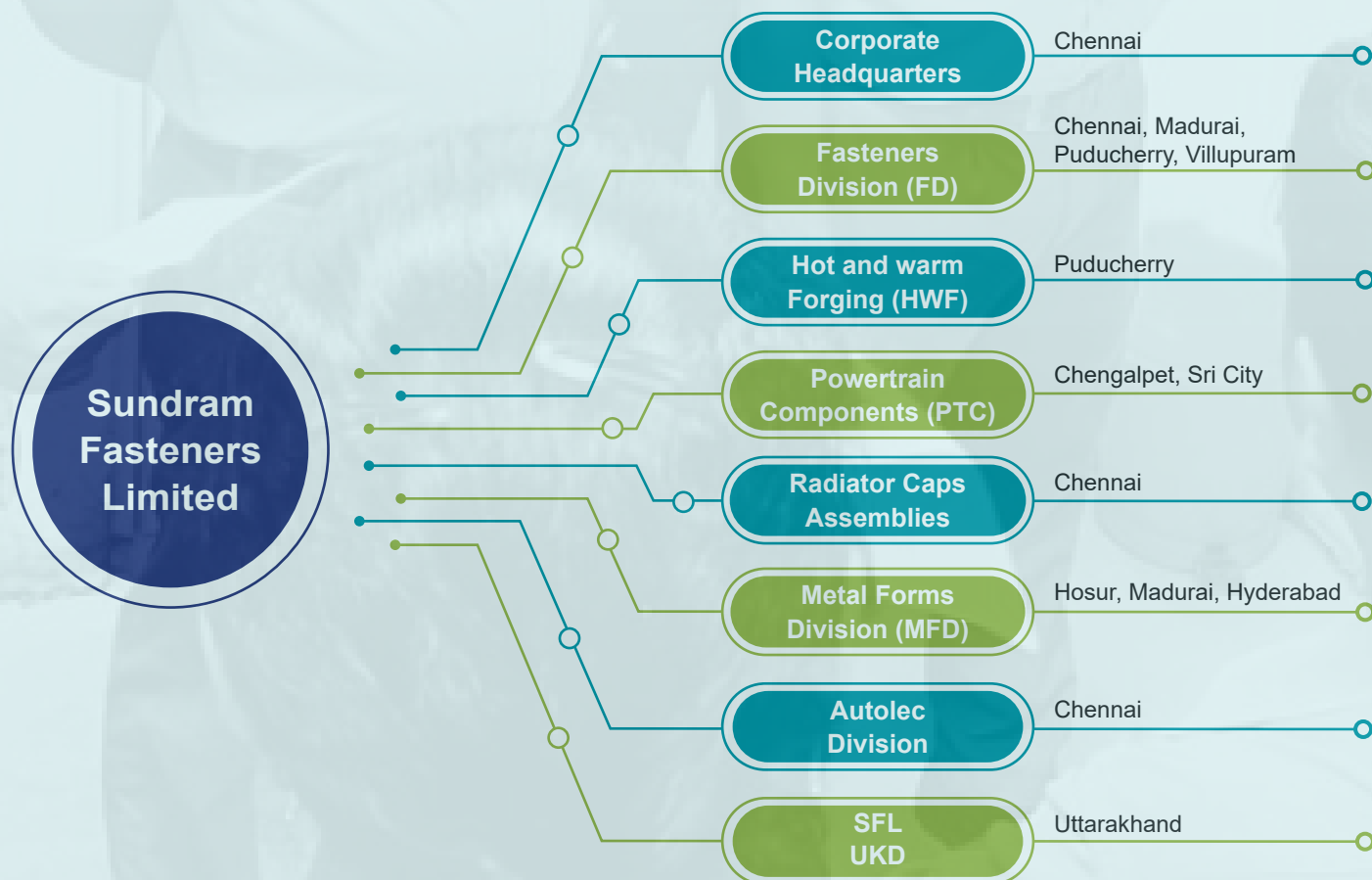
### MISSION

SFL aspires to be a globally admired, diversified, high technology engineering Company, a market leader in manufacturing and product quality for fasteners and other precision engineering products.

SFL will strive to maintain and enhance the respect of its customers, investors, and other stakeholders by creating an environment of teamwork and goal-orientation.

### VISION

SFL aims to become the dominant manufacturer in India of fasteners and other precision engineering products by supplying the best quality products and giving value for money as perceived by the customers





## Fasteners Division



### Automotive



### Wind Energy



### Aerospace



SFL manufactures a diverse range of High Tensile 'standard' and 'special fasteners' (M3 to M80)

The Company's state-of-the-art facilities manufacture high quality fasteners used in technologically advanced applications from aviation to aerospace. Their ongoing research and development activities, together with rigorous testing and quality inspections, guarantee that the customers are provided with products of the greatest quality and precision.

## Hot Forged Parts



SFL manufactures a wide variety of products including Wheel hub assemblies, Gen3 wheel bearings, Bevel gears & pinions, Stainless steel Turbocharger parts and transmission parts like propeller shafts, stub axles, and spindles.





## Cold Extruded Parts



The Company's well-equipped metallurgical and non-destructive testing lab assures the quality of raw materials, products being produced, and finished goods. Continuous improvements are made by adopting near net shape using simulation tools. Simulation tools are used to make continuous improvements.

## Powder Metal Parts



The Company's facilities include multilevel compacting presses 250T to 650T, continuous sintering furnaces ranging from 300mm to 900mm belt width, sizing press 25T to 1000T, Heat treatment – Sealed quench furnaces, induction hardening, equipment, and steam treatment furnaces. The plant is equipped with state of the art machineries and high precision tool room machines.

## Pumps and Assemblies



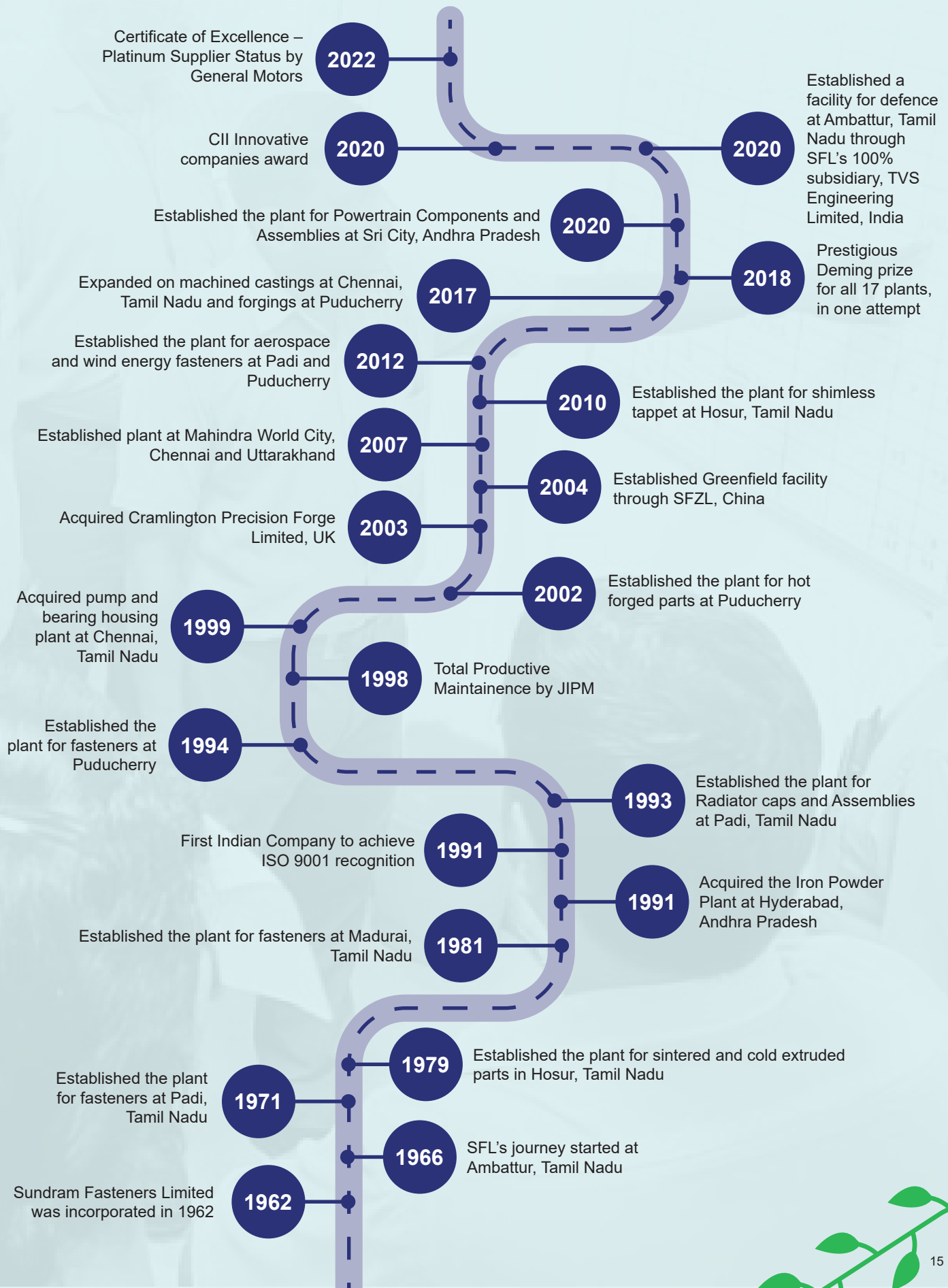
Spread over two different locations in Chennai, the Autolec Division has the modern machining infrastructure and testing facilities and a cellular system of manufacturing for greater flexibility in batch size, product customization and quicker response times.

The products include:

- Water pumps, Oil pumps
- Electrical fuel pumps, Mechanical fuel pumps, Feed pumps
- Rocker arm assemblies, Rocker shafts, Rocker arm levers, Cam followers
- Valve tappets, Damper pulleys, Fan supports
- Mechanical seals
- Integral shaft bearings, belt tensioners, auto belt tensioners, belt idlers
- Grey and ductile iron castings
- Aluminium pressure die cast components

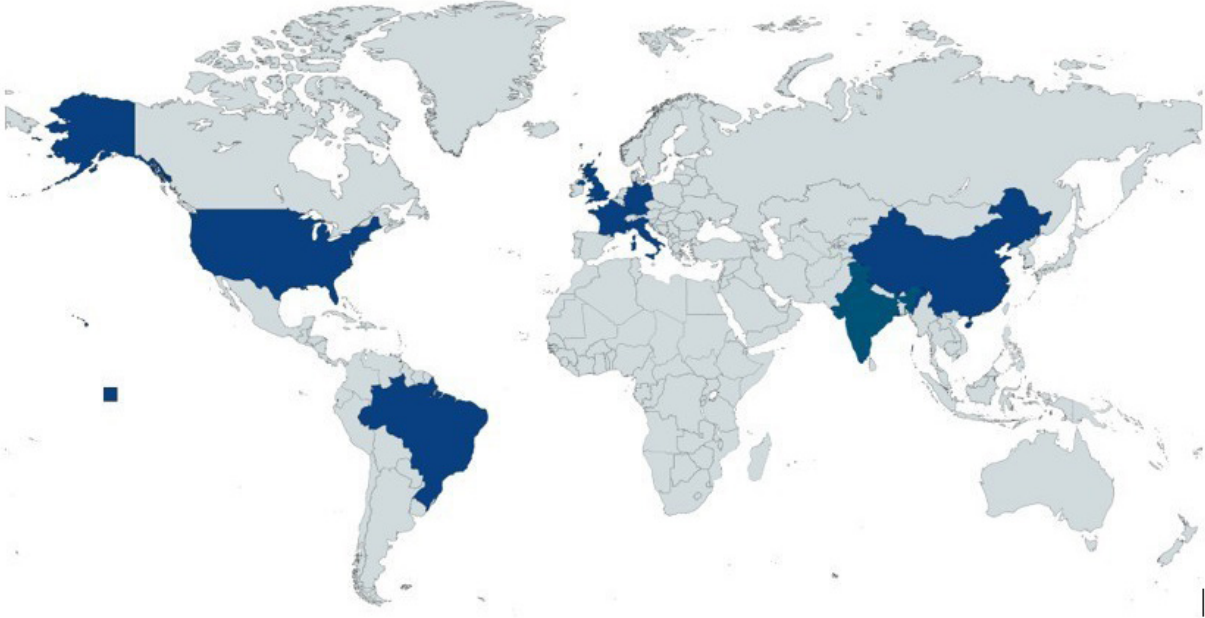
# SFL's journey so far

Since 1966, SFL has grown to expand its presence across the nation and the world through its manufacturing excellence and commitment towards its customers.



# The Company's presence

Sundram Fasteners Limited is headquartered in Chennai, India. Throughout its journey of 60 years, Organization's unwavering focus on delivering quality has won the trust of leading global OEMs (Original Equipment Manufacturers) and has a strong presence in aftermarket customers in highly competitive markets.



SFL is operated from the Corporate Office and Plant locations across India. The SFL Corporate Office serves as the central node for all the processes, people, and technology.

The Company's state-of-the-art facilities are strategically located across various locations, encompassing sites across India:

## Padi



Fasteners



Radiator caps and assemblies



# Madurai



Fasteners



Powder Metallurgy

# Puducherry



Fasteners



Hot and Warm forging



Wind energy fasteners





## Hosur



Powder Metallurgy



Cold extrusion

## Mahindra World City



Powertrain Components (PTC)

## Hyderabad



Iron Powder unit (IPU)

## Uttarakhand



Fasteners, Pumps and Powder Metallurgy

## Gummidipoondi



Aluminium Pumps

## Velappanchavadi



Rocker Arm

## Sri City



Powertrain Components (PTC)

To stay competitive and relevant in the market, the Company strives towards continuous innovation through research and development. Their research and development facilities include –

Padi, Chennai | Mahindra World City, Chennai | Harita, Hosur | Bonthapally, Sangareddy | Autolec, Chennai



# Affiliations

SFL has various affiliations with trade and industry chambers/ associations through which they can learn and share the best practices and assess benchmarks. They are:

**01**

Automotive  
Component  
Manufacturers  
Association of  
India

**02**

Madras  
Chamber of  
Commerce &  
Industry

**03**

The  
Confederation  
of Indian  
Industry

**04**

Employer's  
Federation of  
South India

**05**

The Indian  
Roads &  
Transport

**06**

Indo American  
Chamber of  
Commerce

**07**

Indo German  
Chamber of  
Commerce

**08**

Engineering  
Export  
Promotion  
Council

**09**

Federation of  
Indian Export

**10**

Export  
Promotion  
Council of  
EOUs and  
SEZ



# Awards and Key recognitions

## Acknowledging the exceptional feats of the organization

Since the inception, the Company has been awarded and recognized across various platforms for its exceptional performance in the respective Business units and the products it manufactures. These recognitions offer an excellent platform to showcase the exceptional commitment of the employees towards long term sustainability of the Company.

### Deming Prize - 2018

Deming award is a highly acclaimed award given to the organizations that have leaped forward with respect to Total Quality Management (TQM). Presented by Union of Japanese Scientists and Engineers (JUSE), the award is highly challenging to achieve, and the process required to achieve establishes

that the Company has in place proactive customer-oriented business objectives and strategies based on social responsibility of the Company. And the top management exhibits leadership in their formulation. Working towards the achievement required focussed establishment of business objectives by the management, implementation of quality principles, and the execution of results.

With the units covering diverse range of technologies and customer segments, the organization implemented distinctive TQM systems. The Company was awarded the Deming prize in 2018 for all its units and was the first Company to achieve the feat to implement it across all its 17 plants. Ms Arathi Krishna, Managing Director / entrepreneur was the first woman Managing Director to receive the award.

### Quality Ratna award – 2019 – An epitome of Quality movement



Sri Suresh Krishna, the Chairman has set an example for the people by incorporating the values of quality within the organization and beyond. He has been an epitome of quality movement in India. India currently has the most TPM award recipients outside of Japan thanks to his leadership and contributions to the TPM/Quality movement. Along with the Japan Institute of Plant Maintenance, he helped establish the TPM Club of India in 1998 and served as its inaugural Chairman. The Confederation of Indian Industry (CII) presented the Chairman with India's first "Quality Ratna" award during the 27th Quality Summit, which was held on November 23–24 in Bengaluru.



## CII Innovation award – 2020

CII Industrial Innovation award celebrates the achievements of companies and recognizes their efforts in industrial innovations. The award evaluates all the innovations undertaken by the firms in the various domains including processes, services, technologies among others. CII also has an Enterprise Innovation Maturity Framework which assesses firms for their innovation. The Company's efforts towards innovation were acknowledged by CII and they were honoured with the award in 2020. They were awarded for unique process which was designed and developed for products which have application in automatic transmission systems. SFL was bestowed with the award among top 25 companies across large, medium, and small-scale segments.

## Supplier of the Year – 2022

The company believes that to succeed they must maintain excellent standards, create benchmarks, and have commitment towards their customers, employees, and other stakeholders. Their efforts were recognized by General Motors (GM) in 2022

when the Powertrain components division was awarded as the "Supplier of the year". This was the 10<sup>th</sup> time the Company received the award from GM.

The Company was chosen by global team from different departments of GM including engineering, purchase, quality, logistics and manufacturing. To select them as the winner GM evaluated Product purchase, Global Purchasing and Manufacturing services, Customer care and After sales and Logistics.

The Company has a distinguished record of accomplishment, having previously received the Supplier of the Year award for five consecutive years from 1996 to 2000, and more recently, in 2009, 2019, 2020, 2021, and now, in 2022. This illustrious history is a testament to Sundram Fasteners' unwavering commitment to delivering exceptional products and services that meet and exceed GM's exacting standards.

The Company was also honoured with "Certificate of Excellence – Platinum Supplier Status" award by GM for the year 2021.

“

**Our long-standing association with GM has been built on a foundation of mutual trust, collaboration, and an unyielding focus on delivering exceptional quality and customer satisfaction. This prestigious recognition is a source of inspiration and encouragement for us to continue pushing boundaries. We express our deepest gratitude to General Motors for this honor and remain steadfast in our commitment to driving excellence in all that we do.**

—○ **Ms Arathi Krishna**, Managing Director, Sundram Fasteners Limited





**ET** THE ECONOMIC TIMES

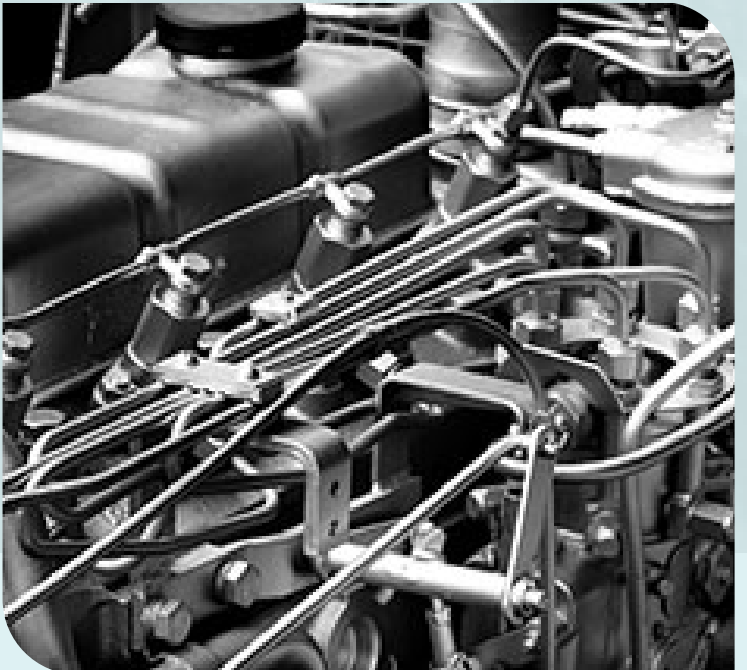
## **Businesswoman of the Year – 2022**

**Ms. Arathi Krishna, Managing Director at Sundram Fasteners Limited was honoured as Businesswoman of the Year 2022 by the Economic times. Within four years of her ascension, she has been responsible for diversification of the business and boosting growth of revenue from Rs 3000 cr to Rs 4900 cr. Recently, SFL bagged an order of USD 375 million which has been the largest order in their history. Under her exemplary leadership the organization has diversified its business further and are catering to EV space as well in addition to aerospace, and non-automotive segments.**



# 🌀 About the Report

The report has been prepared according to the requirements of the 'core' criteria of the Global Reporting Initiative (GRI) Standards. The GRI content index is available at the end of the report. With the help of this report, SFL hopes to inform all its stakeholders—including employees, subcontractors, investors, customers, vendors, the local community, and the government —about the organization's commitment towards ESG.







## Reporting Boundary

The report discloses the organization's sustainability initiatives inclusive of Indian operations.

## Data Management

To ensure that the information is accurate, multiple internal sources of information were referred. These span an examination of conversion factors and assumptions made as well as periodic reviews and audit trails.

## Approach to materiality

SFL carried out a materiality assessment exercise to understand and identify the key ESG areas relevant for the organization. Discussions were conducted with several stakeholders including both internal and external to understand their viewpoints. Based on the inputs of the stakeholders, the Company has identified material areas and framed short and medium term ESG strategy on the same.

Thank you for showing interest in our ESG report for FY2023. Please contact us for suggestions and comments:

**Mr. R Ganesh**, Senior General Manager – Finance & Projects

Contact Number - +91 44 2847 8500

Email - ganesh.r@sfl.co.in



# Sustainability at SFL

Delivering long term value to the stakeholders

Sustainability has been embedded in SFL's operations since its inception, with commitments towards energy and water efficiency, adoption of renewable energy, and social responsibility towards both internal and external stakeholders. Staying true to the meaning of sustainability, the Company strives to contribute to present day development with an eye on future needs.



Supporting customers to meet their business objectives is a way of life at SFL. The Company continues to work to develop systems and processes to achieve sustained efficiencies that ensure that its focus on product quality is never diluted.

SFL was the first Indian Company to be certified for ISO 9001 and this, along with pioneering efforts in TPM (Total Productive Maintenance) have been succeeded by more certifications such as IATF in the area of quality excellence, ISO 14001 for environmental management and ISO 45001 for occupational health and safety, for most of the Company's business units. SFL aims to focus on benchmarking the Company's sustainability performance.

In FY 2023, SFL took a step forward in deepening its commitment to sustainability. The Company not only disclosed its ESG commitments and progress through this first ESG report, but it has also formulated a sustainability strategy with clear goals to be achieved in defined timeframes. This strategy and associated commitments are encapsulated in its SFL's vision, Aspiration 2030, which is underpinned by the three pillars of people, planet, and process.

The areas of priority were identified through a comprehensive materiality assessment involving key stakeholder groups; the details of this assessment are provided in the section on Stakeholder Engagement and Materiality.

## Creating an Eco-Efficient Operation

With growing recognition of the impact of the climate crisis, the Company is actively working to minimize its environmental impact by lowering greenhouse gas (GHG) emissions. This is being achieved by accelerating the use of renewable energy across its business units and increasing the share of these alternative energy sources in the overall energy mix. SFL has set itself the goal to become carbon neutral by 2045 and to reduce GHG emissions and improve energy efficiency within the current decade. With respect to waste management, the Company aims to send zero waste to landfills. The judicious management of water has for long been a priority for SFL, reflected in zero liquid discharge (ZLD) facilities across most of its business units. Continuing to accord importance to water, a scarce and shared resource, the Company will implement initiatives to eliminate dependence on freshwater and work towards water neutrality.



## Strengthening Social Value

SFL has a deep and abiding commitment to creating social value, especially the socio economic development of communities and employees' wellbeing. While access to healthcare and education have consistently enabled the socio economic development of communities, they have also helped to improve the lives of employees families. In addition, the Company will also focus on sustaining a safer workplace as well as deploy plans to enhance employees' wellbeing. Learning and development initiatives too will continue to be emphasized in order to build a robust talent pool that can readily rise to meet the demands of a dynamic business landscape.

Recognizing the importance of human rights, SFL intends to sensitize stakeholders to the significance and need for respect of human rights and uphold these across its value chain. In its endeavour, SFL intends to revamp its Human Rights Policy in alignment with the global framework set by UN.

Supply chain management will receive significant attention with the inclusion of environmental and social goals to be met by the Company's suppliers and the requirement for them to be certified by established standards in the near future.

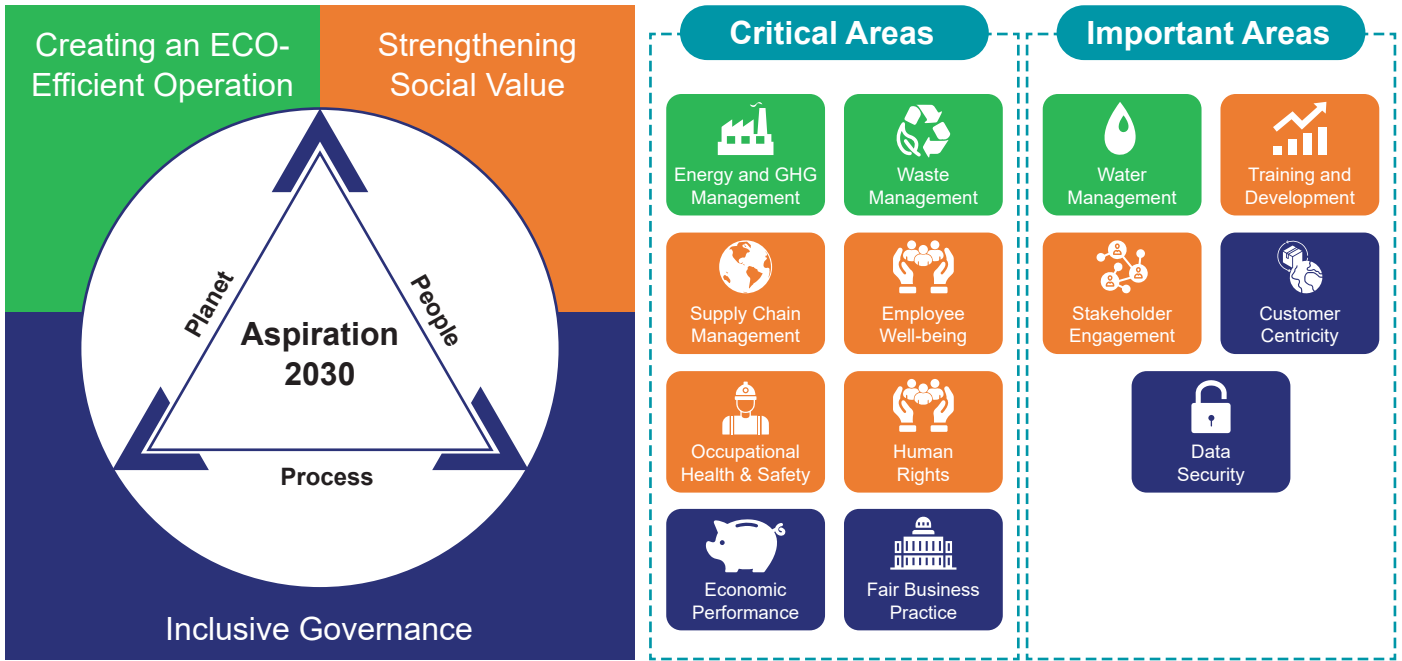
## Inclusive Governance

SFL's unwavering customer centric approach and emphasis on customer satisfaction will continue to remain the foundation and be accorded the high importance in the governance of the Organization. Reiterating its commitment to transparent and ethical business practices, the Company has committed to fore-front these aspects in governance and to create an environment of transparency and inclusiveness for all stakeholders.

By staying true to the commitments of Aspiration 2030, SFL is confident of delivering on its ESG goals.

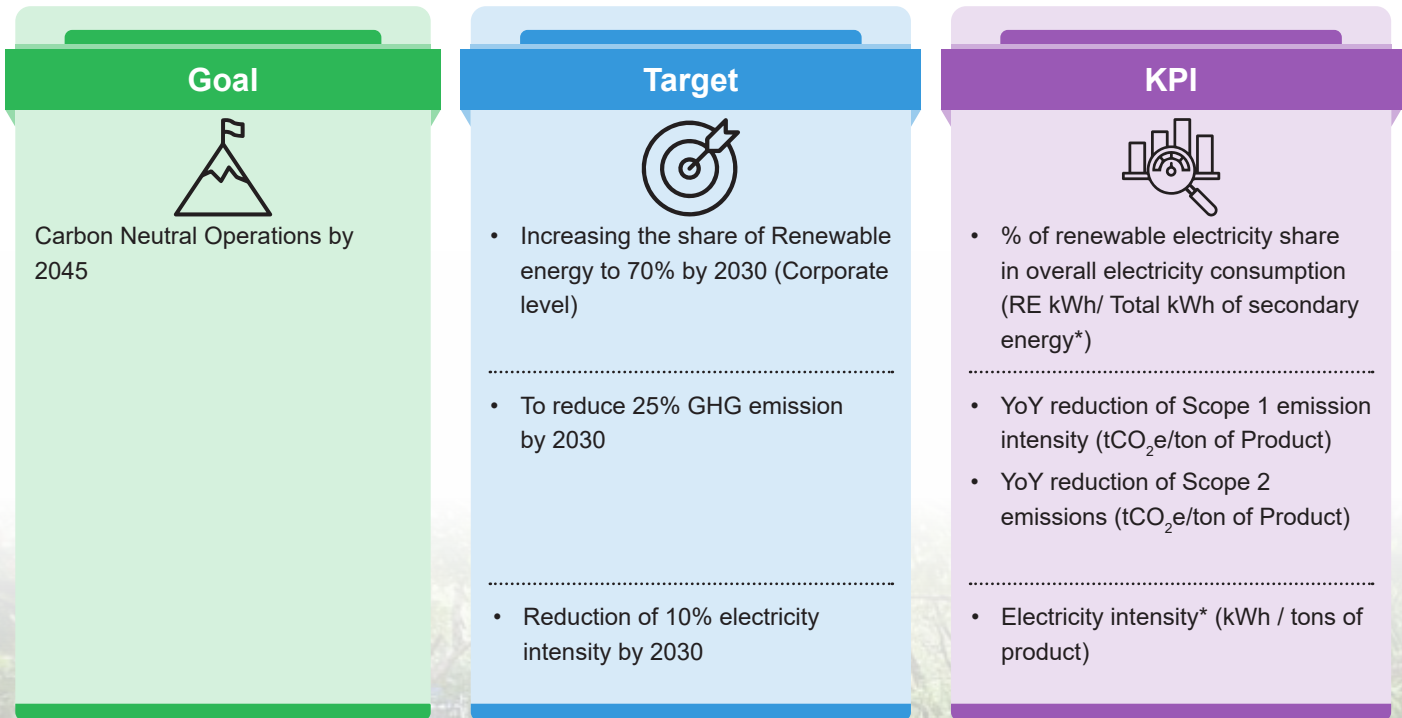


# ESG Strategy



## Critical ESG Area




### Energy and GHG Management









\*Includes grid electricity, IEX, Group captive power, Off-site and on-site renewable electricity



## Waste Management

Goal	Target	KPI
 <p>Zero waste to Landfill by 2040</p>	 <ul style="list-style-type: none"> <li>Ensuring zero waste to landfill by the year 2040</li> </ul>	 <ul style="list-style-type: none"> <li>Hazardous and Non-Hazardous Waste disposed to landfill (Tons)</li> </ul>

## Human Rights

Goal	Target	KPI
 <p>Committed to develop, respect and sustain the human rights of every stakeholders along our value chain</p>	 <ul style="list-style-type: none"> <li>Revamping the human rights policy in line with Global frameworks by 2025</li> <li>Adherence on SFL's Human Rights requirements across all right stakeholders by 2030</li> </ul>	 <ul style="list-style-type: none"> <li>Training on human rights compliance</li> </ul>
 <p>Imparting knowledge on SFL's human rights expectations through training programs</p>	 <ul style="list-style-type: none"> <li>Developing a training module to sensitize on SFL's Human rights expectations</li> <li>100% coverage of employees on Human Rights training by 2030</li> </ul>	 <ul style="list-style-type: none"> <li>% of Employees covered as a part of Human Rights training program</li> </ul>



## Supply Chain Management

### Goal



Magnify SFL's supply chain management by adding environmental and societal goals

### Target



- Upgrading SFL's supply chain document with Environmental and Societal expectations, which includes "definition of critical suppliers", "adding E & S criteria for supplier ratings (over and above Q & D)", "adding E & S training criteria for supplier developments" "Ensure 100% of SFL's suppliers are aligned with supplier code of conduct expectations by 2030 (target to be divided to 2 or 3 phases)
- Developing training modules to brain storm supplier base on SFL's ESG expectations (New / Existing)

### KPI



- Carry out an assessment of existing policies and procedures (Code of conduct, supplier assessment) by 2024
- Upgrade SFL's code of conduct with ESG expectations by 2025
- Coverage of SFL's supply chain program to 100% of critical suppliers - 2030
- Establish targets based on supplier ratings baselines
- Conduct annual training program to Supply chain partners on SFL's ESG expectations
- 2025 – framework
- 2030 – training
- 2035 – rating programs
- Exception criteria

## Occupational Health and Safety

### Goal



Promote "Zero Incident Work Culture"

### Target



- Achieving ISO 45001 certification across all the operations of SFL by 2025
- Working towards achieving "Zero incident work culture" by reducing LTIFR score

### KPI



- % of sites certified for ISO 45001
- Total recordable injuries/ million working hours

## Employee wellbeing

### Goal



Create a healthy workplace by implementing wellbeing programmes

### Target



- Monitor physical well-being initiatives (Number of health awareness camps, medical camps, annual health checkups, yoga sessions etc) and mental well-being initiatives (Number of mental health awareness camps, mental health and stress management sessions) and tracking the number of participants/beneficiaries by 2024
- Development of SFL's well-being Index by 2025
- Achieve improvements on SFL's well-being index from the baseline year by 2030

### KPI



- % of employees covered by physical and mental well being initiatives
- Well being Index score improvement

### Goal



Support workforce by offering holistic financial wellness programs

### Target



- Track financial well-being initiatives (Total Scholarship amount for students, etc) and number of participants/beneficiaries by 2024
- Sustain and improve the financial support offered to SFL's workforce on financial well-being programs by 2030
- Support retirement workforce by organizing sessions for better retirement planning




### KPI









- Outcomes realized with the programs
- % of retirement work force covered by well-being initiatives

# Important Areas

## Water Management

Goal	Target	KPI
 <p>Water Neutral Operations by 2040</p>	 <ul style="list-style-type: none"> <li>Reduction of 20% of fresh water consumption by 2030</li> </ul>	 <ul style="list-style-type: none"> <li>Fresh water consumption per Ton of Product (KL/ Ton)</li> </ul>

## Training and Development

Goal	Target	KPI
 <p>Identify training needs for employees across all the levels</p>	 <ul style="list-style-type: none"> <li>Undertaking annual needs-based workforce evaluation survey by 2030</li> <li>Sustain 100% training across all workforce by 2030</li> </ul>	 <ul style="list-style-type: none"> <li>% of Employees covered as a part of skill development program</li> </ul>
 <p>Promote training programs for skillset enhancements</p>	 <ul style="list-style-type: none"> <li>Increasing the training requirement to 3.25 Mandays by 2025</li> <li>Increasing the training requirement to 5 Mandays by 2030</li> </ul>	 <ul style="list-style-type: none"> <li>Training Mandays</li> </ul>

## Data Security

Goal	Target	KPI
 <p>Maintain the data integrity through best in class cyber security practices</p>	 <ul style="list-style-type: none"> <li>Achieving ISO 27001 certification by 2025</li> <li>Conducting a third party vulnerability analysis</li> <li>Ensuring zero breach/complaints against cyber security</li> </ul>	 <ul style="list-style-type: none"> <li>Certification on data security</li> <li>No. of security-relevant issues</li> <li>No. of non-compliance incident with respect to cyber security</li> </ul>



## UN SDG Mapping - Unveiling SFL's commitments towards sustainable development goals

SFL is committed towards the 17 Sustainable Development Goals comprising of 169 targets and aims to bring positive impact to the society, country, and the world through its initiatives. SFL's ESG initiatives across all its manufacturing facilities align with the following SDGs:



### No Poverty

- The Company has provided under privileged students financial support by partnering with various foundations like SOS villages of India



### Good Health and Wellbeing

- SFL has funded treatment of women having breast cancer and children having heart related ailments
- Partnered with Krishna Educational Society, the Sundram Medical Centre was established to support and offer free healthcare facilities to the villages near SFL's Madurai operations
- Well-being programs in place to track physical, emotional, and financial wellness of the employees
- Safety improvement measures contribute to a zero incident culture at SFL



### Quality Education

- SFL started Sundram Matriculation Higher Secondary School in 1993 under its CSR arm of Krishna Educational Society. The school has 421 alumni so far in well established roles in the society
- Partnered with the Sugun Thomas Foundation, SFL provides financial assistance to deserving students from Chennai for their undergraduate studies.
- Scholarships are provided to high achieving children of employees



### Clean Water and Sanitation

- SFL has implemented zero liquid discharge (ZLD) across most of its units
- The Company's sites have rain water harvesting facilities
- RO reject water, treated water is used in landscaping reducing the requirement of potable water.
- Water conservation measures are implemented at all sites

## 7 AFFORDABLE AND CLEAN ENERGY



### Affordable and Clean Energy

- The Company is focussing on increasing its renewable energy share through onsite solar plants and wind power from third party sources.
- Every manufacturing facility implements energy efficiency initiatives as part of the Company's business plan at regular intervals

## 8 DECENT WORK AND ECONOMIC GROWTH



### Decent work and Economic Growth

- SFL's employees undergo training for 3 mandays. The Company offers internal and external courses for skill development
- SFL's code of conduct and policies on Human rights strictly prohibits child labour, human trafficking across its value chain
- SFL practices long term settlement for labour
- SFL's safety committees ensure zero incidents at the workspace by implementing safety measures

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



### Industry, Innovation and Infrastructure

- SFL has implemented industry 4.0 technologies to ensure efficient plant operations
- SFL achieved the Deming prize and became the first Company to achieve the feat across all 17 units
- The Company extends financial support to the local small vendors and sub-contractors
- As part of the business plan on energy efficiency aspects, retrofits and equipment upgrades are regularly implemented at SFL.
- SFL issued android mobile phones to students of Sundram matric school to attend online classes during the COVID 19 lockdown

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



### Responsible Consumption and Production

- SFL has developed mechanisms to reuse and recycle the generated waste. All Non Hazardous waste and Hazardous waste like E-waste, batteries are sent to authorized agencies for recycling. ETP sludge is sent for co-incineration in cement industries. The Company is developing strategies to reduce usage of chemicals in processes.
- The Company is developing waste reduction strategies for both hazardous and non-hazardous waste

## 13 CLIMATE ACTION



### Climate Action

- The Company is working on reducing the Scope 1 emission intensity through fuel consumption reduction strategies and reducing scope 2 emission intensity through renewable energy and adopting energy efficient measures.
- The Company is working on assessing its scope 3 emission categories



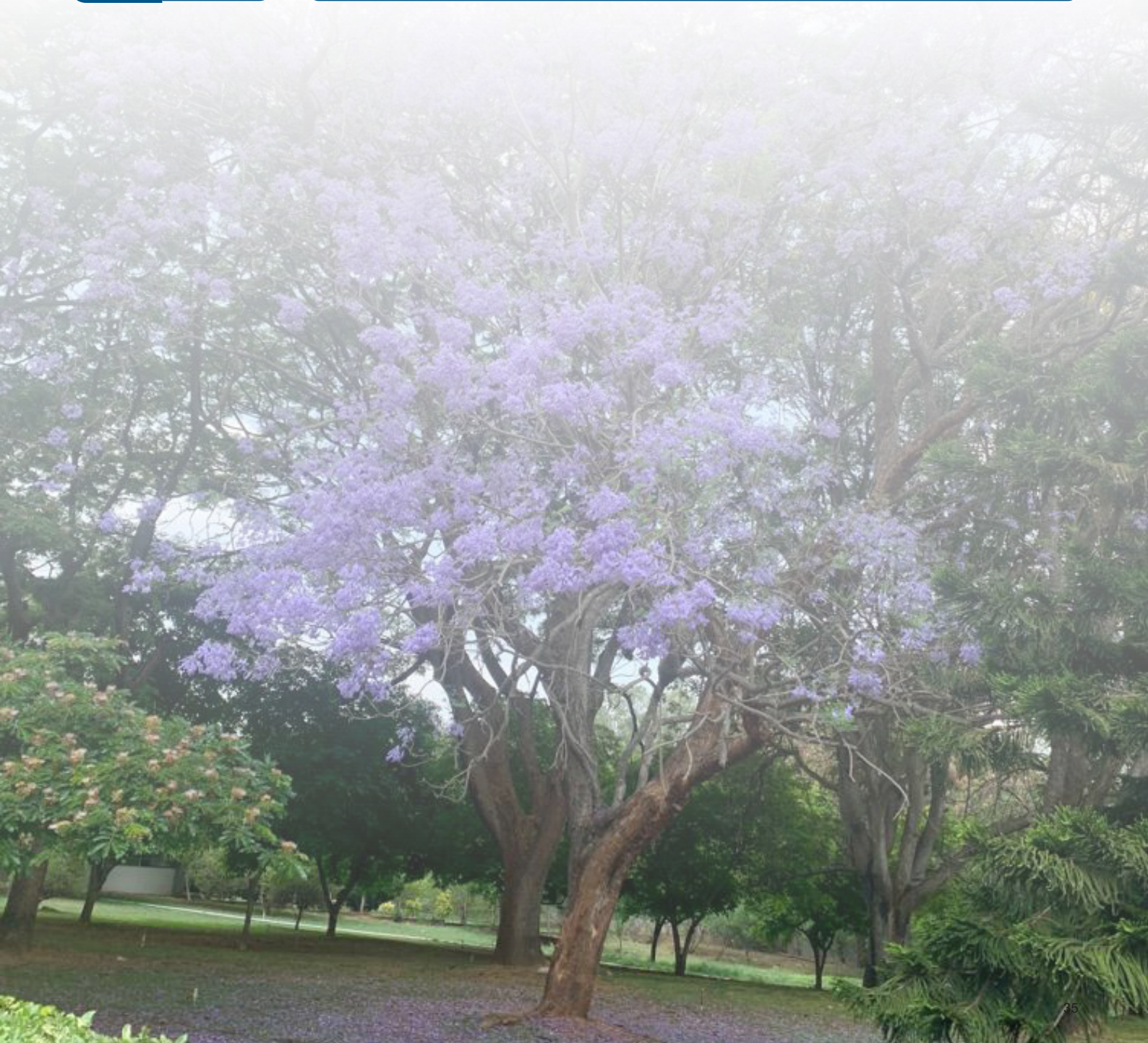
### Life on Land

- SFL's sites have maintained vast green belt areas of about 132 acres with more than 34,000 trees and more than 120 varieties of trees and plant species
- SFL is funding a documentary on the biodiversity of Tamil Nadu



### Peace, Justice and Strong Institutions

- SFL supports an initiative by Mithra Trust that aims to make dialogues about mental health accessible to people in need of them including members of the queer community and people who have experienced gender-based violence
- SFL's code of conduct strictly prohibits unethical practices including corruption and bribery





# Stakeholder Engagement

Driving sustainable transformation through effective stakeholder consultations

Stakeholder participation and comments are highly valued at Sundram Fasteners Limited and considered when developing corporate strategies and processes. Making use of both formal and informal channels, the Company interacts with stakeholders to learn about the economic, environmental, and social concerns that are important to them. Throughout these interactions, the Company keeps them informed about the organization's development and solicit their input, ideas, needs, and concerns.

Stakeholder Group	Engagement channels	Main topics and concerns
Employees	<ul style="list-style-type: none"> <li>Internal communication platforms</li> <li>Learning and development programs</li> <li>Engagement initiatives</li> </ul>	<ul style="list-style-type: none"> <li>High Performance Work Culture</li> <li>Talent development and retention</li> <li>Fulfilment of Company's vision, mission and achieving sustainability objectives</li> <li>Professional capacity building</li> <li>Cordial industrial relation</li> <li>Occupational health and safety and safe working environment</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Digital platforms and applications</li> <li>In - person engagement</li> <li>Customer satisfaction survey</li> <li>Feedback mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Complaint resolution</li> <li>On-time delivery</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>In - person engagement</li> <li>Supplier meetings</li> <li>Supplier assessment</li> <li>Trainings and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality</li> <li>Complaint resolution</li> <li>On-time delivery</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Press releases and publications</li> <li>Investor conferences</li> <li>Annual General Meeting</li> <li>Stock Exchange announcements</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Business updates</li> <li>Growth plans</li> <li>Product innovation pipeline</li> <li>ESG performance</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Mandatory compliance reports</li> </ul>	<ul style="list-style-type: none"> <li>Statutory compliance requirements: environmental, social and governance</li> </ul>
Local Communities & NGOs	<ul style="list-style-type: none"> <li>Corporate Social Responsibility initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Improved access to healthcare, education</li> <li>Welfare measures and financial assistance to the underprivileged</li> <li>Community development measures</li> </ul>

# Materiality

The sustainable growth of Sundram Fasteners sits at the heart of value creation for all the stakeholders. The Company recognizes the importance of consistently enhancing performance in the areas that have been determined to be most critical to the Company's expansion, thereby working towards the betterment of its vision.

Factors that affect the ability of an organisation to create, maintain, or degrade economic, environmental, and social value for itself, its stakeholders, and society at large are all considered to be material issues. The issues that are most important to the Company as well as to all the Company's stakeholders are identified and given the greatest priority through a systematic and thorough materiality assessment process. These substantive subjects help SFL to develop business strategies, policies, and action plans that will help build and run a sustainable organization.

## Identification

A broad list of issues in the Environmental, Social and Economic aspects of the business was identified

This identification was basis Benchmarking against industry and peers' material issues and reference to industry and SFL's annual reports

## Prioritization

Comprehensive representation of stakeholder needs in a Materiality Matrix

This was done basis stakeholders discussions and external sustainability standards\* that represent requirements of multiple stakeholder groups

\* National Voluntary Guidelines, Dow Jones Sustainability Indices, Sustainable Development Goals, MSCI, EcoVadis

Indian regulatory requirements: Business responsibility and Sustainability reporting (BRSR)

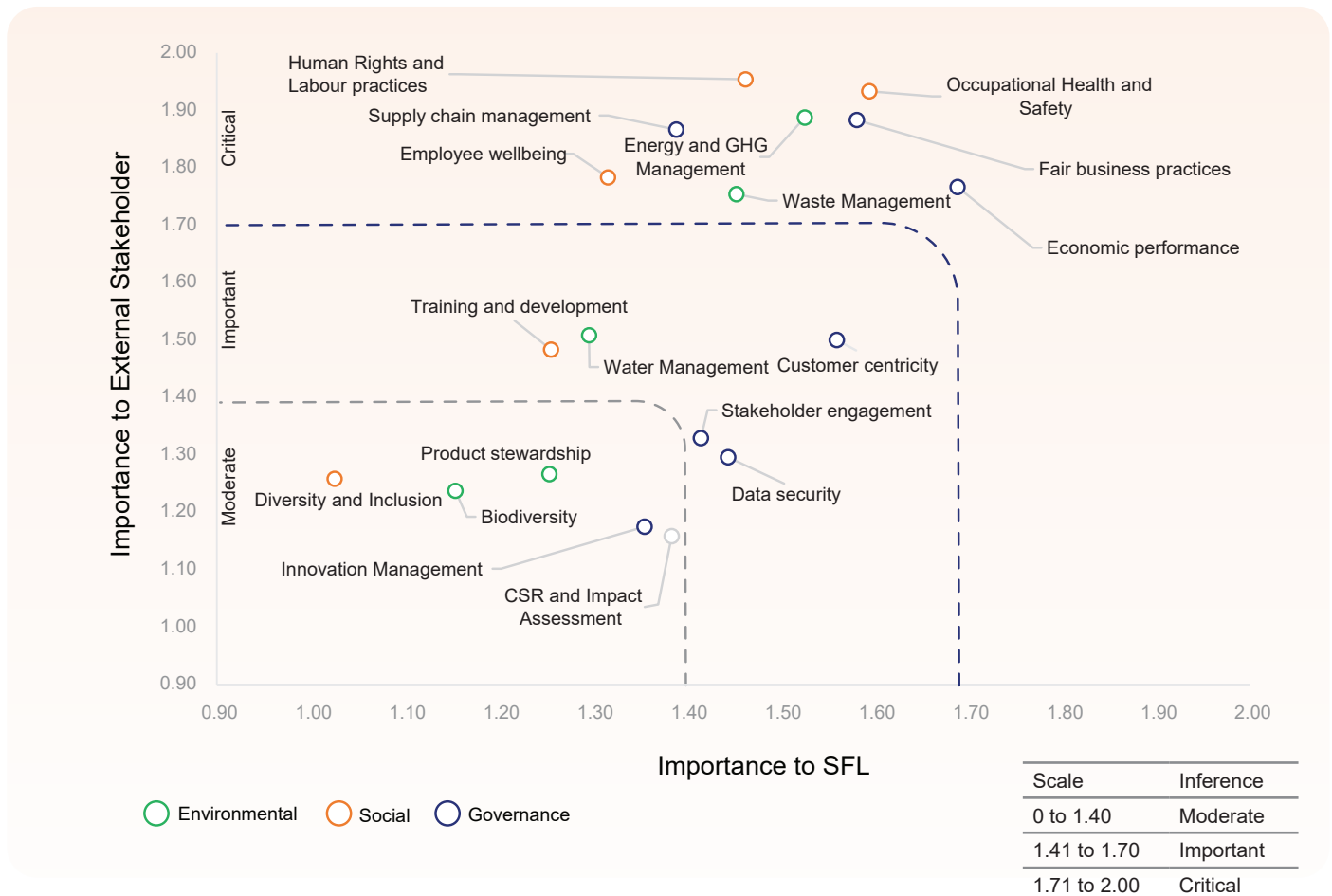
Stakeholders as below:

Internal: Leadership, Senior management, Working committee, Employees,

External: Industry associations, Customers, Investors, NGO/Local Community

Stakeholder	Count	Mode
Leadership	7	Group/Online Survey
Senior Management	6	Group/Online Survey
Employees	47	Online Survey
Suppliers	4	One on One Discussion
Investors	2	One on One Discussion
NGO/Local Community	3	One on One Discussion
Customers	2	One on One Discussion

The material issues were then prioritised and plotted on two axes, namely: Importance to External stakeholders and Importance to SFL.





	Material Issue	Why is it material	Reference Page No
Environmental	Energy and GHG Management	This is critical to reducing and managing emissions and moving towards decarbonization	61
	Waste Management	This represents the Company's responsibility towards managing waste generated in the business and transitioning towards environmental preservation	73
	Water Management	This implies the Company's judicious use of a shared resource	70
	Product Stewardship	This holds significance as it is crucial for brand reputation and ensuring customer and end-user safety	73
	Biodiversity	To care about the surrounding-flora and fauna around the Company's operations is equally important	81
Social	Human Rights and Labour Practices	SFL always stands for the rights and respect of its employees and firmly believes in non-tolerance and non-discrimination	89
	Employee wellbeing	Employee wellbeing is of utmost importance to SFL. SFL continuously works towards the mental, physical, and financial well-being of its employees.	91
	Occupational Health and Safety	SFL continuously strives to provide a safe workplace for its employees	95
	Training and Development	Enabling employees to grow professionally as well as upskill them at work is cornerstone to SFL's success as an organisation	102
	Diversity and Inclusion	SFL firmly believes in providing opportunities to everybody and thereby becoming an inclusive organisation	86
	CSR and Impact Assessment	SFL continuously works to provide for and uplift the communities around its operations and cater to the needs of the under privileged	107

	Material Issue	Why is it material	Reference Page No
Governance	Fair Business Practices	Working ethically is central to long term sustenance of an organisation. This is central to the Company's vision.	48
	Supply Chain Management	Management of supply chain is crucial in manufacturing the products and thereby meeting the Company's business objectives	49
	Economic Performance	Consistent profitability and strong financial fundamentals are necessary for the business to remain resilient and expand globally.	52
	Customer Centricity	To become a trusted and preferred player in the market is important to growth as an organisation	50
	Stakeholder Engagement	Stakeholders hold great significance	36
	Data Security	This emphasizes privacy and confidentiality of information of all stakeholder groups involved across the organisation	51
	Innovation Management	Innovation is imperative for building new products and meeting the needs of the Company's customers	56



# Governance

## Creating sustainable value to the stakeholders

The Company's main objective is to continuously create value to its stakeholders and ensure that the business objectives are achieved. Guided by its aspiration of becoming a globally admired, diversified high technology engineering Company, SFL strives for maintaining the highest standards of independence, responsibility, transparency, professionalism, accountability, and code of ethics, which are the basic principles of corporate governance.

SFL continually aims for optimal performance by incorporating and customising the best business practises available. The Company has a strong emphasis on maximising the value of long-term stakeholders through controlled, consistent growth and value generation.

The Company also has a strong internal controls system, which consists of a framework, policies, and processes, as well as an Organisation structure and well-defined roles and duties. These facilitate effective business operations, risk mitigation, and adherence to relevant standards and procedures.

The Company also engages in reviewing customer complaints and takes necessary steps in addressing them regularly. The Company is driven by customer expectations and strives to foster sustainability across the length and breadth of the Organisation.





## Risk Management

### Creating sustainable value to the stakeholders

With rapidly changing times than ever due to the shift in consumer demand, unprecedented business challenges such as cyber hacks, and ESG risks such as climatic shifts, Sundram Fasteners Limited (SFL) is cognizant of these risks and categorizes them into strategic, operational, financial, compliance, and extreme kinds for the better management and continual improvement of processes. The Risk Management Committee has created a framework through its Risk Management policy to identify, measure, control, mitigate, and report the risks for long-term business sustainability.

#### The committee follows a four-step detailed process:

##### Risk assessment

Covers assessing threats and vulnerability based on probability of occurrence and impact. The assessed risks that have a higher impact are reviewed by the top management and the committee before transcending to further stages of maximizing the resources and opportunities.

##### Risk management

Covers the systematic control and documentation of risk measurements such as avoidance, transfer (insurance), absorption, and risk sharing, etc. for the achievement of business objectives, effective and efficient operations, effective Internal Controls, compliance with laws & regulations, and ensure the business's long-term resilience.

##### Risk reporting

Covers relevant procedures to review by the operating management at the factory or unit level and escalate any significant threats to the location Head, functional Head, Executive Director, Chief Financial Officer, Managing Director and Risk Management Committee, if necessary.

##### Risk review

Covers the periodical review of key measurements by the top management and at the risk management committee meetings periodically.



## Risks and Mitigation Measures

External Risks		
Risk Category	Risk Description	Response / Mitigation Plan / Action
Economic Environment and Market conditions	Unpredictability of markets	<ul style="list-style-type: none"> <li>• Regular monitoring of markets</li> <li>• Hedging for FX</li> <li>• Liquidity – adequate sources of financing</li> <li>• Diversification of customer base</li> <li>• Multiple sources of procurement</li> </ul>
Country / Political Risk factors where the Company has operations either directly or through its subsidiaries across geographies	Risk to investments in case of sanctions / political turmoil	<ul style="list-style-type: none"> <li>• Political risk insurance</li> </ul>
Competition	Risk of single customer / dependency in market	<ul style="list-style-type: none"> <li>• Diversification of customer base</li> <li>• Diversification of products base</li> <li>• Differentiation factor through quality, cost and other intangibles like JIT by having delivery channels closer to customer proximity</li> </ul>
Commodity price	<ul style="list-style-type: none"> <li>• FX risks in case of imports</li> <li>• Price risks on commodities</li> </ul>	<ul style="list-style-type: none"> <li>• The Company mitigates its major raw material price risks, namely, steel by entering into a long-term supply contract with the select suppliers. Also, the contracts with customers provide for pricing on the increase in price of raw materials</li> </ul>
Supply Chain	Risk of single source / dependency in market	<ul style="list-style-type: none"> <li>• Diversification of supplier base both in numbers and geography</li> <li>• Flexible combination of working of indigenous and imported procurements</li> </ul>

## External Risks

Risk Category	Risk Description	Response / Mitigation Plan / Action
Revenue Concentration, Liquidity aspects and interest rates	Risk of single customer / dependency in market	<ul style="list-style-type: none"> <li>• Diversification of customer base</li> <li>• Diversification of products base</li> <li>• Differentiation factor through quality, cost and other intangibles like JIT by having delivery channels closer to customer proximity</li> <li>• Hedging of FX</li> <li>• Access to sufficient sources of funding for liquidity</li> <li>• Close monitoring of receivables and payables</li> <li>• Leveraging export packing credit for cost effective financing</li> <li>• Balance portfolio of fixed rate loans vs flexible rate loans</li> </ul>
	Unpredictability of markets	
Inflation and Cost Structure	<ul style="list-style-type: none"> <li>• Risk of increasing inflation on sourcing resulting in higher prices</li> <li>• Risk on costlier sources of funding</li> </ul>	<ul style="list-style-type: none"> <li>• Entering into long term contracts with customer having pass back arrangements</li> <li>• Having optimum combination of fixed rate vs floating rate loans</li> </ul>
Cyber Security	Data theft or system damage due to cyber attacks	<ul style="list-style-type: none"> <li>• In the process of upgrading the prevailing systems to safeguard the data</li> </ul>
Environmental, Social and Governance (ESG)	Risk of non-compliance both regulatory and customer requirements	<ul style="list-style-type: none"> <li>• Developing a comprehensive ESG report capturing the framework and practices presently prevalent and identifying focus areas with medium term and long-term targets</li> </ul>
Technology / Product Obsolescence	Product changes in line with technology. For eg. EV	<ul style="list-style-type: none"> <li>• Focus on exposure to different segments like auto vs. non-auto and in that further into industrial, aerospace, infrastructure, wind energy and defense</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Risk of non-compliance</li> <li>• Risk of not having defined policy to initiate the litigation for non-collection</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring compliances through a separate software</li> <li>• Entering into structured contracts with all concerned viz., customers and vendors and monitoring adherence thereto</li> </ul>
Fluctuations in Foreign Exchange	Unpredictability of markets	<ul style="list-style-type: none"> <li>• Hedging of FX exposures</li> </ul>



Internal Risks		
Risk Category	Risk Description	Response / Mitigation Plan / Action
Execution of Project	<p>Delay in execution</p> <p>Withdrawal by customer</p>	<ul style="list-style-type: none"> <li>• Regular monitoring for completion</li> <li>• Building in protection in contracts for indemnification</li> </ul>
Contractual Compliance	<ul style="list-style-type: none"> <li>• Risk of losing business</li> <li>• Risk of exposure to liabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of ownership for ensuring compliance with contracts</li> <li>• Taking up insurance for mitigating unforeseen liabilities like product liability, third party liability</li> </ul>
Environmental Management	<ul style="list-style-type: none"> <li>• Risk of non-compliance</li> <li>• Risk of threat to environment due to processes</li> </ul>	<ul style="list-style-type: none"> <li>• Having a compliance monitoring system</li> <li>• Adopting green measures wherever possible like energy etc.</li> <li>• Water management</li> </ul>
Human Resource Management	<ul style="list-style-type: none"> <li>• Risk of incorrect computation deduction, deposit and filing of returns for statutory and other deductions / benefits</li> <li>• Risk of not maintaining &amp; irretrievability of old documents</li> <li>• Risk of non-availability of skilled manpower</li> </ul>	<ul style="list-style-type: none"> <li>• Going for ERP and other automation solutions</li> <li>• Creating multi-level checks and balances</li> <li>• Going for digitization and adoption of TQM principle</li> <li>• Competency based assessment and recruitment</li> <li>• Development of internal talent for effective scaling up</li> </ul>



## Board of Directors and Committee

### List of Board committees with a brief description with names of participants in the committees

In accordance with the legislation and regulations, the Organization's board is made up of four committees, each of whose mandated membership and terms of reference are established by the Board. The Board co-opts the members of the Committees.

The Organization's corporate governance practices are led by its well-established Board of Directors and different committees such as the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, etc. These committees are distinguished and diverse in nature and provide guidance to the Company's long-term sustainable growth through the strategic implementation of processes, systems, behavior, and aptitude, and in achieving corporate excellence. These committees oversee the Company's operations in alignment with business values and principles.

#### Audit Committee

The Audit Committee is responsible for handling, overseeing, and reviewing the Company's financial reporting process, statements, and auditor's report in compliance with national regulatory requirements. It provides recommendations for appointment, remuneration, and terms of appointment of auditors. The Committee also analyses the performance of statutory and internal auditors, the adequacy of the internal control systems, reviews the adequacy of the internal audit function and performs due diligence for inter-corporate loans and investments.

Additionally, the committee reviews internal controls, IT security applications, and systems to assess the risk, reviews the deviations, and deploys the requisite corrective and preventive measures, as required.

#### Composition of Audit Committee:

Name of the Committee Member	Category
Sri B Muthuraman	Chairperson of the Committee
Sri Heramb R Hajarnavis	Independent Director
Sri S Mahalingam	Independent Director

#### Nomination and Remuneration Committee

The committee is guided by the procedures and principles established in the Organization's Nomination and Remuneration Policy. In alignment with the policy's guidelines, the committee primarily sets the eligibility criteria for the qualification, skills, expertise, appointment, tenure, termination, performance evaluation, nature of the role, and competitive remuneration in line with the market practices and norms for Independent Directors, board of directors, and senior management personnel. In a recent development, the committee has also approved a standalone policy on Board diversity in relevance to the industry's best practices.

#### Composition of Nomination and Remuneration Committee:

Name of the Committee Member	Category
Sri B Muthuraman	Chairperson of the Committee
Sri Heramb R Hajarnavis	Independent Director
Ms. Preethi Krishna	Non-Executive Non-Independent Director

## Stakeholders Relationship Committee

The committee focuses on strengthening the stakeholder relationship through timely redressal addressal of concerns, and complaints related to the transfer of shares, non-receipt of annual reports, and non-receipt of declared dividends. The committee meets periodically to discuss and engage in transparent communication and build stakeholder trust and confidence.

### Composition of Stakeholders Relationship Committee:

Name of the Committee Member	Category
Ms. Arathi Krishna	Managing Director
Dr. Nirmala Lakshman	Chairperson of the Committee (Independent Director)
Ms. Arundathi Krishna	Joint Managing Director

## Risk Management Committee

The committee's major responsibilities include identifying all kinds of business-as-usual, ESG, and unprecedented risks, conducting relevant assessments, evaluating the adequacy of the existing risk management systems, establishing controls, monitoring the measures, reviewing the policy and procedures, and implementing necessary amendments periodically.

Furthermore, the committee develops, approves, and oversees the implementation of the risk management policy, and reviews it periodically in line with the industry trends and best practices.

### Composition of the Risk Management Committee:

Name of the Committee Member	Category
Ms. Arathi Krishna	Managing Director (Chairperson of the Committee)
Ms. Arundathi Krishna	Joint Managing Director
Sri. S Mahalingam	Independent Director
Ms. Preethi Krishna	Non-Executive Non-Independent Director





## Fair Business Practices

### Preserving integrity across the organization

Sundram Fasteners Limited firmly believes that maintaining fairness, integrity, and regulatory compliance are crucial for the Organization's development and growth strategy. The Company's business practices are deeply rooted in its core operating principles: customer orientation; total quality; and ethical practices and beliefs of independence, responsibility, transparency, professionalism, and accountability, the essential principles of corporate governance. The organization's business-as-usual activities, strategies, manufacturing systems, and stakeholder engagement practices are guided by its well-established policy documents such as the Code of Conduct, Code of Fair Practices, and Whistleblower Policy, covering the internal and external stakeholders, thereby promoting a transparent business culture, a safe working environment, and increased long-term stakeholders' sustainable value. SFL strives to consistently maintain the highest standards of corporate conduct towards its employees, customers, society, and other stakeholders.

The Code of Conduct policy document ensures compliance with the regulatory requirements, lays out the roles and responsibilities to be carried out with honesty and integrity by the Company Secretary, Board of Directors, and Senior Management.

The Code of Conduct also defines boundaries for employees at different levels. It defines clauses related to conflict of interest, confidentiality maintenance, protection of assets, and corporate opportunities to avoid exploitation of personal gain and organization properties, if any. The employees/ Board should comply with all the laws, affirm compliance on an annual basis, and report cases of non-compliance, if any.

Further, its business practices are strengthened by a well-structured Whistleblower Policy that provides a robust system to be vigilant and transparent. With roles and responsibilities handled by the Audit Committee, the policy ensures that stakeholders raise their concerns and report complaints of illegal or unethical practices, if any. It also provides safeguards to the complainant by maintaining confidentiality in accordance with Section 177 of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to support and promote responsible whistleblowing.

The Company has zero tolerance to bribery and corruption and has strict measures in place to deal with its violation. The Company takes care to maintain accountability and transparency in all its operations and comply with policies and regular audits.



## Supply Chain

### Building a Transparent and Sustainable supply chain for Future Resilience

The Organization is committed to providing and achieving a sustainable supply chain across its operational business and market segment. It has a global footprint and is committed to conducting business in an ethical and sustainable manner ensuring a way that reduces carbon emissions and therefore the negative environmental impact. The raw materials are sourced basis of a well-developed supplier assessment that assesses suppliers on environmental, legal compliance, health, and safety, training, business continuity, financial sustainability, and product quality, among many others.

#### Supplier Audit

Further, the Organization conducts annual supplier audits whose scope covers quality issues, system adherence, and manufacturing process. The audit covers the suppliers and is conducted by a well-established team of experts such as a metallurgist as per the audit requirement by the division of operations. It has prepared a specific audit checklist for the metal division suppliers those supply domestic powder and steel. The audit gaps are provided with preventive and corrective suggestions for timely amendments.

#### Supplier Development

The Organization fosters the relationship between its suppliers through its supplier developmental programs. These programs include providing training on processes and topics such as 5S, safety, product inspection, and handling, FMEA, SOP, 7QC tools, QC story, and tools, Kaizen, Quality Manual, Kanban, Green supply chain, PPAP (Production part approval process), and other Quality Management Systems related topics, as required. Additional topics that are covered in the training programmes are Goods and Services Tax (GST) Further, along with training, the Organization provides technical assistance related to manufacturing processes, raw material process development, cycle time reduction, capacity enhancement, material handling, and layout improvement, set-up time reduction, and selection of new equipment as well as financial assistance for capital equipment procurement. Total Quality Management (TQM) training is extended to sub-contractors to support them in manufacturing and supplying high quality products.

#### Supplier Engagement

To further strengthen the supply chain and supplier relationship, the Organization has a well-established supplier rating system that provides ratings to its suppliers based on the criteria such as delivery and quality performance. Suppliers are classified at levels based on the scoring obtained, which aggregates to 100: level 3 being the highest scorer with >85%; level 2 with a score ranging between 70-85%; and level 1 with a score <70%. These ratings and scores help the Organization to identify critical issues within the supply chain and further provide requisite assistance to support and amend these issues.

The Organization also conducts supplier satisfaction surveys annually. Questions are rated against a score of 1 to 5 on five aspects of the supply chain and the results of which are further analysed to improve the stakeholder relationship and thereby intending to establish a sustainable supply chain.

A Business partners meet is conducted annually involving suppliers at most of the business units.



To promote a local supply chain, initiatives such as providing awards to suppliers contributing for indigenization are encouraged and procurement of raw materials and consumables are prioritized from domestic sources.

#### Way forward

The Organization is currently developing a Supplier code of conduct based on the UNGC principles. The Company looks forward to prioritizing on localization/indigenization of the supply chain and assessing the suppliers based on ESG parameters.

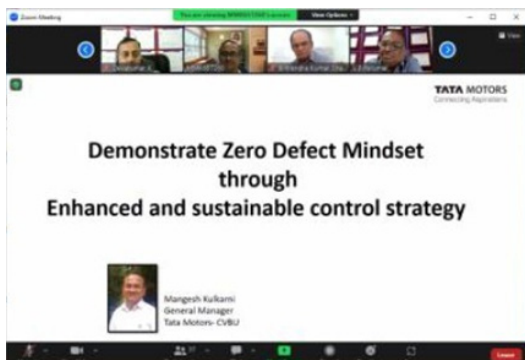
# Customer Centricity

## Preserving integrity across the organization

Customers drive the market trends in the auto and manufacturing industry and are the prime focus for the organization’s vision, mission, and business strategies. SFL’s OEM (Original Equipment manufacturers) customers play a crucial role in the automotive industry, as the parts they create are designed to meet the exact specifications and requirements of specific vehicle makes and models. Aligning with customers’ expectations, the organization is certified for ISO 14001, ISO 45001, IATF 16949 in most of its business units. Fulfilling its commitment towards Total Quality Management, SFL won the Deming prize across all its 17 factories being a testament of delivering products of the highest quality.

### Customer-oriented Manufacturing setup

SFL’s journey towards zero defects is a continuous process to adhere to the expectations of the customers. Quality projects are taken up for each customer based on their expectations and efforts are made to bring defects to zero. Each Quality improvement team is assigned a leader and these QITs take up new customer-oriented projects every quarter. Training center is available in every manufacturing unit where the staff are trained on the specifications of the products according to customer needs. Each machine at the shopfloor produces products according to customer specifications and regular upgrades are made to ensure timely delivery of the products with the expected specifications. SFL regularly engages with customers on session related to quality and capture their perceptions and expectations.



Screenshot of a session with a customer

### Customer Satisfaction

SFL engages with leading global OEMs (Original Equipment Manufacturers) at all its manufacturing facilities to improve ratings based on quality, delivery, response, and time. SFL conducts customer satisfaction surveys annually against a score of 1 to 10 on QCD (Quality, Cost and Delivery) aspects that cover quality, delivery, logistics, and new product development. It reviews customer complaints to address them within the timelines along with detailed action plans. Trend of customer complaints is tracked for all units and SFL is observing a decreasing trend in number of complaints owing to increase in quality improvement projects.

### SFL’s goals for maximum customer satisfaction



The action plans are drawn suitably to address any customer complaint and eliminate product rejection numbers in line with its purpose of delivering quality products beyond expectations. Further, to strengthen its ESG strategy and journey, SFL’s initiatives are driven by its customer expectations to foster its mission and vision of sustainability.



## Data Security

### Protecting critical information from cyber risks

The Company emphasizes Data privacy as a critical area for its business and is committed to protect its stakeholders from any security breaches. It is important for organizations to provide assurance that their data is secure and that they can fend off cyber-attacks, unlawful access, and data breaches. Poor data security can cause important data to be lost or stolen resulting in financial as well as reputational loss.

#### Information security risk

Owing to the nature of SFL's business operations, the organization is exposed to numerous internal and external risks like cyber security risk, business continuity risk, legal and compliance risk, information security risk, among others. The organization's internal risk management committee ensures monitoring and review of the risks related to cybersecurity.

#### Awareness on information security

The Company has developed an information security policy which has been made available to all the employees. The policy guides the employees about the principles to protect critical information assets of the organization from any data breaches. All SFL workers and contractors receive information security and awareness training once a year. In addition to the induction training, awareness is created through a variety of different channels, such as periodic awareness mailers and security posters. Employees and vendors are also made aware of the information security policy's obligations as well as the consequences of non-compliance. SFL's Information Security function is responsible for communication and implementation of the policy at all levels of the organization.

#### Information security management system

The Company realizes that lack of data privacy and security can have an adverse impact on its stakeholders which will ultimately impact its business.

Recognizing the key role that IT plays in supporting its business, the Company has built a sophisticated IT infrastructure that includes specialized business and operational applications as well as top-tier infrastructure to support and enable its essential business activities.

By implementing a risk-based Information Security Management System (ISMS), SFL recognizes the necessity and significance of managing and preserving the Confidentiality, Integrity, and Availability of its essential information assets. The Company has currently adopted leading industry security standards and practices such as ISO 27001 and TISAX to develop and implement a robust information security management framework. To ensure continuity of critical operations in line with its business and contractual requirements, the Company is working towards achieving ISO 27001 and TISAX (Trusted Information Security Assessment Exchange) certification for all the business units.

#### Data protection at SFL

An annual internal audit is conducted at SFL to evaluate the effectiveness of the implemented ISMS and to establish whether the controls and procedures of the TISAX requirements are properly implemented, maintained, and compliant with applicable laws, standards, and security requirements. Data protection is accomplished by continual improvement of the ISMS through the security policy, security objectives, audit results, analysis of monitoring events, and corrective and preventive actions.

The organization's leadership is committed towards continuous improvement of their security processes to meet the objectives and stakeholder expectations in information security.

## Economic Performance

### Striving for sustainable growth

Recent years have posed extreme challenges for industries across the world. The COVID-19 pandemic followed by the conflict between Russia and Ukraine have exposed the downside of supply chains across the world. These events have also led to higher inflation and fluctuation in the prices of commodities.

To support the automotive sector, government of India has recently launched initiatives to overcome the cost barriers, create the economies of scale and build strong supply chains. The Production Linked Incentive Scheme is one such measure in this direction. The Government of India launched

Production Linked Incentive Scheme (PLI) to reduce the costs and improve the ease of doing business.

Steel, which is one of the key raw materials in the industry has seen increase in prices since FY21. The impact of this was mitigated by improving operational efficiency and increasing the prices for customers. The Company procures power from cost effective alternative sources and is investing in renewable power to reduce electricity costs and improve margins further.

### Summary of Operating results

Particulars	2022-23 (INR crores)	2021-22 (INR crores)
Net Revenue from Operations	4,919.43	4172.57
Other Income	29.98	25.61
Total Revenue	4,949.41	4198.18
Total Expenditure	4,151.83	3446.00
Profit before Interest, Depreciation and Tax	797.58	752.18
Finance Cost	24.63	13.39
Depreciation/Amortization	157.02	152.83
Provision for impairment of investments in subsidiaries	-	30.00
Profit before Tax (PBT)	615.93	555.96
Current Tax	148.70	148.11
Deferred Tax	2.83	0.39
Profit after Tax (PAT)	464.40	407.46

## Operational Excellence

Delivering exceptional quality on time every time

By routine external and internal self-evaluations, SFL's sites continuously strive to integrate operational excellence and world-class manufacturing techniques into daily operations. The Company achieves the highest degree of quality of products when employees gain ownership of processes and procedures using tools like 5S and getting involved in Kaizen projects for continuous improvement. Internal audit for Quality management system takes place once in six months.

### TQM at SFL

The Company continues its focus on the principles of Total Quality Management (TQM). As part of TQM,

the Company's QIT (Quality Improvement Team) are involved in projects every quarter which include elimination of defects of products. The Company has always focused intensive training on TQM systems and procedures for new joiners and initiated a zero-defect process to improve their internal quality besides sustaining its existing Total Quality Management (TQM) activities. This has helped the organization to ensure the elimination of customer complaints and a reduction in internal rejections. When it comes to TQM, Total Employee Involvement continues to be a strong focus at SFL. 100% of the employees continue to participate in suggestion schemes and quality improvement projects.

SFL's Quality improvement teams operate on 7 steps.





## Process Efficiency Improvements

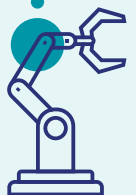
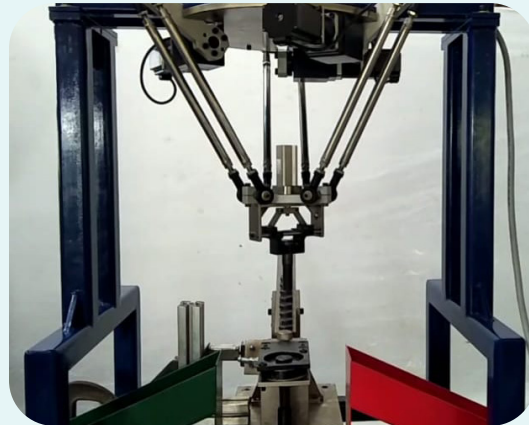
### Improving furnace loading rate

Earlier, the furnace loading rate was set manually by the operators based on the time taken to fill 1 dump. This affected the loading rate, ultimately reducing the furnace output. An auto loading cell that calculates the dump load was fixed in the furnace. The cell automatically opens the door and delivers the product to the line. Through leveraging technology, SFL's plant teams were able to enhance the efficiency of the process. From an output of 50%, the furnace output was raised above 60%.



### Auto-Shank Diameter Inspection

There were gaps in inspection of auto-shank diameter because of wrong judgement of the visual measurement indicated from the precision gauges. Proper inspection required highly experienced staff and continuous working led to fatigue. To improve the inspection process, SFL's teams developed a standardized automation process for all similar parts inspection which required no special training.



## Waste Reduction Initiative

Rust was a big problem in the phosphating process. To reduce rust and the percentage of rejection, plant teams identified the gaps and worked on the remedial measures.

Following were the gaps identified in the phosphating process

- Oil float was observed at top of the degreasing bath
- Phosphating bath temperature was observed to be minimal as compared to specifications
- Sediment formation was seen at the bottom of the rinse tank
- Raw water was used for rinsing after Phosphating bath
- Non-uniform water flow was observed in Rinse tanks
- Low dip time was observed in De-watering and RP (Rust preventive) oil and Low non-volatile solid content was observed in RP oil

## Remedial measures

- Agitation of the bath was introduced through Perforated pipes submerged inside the bath.
- Raw water line was removed and standardized with a DM water line after phosphating rinse tanks.
- Air agitation was provided to all water rinses to prevent sediment/sludge settling.
- Uniform water flow was maintained through installation of Roto-meter in rinse tanks.
- Non-volatile solid content % was included in the test report.
- Dip time verification was added in the process audit check-sheet



**Improvement Tree**



**Matching Defects**



**Assemble the Quality Tools**



**Crossword Puzzles**

## Quality Month

SFL conducted the Quality Month during November 2022 with a theme, 'Achieve Zero Defect the TQM way' coinciding with the suppliers meets at the manufacturing sites. Several quality related events were conducted for 3 days such as Improvement Tree, Matching Defects, Crossword Puzzles, Assemble the Quality Tools, Connect the Pictures etc. The Company also conducts an annual event to award the best quality kaizens.



## Innovation Management

First choice of Global OEMs



The Company's export-oriented business units at Padi, Mahindra world city, Sri City, and Velappanchavadi have been the suppliers of choice to leading OEMs (Original Equipment Manufacturers) across the globe. SFL's export oriented units are the forerunners at implementing state-of-the-art technological initiatives. With increasing technological advancements in the

auto sector, the units are well prepared with the latest equipment to enhance productivity. The Company ensures that customer expectations are met with the highest degree of satisfaction in terms of quality and delivery. SFL's business units constantly strive to become more efficient in terms of not only quality but also in terms of resource use





Operator Dashboard	Loss Booking Sheet	JH Check Sheet	OQA Sheet Dimensional
Date/Day	16-03-2023 / Thursday		Part No
Shift/Time	1 / 9:02:29 am		Description
1517	SARAVANAN D		M18 X 1 Forging Dwg Iss

INSPECT FOR	Spec-Min	Spec-Max	Measuring Technique	Freq	Sample Size	08:20	08:50	09:20	09:50	10:20
1 SHANK DIAMETER	17.8	18.0	MICROME...	30	M...	17.923 / 17.931	17.936 / 17.955			
2 TRD METAL END	16.89	16.91	MICROME...	30	M...	16.913 / 16.913	16.919 / 16.928			
3 TRD NUT END	16.89	16.91	MICROME...	30	M...	16.922 / 16.922	16.931 / 16.938			
4 OAL	72.7	73.3	VERNIER / GAUGE	30	M...	OK	OK			
5 COIL DIAMETER	17.70	17.75	MICROME...	30	M... CC	17.7 / 17.7	17.7 / 17.7			



Screenshot of machine health monitoring

**Operator Dashboard** | **Loss Booking Sheet** | **JH Check Sheet** | **OQA Sheet Dimensional** | **JIC DWS Sheet** | **Machine Health** | **SHIFT CLOSE**

Date/Day: 16-03-2023 / Thursday  
 Shift/Time: 1 / 8:58:28 am  
 Part No: MB3690  
 Description: M18 X 1.5 T3 OAL STUD  
 Material: AISI 10B34  
 Wire Dia: RM211341770

**PRODUCTION DASHBOARD**

S.No	PartNo	From Time	To Time	Qty Prod
1	MB3690	08:00:00	08:57:23	3963

Running Part: [Blank]  
 Current Shift Production Qty: [Blank]  
 Cumulative Production Qty: [Blank]

SELECT SOP:  
 SOP-PAD-FORG-1000LS-STUD-01  
 SOP-PAD-FORG-GEN-01  
 SOP-PAD-FORG-GEN-22  
 SOP-PAD-FORG-1000LS-HEX-01  
 SOP-PAD-FORG-GEN-13  
 SOP-PAD-FORG-1000LS-RIVET-01  
 SOP-PAD-PPE-001  
 SOP-PAD-FORG-GEN-12  
 Forging IoT SOP  
 SOP-PAD-FORG-1000LS-BHEX-01  
 QUALITY  
 FORGING  
 SOP-PAD-FORG-GEN-07  
 SOP-PAD-FORG-GEN-05  
 SOP-PAD-FORG-GEN-06  
 SOP-PAD-FORG-GEN-25  
 SOP-PAD-FORG-GEN-10  
 SOP-PAD-FORG-GEN-04  
 SOP-PAD-FORG-GEN-03  
 SOP-PAD-FORG-GEN-09  
 SOP-PAD-FORG-1000LS-STUD-02  
 SOP-PAD-FORG-1000LS-SPL-01  
 SOP-PAD-FORG-1000LS-HUB-01  
 SOP-PAD-FORG-GEN-08  
 SOP-PAD-FORG-GEN-24  
 SOP-PAD-FORG-GEN-21

Screenshot of Digital SOP

### The SFL way towards a Smart Factory

SFL aims towards comprehensive development of IoT and the ability to connect & co-ordinate on a large scale. The Company has initiated to leverage the potential of Industry 4.0 in its manufacturing operations at Padi and Mahindra world city and has observed the following features

**Digital SOPs** - Standard Operating Procedures can be found all in one place that can be updated and monitored at the server level.

**Safety awareness** - Safety is made an integral part of the system through notifications being displayed to the operators and promoting safety awareness

**Realtime Validation** - Operator quality readings are subjected to live validation and the system gives a warning if the product is out of specification thus ensuring better quality of the product.

**Machine Health monitoring** – Machine health parameters are monitored as part of preventive maintenance. Abnormalities of any form will be notified to the relevant teams for remedial measures. Live machine status is indicated for instant decisions at the shopfloor.

**Digitized Drawing and Control plan** - Digitised versions of part drawing and control plan are available at the operator’s screen for easy access during setup change.

**Real time Alert system** - To notify the relevant team member in case of breakdown in any machine

**Dashboards** – Advanced dashboards which offer better visibility and tracking real time data

**Reports portal** – The system offers a one stop portal to download all major quality, productivity check sheets

## Automation for better productivity



*Automation initiatives for EV hub at PTC unit*



## Key Customer recognitions

The Company has been bestowed with recognition from most of its customers, both National and International, for quality, delivery, and technology.

- Best supplier 2022 – Brakes India
- Quality Excellence award and Certificate of Appreciation – Daimler India
- Best Quality performance award – JCB
- General Motors awarded the PTC unit, Supplier of the Year – 2022
- Ford Motors certified SFL's PTC division with "Zero QR and Zero warranty claims" supplier for the year 2022 for consistent quality and delivery performance.
- ZF recognized the PTC unit with a certificate of appreciation for flawless supplies for the year 2022.
- SFL's Hosur facility's Metal forms division was honoured with Perfect Quality award by Nexteer Automotive for both 2020 and 2021.
- AVTEC Award 'QCC' – Best Supplier Award for FY 2022
- Endurance Award - 'Quality' Competition Award for 2021
- Mahle Electric Drives 'Zero PPM' Award – 2022
- INEL Award – 'Quality, Delivery and NPD Quality' for 2022
- SFL's Radiator caps division was awarded "Quality Zero PPM" in 2020, 2021 and 2022 from Denso Kirloskar Industries
- SFL's Autolec division located in Velappanchavadi, Chennai was honoured with the "Best Quality Performance" award for 2020 from Danfoss, Denmark.
- SFL's Fasteners division located in Puducherry won Platinum level award from Caterpillar Inc for 2020.
- BOSCH awarded the SFL operations at Madurai as "The Best Performance Supplier 2022"
- Hot and Warm Forgings division located in Puducherry received a certificate of appreciation from John Deere India Private Limited for significant improvement in Quality Parts per million (PPM) for the year 2020
- The Company's fastener division at Puducherry won the 'Green award' from the Puducherry pollution control board for adopting innovative technologies in pollution control.

## Certifications

The Company being the first to achieve the ISO 9000 standard in India, has been the forerunner in adopting and implementing standards in quality, environmental management, occupational health & safety and more.







# Environment

## Preserving the integrity of the natural world

As a global Company with customers and operations in several nations, SFL is aware of its obligation to protect the environment and reduce its environmental footprint. Keeping in mind the long-term environmental impact posed by the organization's operations, SFL is developing strategies for efficient consumption of resources. The Company's environment teams present at every unit strive to go above and beyond regulatory and legal requirements while monitoring environmental impact and effectively implementing best practices. The Company's commitment to environmental compliance, pollution control, and spreading a culture of environmental stewardship among employees is outlined in the EHS (Environment, Health, and Safety) Policy.

Reflecting on the concern towards climate change, the Company is taking active measures to reduce emission intensity across its scope 1 and 2 emissions to mitigate the negative environmental impact due to increased production. To tackle scope 1 emissions, the Company is implementing use of Electric forklifts instead of their diesel counterparts to reduce diesel consumption among other measures. With a focus on reducing grid electricity consumption and reducing scope 2 emissions, the Company is

planning to enhance the percentage of renewable energy consumption in the total energy mix by solar power through rooftop solar plants and wind power through third party power purchase agreements. Energy efficiency initiatives regularly form part of SFL's business plan and new and improved initiatives are introduced as part of the ongoing improvement processes at every unit.

SFL aims to reduce its environmental footprint further through several strategies to reduce water consumption and minimizing waste. Having implemented ZLD (Zero Liquid Discharge) across most of its business units, the Company has been able to maximize recovery of water, thereby reducing water withdrawal.

Through maintaining a vast green belt across its sites, the Company has contributed to the habitats of several bird species. In addition to offering shelter to fauna and granting aesthetic appeal, the green cover also contributes to absorbing carbon emissions. To keep track of environmental risks and their impact, the Company has adopted the ISO 14001 environment management system and is certified across all the business units.



## Energy and GHG Management

### Building a climate resilient future through energy efficiency and renewables

The Company aims to build a climate resilient future for all its stakeholders by innovation and leveraging technology. The Company's efforts in implementing renewable energy and energy efficiency initiatives have been made with the intent to reduce the environmental impact of its operations and contribute to sustainable development.

#### Energy Efficiency

Economies around the world have been turbulent with a worldwide pandemic and several other challenges in the recent years. With the increase in prices of steel, the Company aims to remain cost competitive and sustain its position as the first choice of leading OEM's through improving the energy efficiency of processes. All business units are working towards becoming more energy efficient each year. The Company's utility teams are involved in constant dialogue in arriving at improvement areas in energy efficiency through process modifications and upgrading technology of the utilities.

#### Process Modifications



Replacement of GI Roof Sheets with Transparent Polycarbonate Sheets for maximum daylight utilization



Optimization of power consumption of compressors by optimum pressure settings



Optimization of power consumption from pumps by running them based on demand



Minimization of air leakages to reduce the load on air compressors



Reduction of idle running time for furnaces, CNC machines and motors



Interlinking cooling towers to manage the peak load



Hot water circulation for washing tanks to eliminate electrical heaters



Optimize the Product mix to have nominal power consumption



Utilising spent heat from the hot water in pre-heating operations



Improving Power factor and reducing Harmonics level in Hot Forging Machines

## Technological upgradation



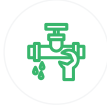
Replacement of conventional streetlights (Metal Halide Lamps) with solar streetlights



Installation of VFDs in compressors and cooling tower pumps



Installation of automatic lights to optimize the power consumption



Implementation of corrective actions from air audit observations to eliminate air leakage in compressors



Upgrading pumps with higher efficiency motors (IE4)



Installing programmable temperature controllers in Pit Annealing furnaces.



Using Brushless Direct Current motors which consume low power due to lower frictional losses



Installation of auto cut-off switches on cooling towers which operate based on the temperature of water



Installation of VFDs and connecting them with blower motors optimize power consumption



Installation of renewable power and solar inverters to reduce the dependency on grid power



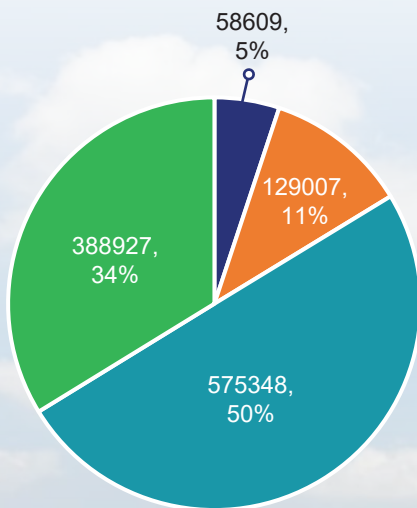
Installation of UPS to reduce the dependence on Diesel generators





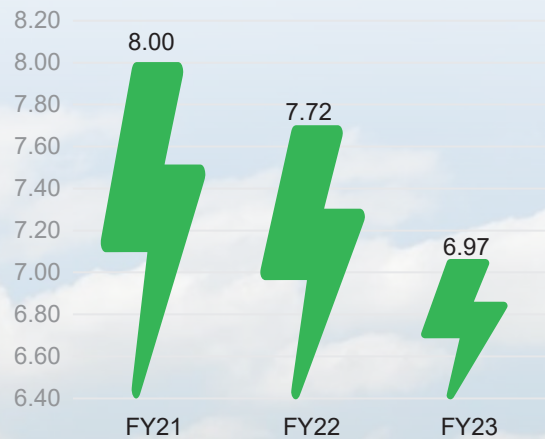
Energy Consumption (GJ)	FY21	FY22	FY23
Diesel	61,036	67,057	58,609
LPG	1,70,099	1,73,882	1,29,007
Grid Electricity	3,45,118	5,12,211	5,75,348
Renewable Energy	3,65,810	3,91,249	3,88,927
Total Energy	9,42,133	11,44,399	11,51,891

### Energy Mix FY23



- Diesel Energy (GJ)
- LPG Energy (GJ)
- Non renewable Energy (GJ)
- Renewable Energy (GJ)

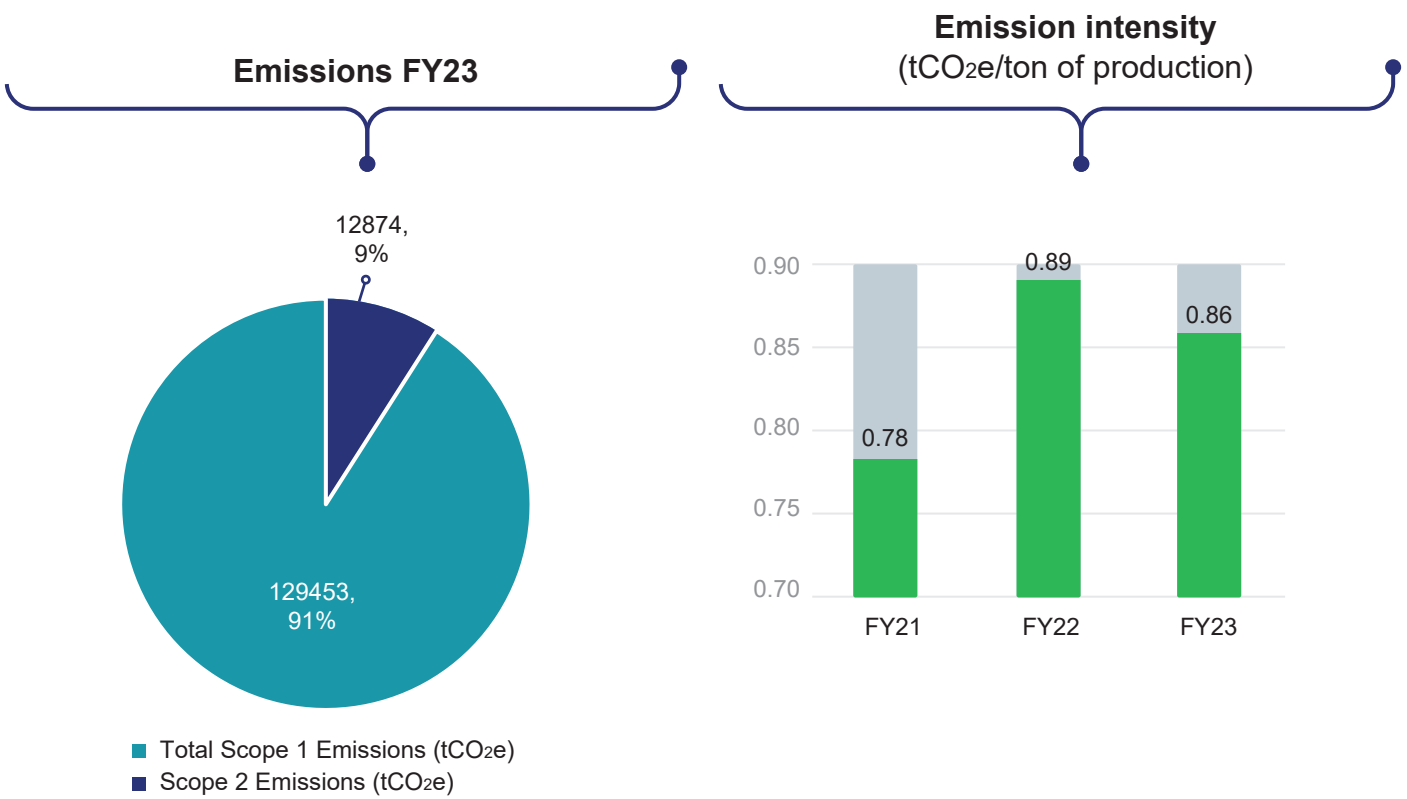
### Energy Intensity (GJ/Ton of product)



## GHG Emissions

The Company's greenhouse gas emissions are associated with electricity from the grid and energy exchange and fuel consumption including diesel and LPG. The Company's scope 1 and 2 emissions have been developed in accordance with the GHG protocol. The Company aims to reduce these emissions through leveraging renewable energy and by improving and innovating energy intensive processes

Category (tCO <sub>2</sub> e)	FY21	FY22	FY23
Scope 1 emissions	16,006	16,492	12,874
Scope 2 emissions	75,749	1,15,248	1,29,453

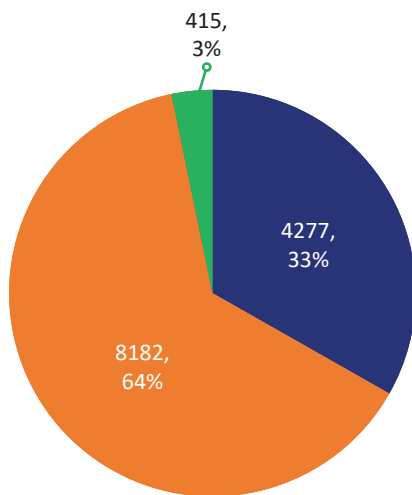


## Scope 1 emissions

The Company looks to lower scope 1 emission intensity through a variety of measures to lower consumption of Diesel and LPG.

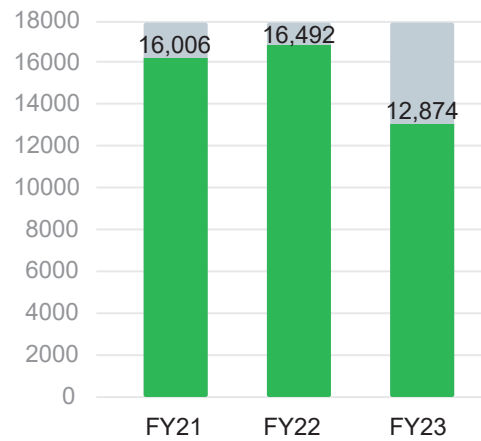
Scope 1 Category (tCO <sub>2</sub> e)	FY21	FY22	FY23
Diesel emissions	4,454	4,893	4,277
LPG emissions	10,789	11,028	8,182
Refrigerant emissions	764	570	415

Scope 1 Emissions FY23



■ Diesel Emissions (tCO<sub>2</sub>e) ■ LPG Emissions (tCO<sub>2</sub>e)  
 ■ Refrigerant emissions (tCO<sub>2</sub>e)

Scope 1 emissions (tCO<sub>2</sub>e)





## Greenhouse Gas Impact reduction program under progress



Installation of Bio-gas plant for canteens



Replacement of LPG fired Thermic Fluid Boiler with Wood fired Boiler



Introduction of Battery-operated forklift instead of Diesel forklift



Installation of Fuel-efficient Diesel Generators

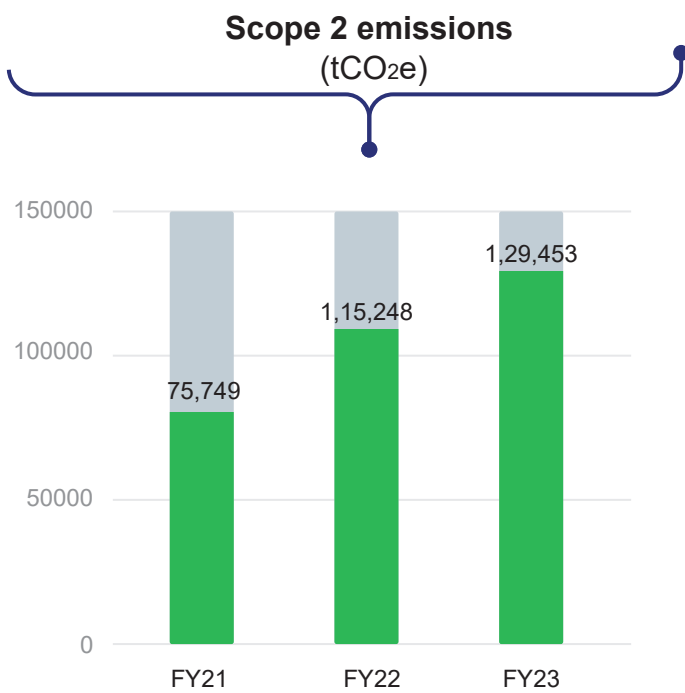


Conversion of LPG fired Sintering and Continuous Annealing furnaces to Electrical heated furnaces

## Scope 2 emissions

By boosting energy productivity and the proportion of renewable energy in the overall energy consumption, the Company is reducing its Scope 2 emission intensity.

Scope 2 Category (tCO <sub>2</sub> e)	FY21	FY22	FY23
Grid emissions	75,749	1,15,248	1,29,453



### Indirect emission reduction initiatives

Installation of Electrostatic fume exhaust system for forging machines

Implementing Waste heat recovery and utilization rate in furnaces

Reducing compressor energy consumption by optimizing air cleaning stations



## Scope 3 emissions

SFL is in the process of assessing its scope 3 emissions based on the GHG Protocol. The Company is developing the necessary capabilities to account the emissions of the applicable scope 3 categories

## Air Emissions

The Company regularly monitors the ambient emissions in line with Pollution control board norms

Emissions (tons)	FY21	FY22	FY23
Particulate Matter	52.5	50.7	54.3
SOx	38.7	37.3	39.6
NOx	32.1	32.6	32.7

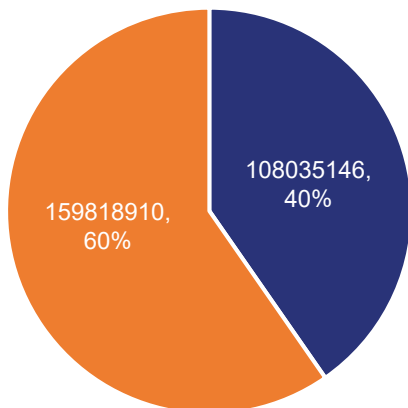
*1.5 MW Ground mounted solar plant near the Krishnapuram unit*



### Renewable Energy

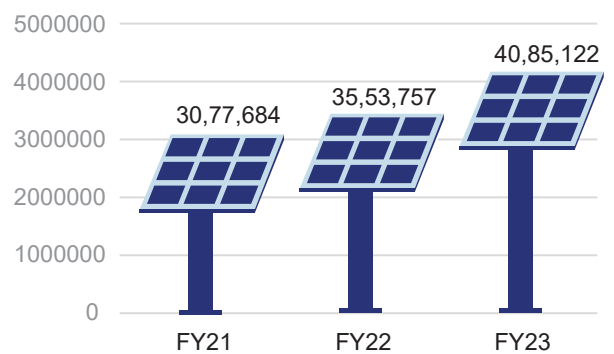
Since its inception, the Company has been forefront in working towards implementing renewable energy. Prices of energy have been on the constant rise and the recent emphasis on adopting cleaner forms of energy has led towards diversifying the Company's energy sources.

Electricity Mix FY23



■ Total Renewable power (kWh) ■ Total Grid electricity (kWh)

Onsite Renewable power (kWh)





## Phase 1

Total capacity - 2.69 MW



1.32 MW at Pondicherry unit



1.02 MW at Mahindra world city unit



0.35 MW at Krishnapuram unit

## Phase 2

Total capacity - 3.08 MW



0.41 MW at Padi unit



1.14 MW at Hosur unit



1.53 MW at Krishnapuram unit

*SFL's renewable energy program for FY23-24*

As of FY 2023, around 40% of the Company's electricity demand is met by renewable energy. Wind power is sourced from off-site wind turbines and third-party power agreements and on-site rooftop solar plants are installed in some business units. The Company aims to further increase the share of renewables in the overall energy mix through doubling the Onsite solar installed capacity in FY24 from 2.69 MW to 5.78 MW.



## Water

### Conserving water resources through recovery and reuse

Access to clean and safe water is essential for all life on earth. Water conservation is one of the key themes for the management discussions and the Company always prioritizes to reduce water withdrawal and preserve natural water reserves. Constant efforts are being made to lower the consumption of potable water in processes and domestic use, and to promote recycling and reusing of water wherever possible. Prioritizing recycling and recovery of water, the Company has implemented Zero Liquid Discharge across most of the units. Through implementing ZLD, the Company has eliminated majority of the discharge of wastewater. The ZLD system makes use of Effluent treatment plants, Ultra filtration, Reverse Osmosis, and ATFD (Agitated thin film drier) to effectively recycle water and eliminate discharge. Treated water quality is tested on regular intervals as per pollution control board norms to assure water quality.

#### Water saving initiatives

- Installation of aerators for handwashing
- Implementation of waterless urinals at some locations
- To reduce usage of potable water, treated water from STP is being used in flushing and landscaping as well across all manufacturing locations
- To further reduce withdrawal of water, several sites have developed rainwater harvesting facilities that act as a reservoir for excess run-off during rain.



*Multiple-effect evaporator and Agitated thin film drier plant*



*Percolation pits*

#### Other water saving initiatives include



Installation of water sensors to regulate water use for handwashing at Canteens



Replacement of conventional cooling tower with Dry cooling tower



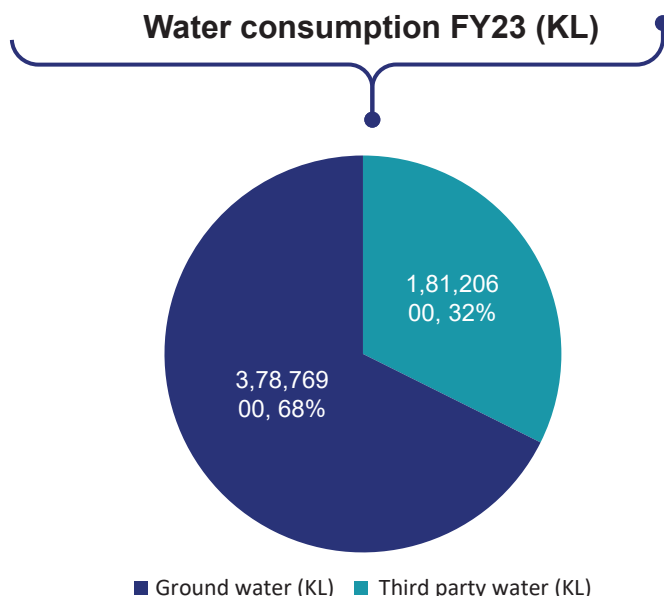
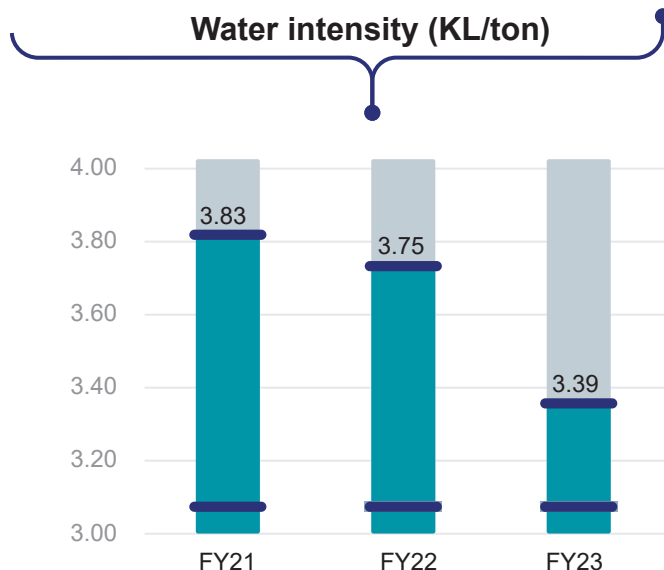
Usage of treated water in processes instead of raw water

**Water is sourced from ground water and third-party suppliers.**

Water consumption (KL)	FY 21	FY 22	FY 23
Ground water	1,59,454	1,96,064	1,81,206
Third party water	2,91,550	3,59,243	3,78,769
Total water consumption	4,51,044	5,55,307	5,59,975

	FY 21	FY 22	FY 23
Rainwater usage (KL)	-	1757.00	1797.00

Categories	FY 21	FY 22	FY 23
Water recycled with STP/ETP (KL)	2,07,789	2,56,052	2,63,601



**Planned water conservation initiatives**

Foreseeing an increase in production levels, SFL has taken up several water saving strategies to reduce its water intensity

- Implementation of rainwater collection ponds at appropriate places.
- Replacement of conventional cooling towers with radiator type cooling towers.
- Construction of rainwater percolation pits to improve the quality of ground water.
- Provision of automatic shut-off valves at tanks.
- Process optimization to lower water use.
- Implementation of flow restriction in the plating bath by air agitation.
- Increasing the efficiency of RO plant.



Rainwater harvesting structure



### Reduction of process water consumption – Case study

With a target to decrease consumption of water to 285 KL/month from 345 KL/month, SFL's plant teams at Padi were involved in the following measures

New DM (Demineralized) water line was provided to passivation water rinse stage

Water meter was fixed in the DM water line for monitoring the water consumption

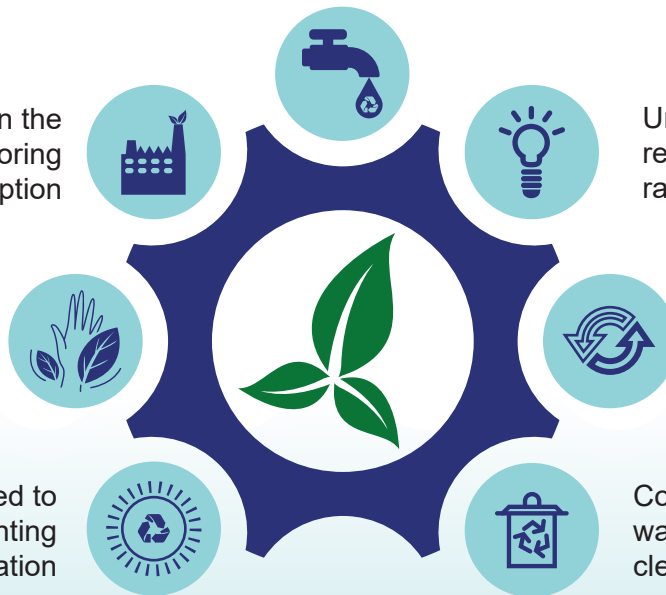
Roto-meter was fixed to control the water flow in the rinses

Air agitation was provided to all water rinses for preventing sludge formation

Unwanted pipelines were removed including those for raw and DM water rinses

Multiple water input pipelines were modified, and single water input line was installed

Common raw water pipeline was provided for tank cleaning



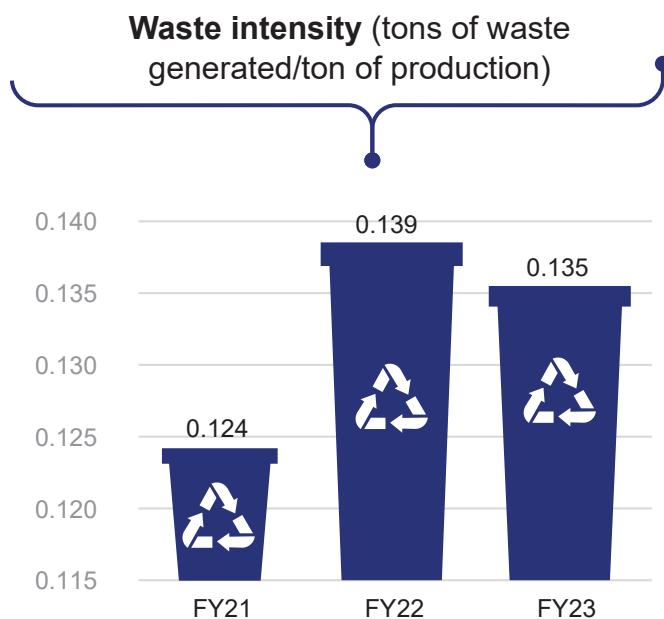
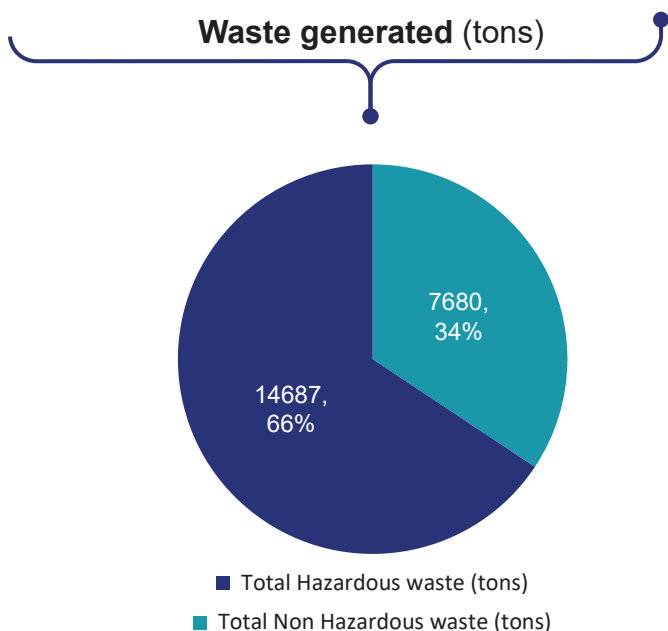
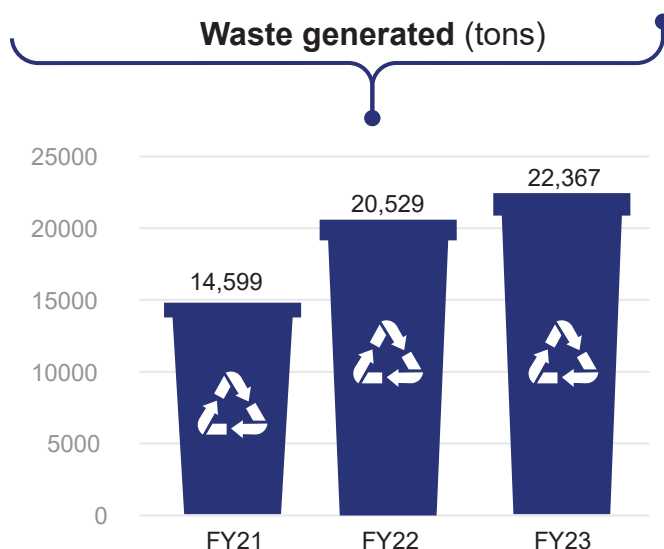
## Waste

### Minimizing environmental impact through the 3R's

The Company recognizes the importance of waste management and has initiated several waste-management practices for both hazardous and non-hazardous wastes. The Company also strives to minimise the waste produced and ensuring that waste produced is recycled or reused. A regular aspect of the manufacturing process is recycling and reusing tools and consumables as well as extending

the life of oils and lubricants. The facilities abide by all waste related pollution control board regulations and ensure waste is disposed of with the least environmental impact. For FY23, 22,367 tons of waste were generated out of which around 86% of the waste were diverted from landfills.

Waste (tons)	FY 21	FY 22	FY 23
Total Waste generated	14,599	20,529	22,367
Total Waste diverted from Landfill	12,795	17,389	19,179
Total Waste sent to disposal	1,804	3,140	3,188

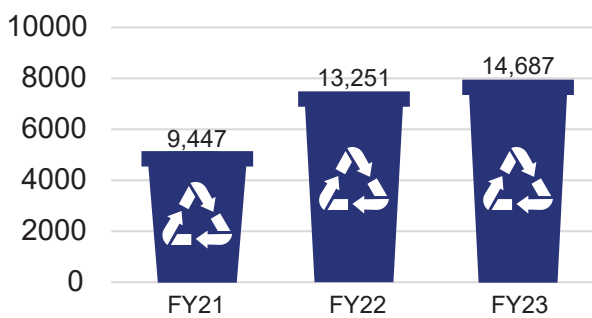


## Hazardous waste

Hazardous waste generated at the Company's units includes used oil, oil-soaked waste, ETP sludge, batteries, used MS barrels among others. Through partnerships with authorized agencies, the Company constantly strives to develop mechanisms of recycling and reusing hazardous waste generated across its operations.

Hazardous waste (tons)	FY 21	FY 22	FY 23
Hazardous Waste generated	5,152	7,278	7,680
Hazardous Waste diverted from Landfill	3,519	4,506	4,864
Hazardous Waste sent to disposal	1,633	2,772	2,816

### Total Hazardous waste (tons)

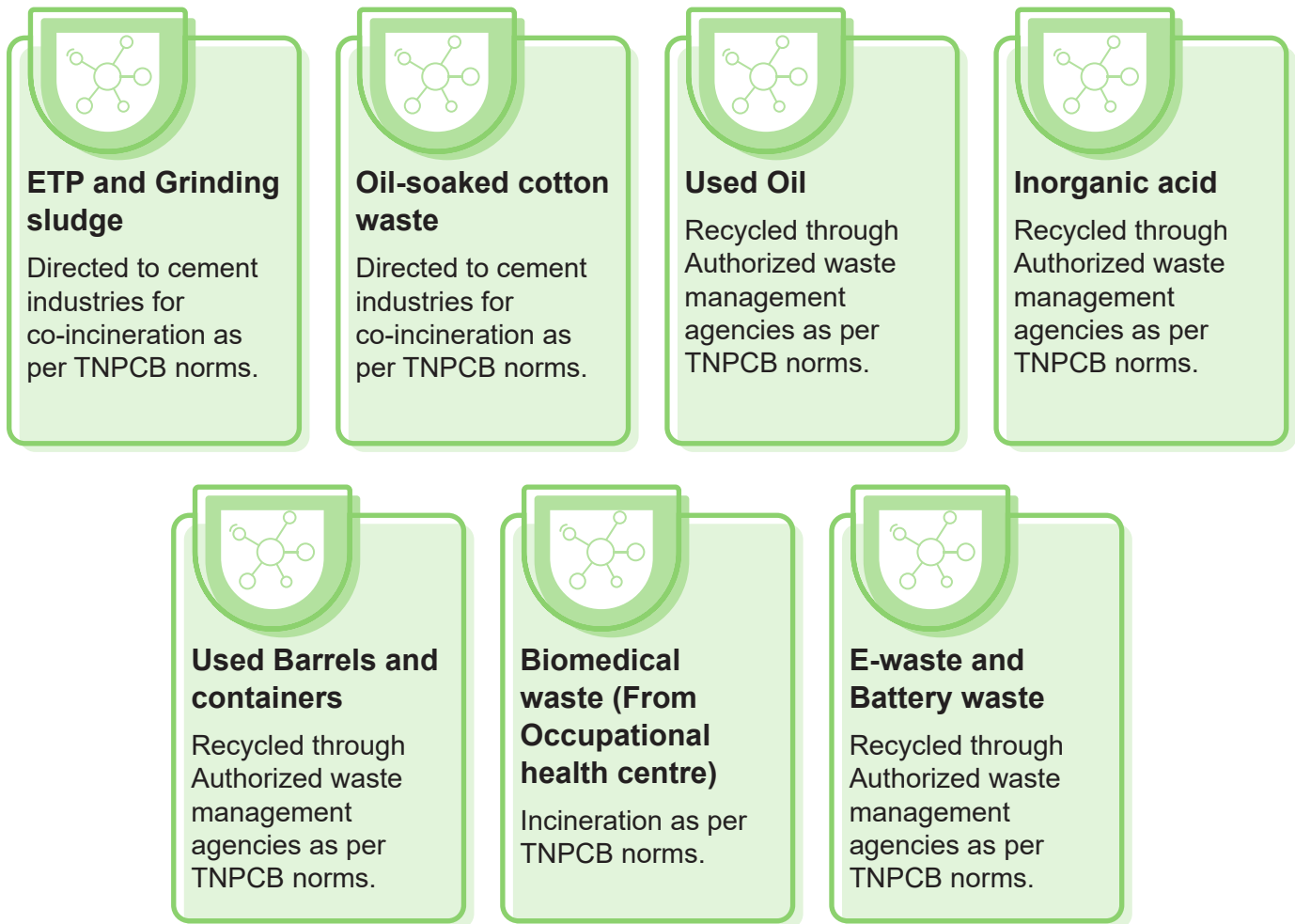


Generation of Hazardous waste has shown an increasing trend due to increase in production. In FY23, about 7680 Tons of hazardous waste were generated including ETP, grinding sludge, oil soaked cotton waste, used oil, spent acid, used containers, biomedical from medical centres, and E-waste. About 63% of the hazardous waste has been diverted from landfills.

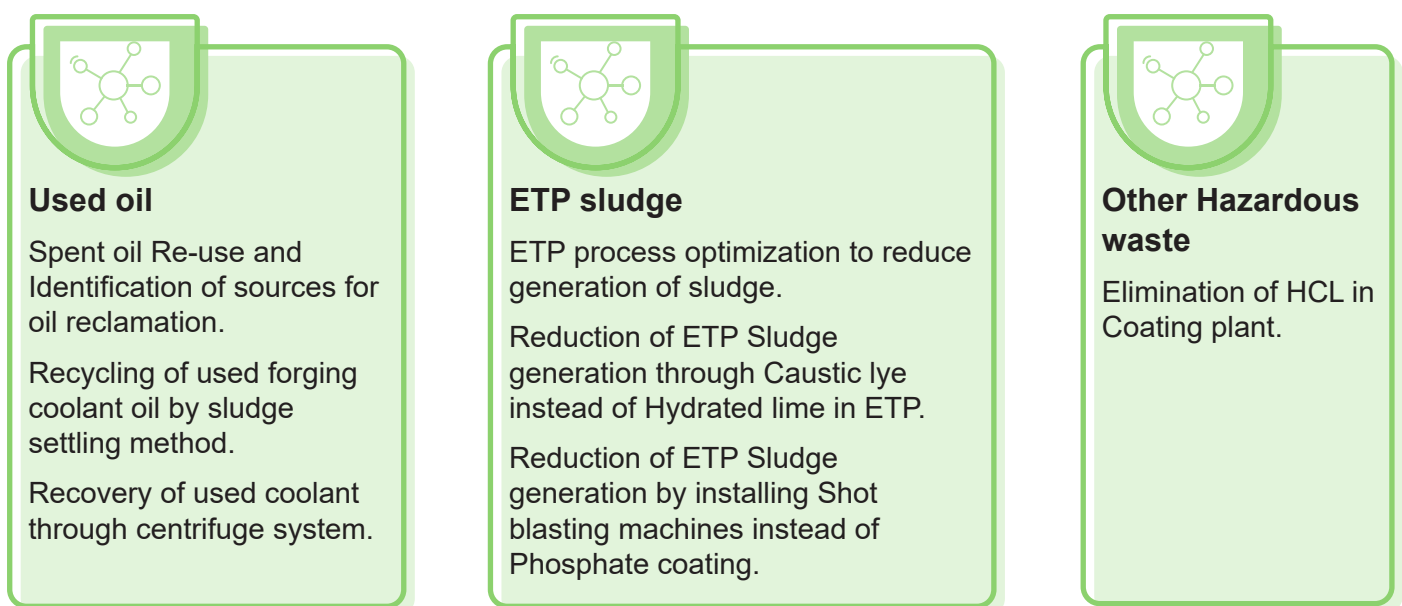




## Hazardous Waste management strategies



## Key reduction strategies for hazardous waste



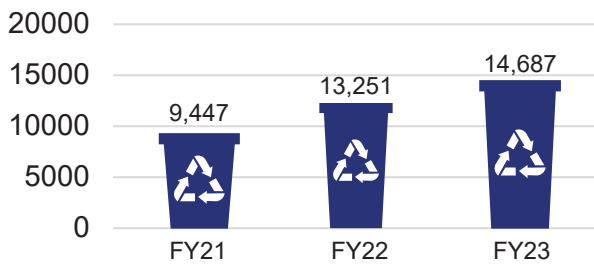
## Non-Hazardous waste

The Company has taken active measures in reducing the amount of non-hazardous waste including metal scrap, packaging waste, paper and plastic waste generated during operations. Since the majority of the Company's products are composed of steel, recycling and re-use are accomplished by melting,

and the scrap produced by products or processes is fed into steel melting furnaces. With an intent to eliminate disposal of waste to the landfill, several initiatives have been proposed to divert non-hazardous waste from disposal.

Non-Hazardous (tons)	FY 21	FY 22	FY 23
Non-hazardous Waste generated	9,447	13,251	14,687
Non-hazardous Waste diverted from landfill	9,276	12,883	14,315
Non-hazardous Waste sent to disposal	171	368	372

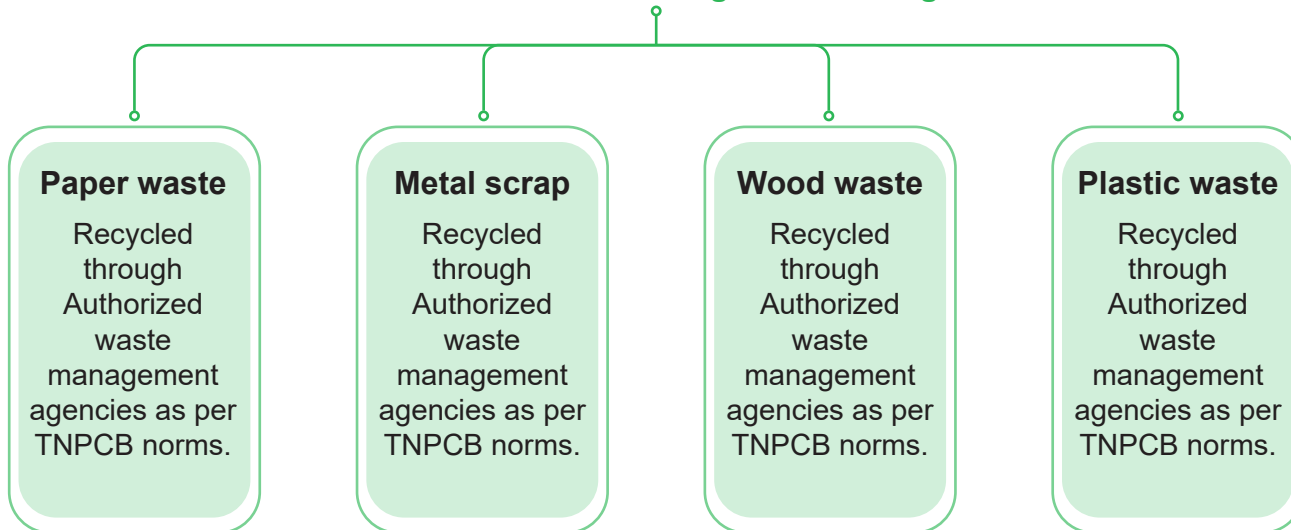
### Total Non Hazardous waste (tons)



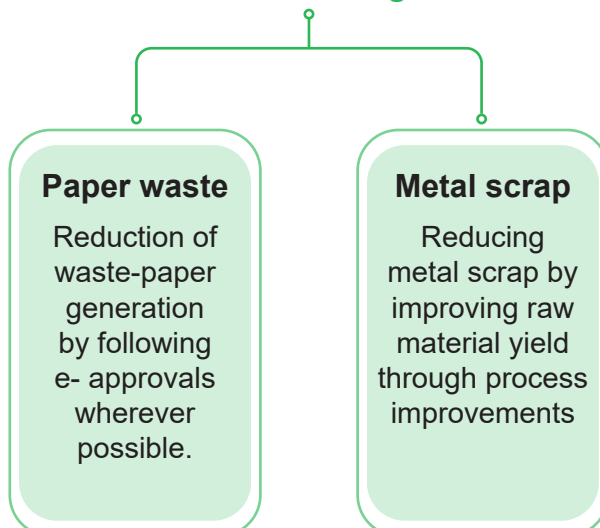
Generation of Non-Hazardous waste has shown an increasing trend due to increase in production. About 14,687 tons of non-hazardous waste were generated in FY23 including metal scrap, paper waste, food waste, wood waste and plastic waste. About 97% of the total Non-hazardous waste has been diverted from landfills.



### Non-Hazardous Waste management strategies



### Non-Hazardous Waste management strategies



### Packaging

To substitute usage of plastic packaging, the Company has introduced sustainable packaging in most facilities where the packaging material makes use of bio-degradable plastic. The Company also promotes the usage of gunny bags instead of plastics. Consumption of virgin packaging materials like cartons and wooden pallets have been greatly reduced by reusing them wherever applicable across all the sites.





## Automation in Waste management



At SFL's unit at Sri City, safe disposal of oil laden metal scrap from CNC machines has been construed in the design stage of the plant. There is a system in place to ensure oil laden scrap from CNC machine processes, is discharged via hydraulic ramp. The scrap is collected via a conveyor system that runs across all the machines underground. Further the automatic conveyors guide the scrap to a Bale machine. This machine compacts scrap into small rectangular blocks (bale) and separates the oil/coolant for easy disposal. The entire operation from source to scrap eliminates the need for human intervention.

## Reclamation of Used Oil

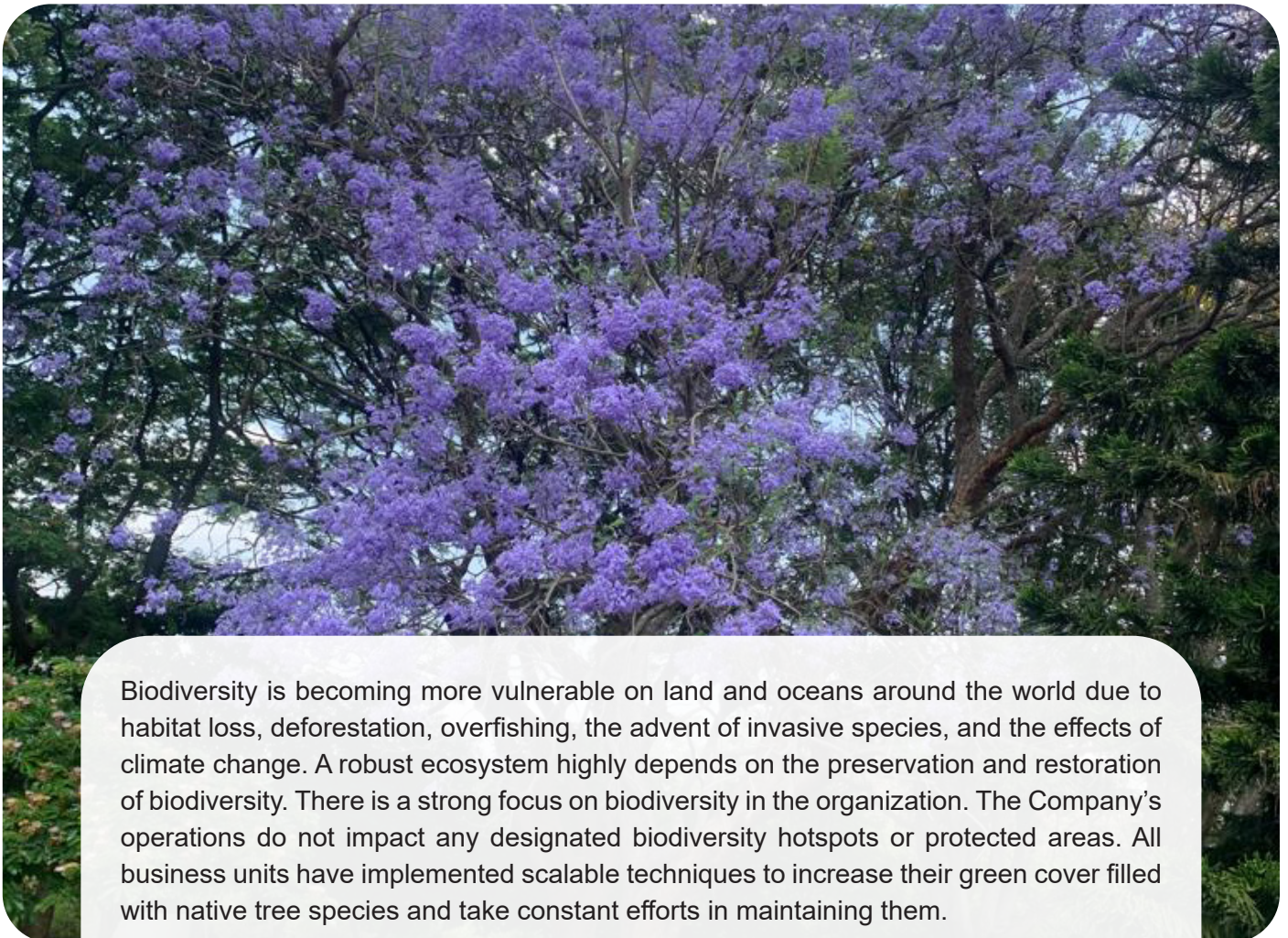
At SFL, the used oil is reclaimed from the processes and centrifuged to separate the residue and the oil. The oil is used back in the processes which not only reduces the waste generated but also reduces the operational cost of buying new oil. The Company has reclaimed 114014 litres of oil in FY23.





## Biodiversity

Enhancing the ecological balance through plantation of trees



Biodiversity is becoming more vulnerable on land and oceans around the world due to habitat loss, deforestation, overfishing, the advent of invasive species, and the effects of climate change. A robust ecosystem highly depends on the preservation and restoration of biodiversity. There is a strong focus on biodiversity in the organization. The Company's operations do not impact any designated biodiversity hotspots or protected areas. All business units have implemented scalable techniques to increase their green cover filled with native tree species and take constant efforts in maintaining them.



**132**  
acres of green  
belt



**34,078**  
trees



**120+**  
variety of tree  
and plant species

With a strong belief in co-existence with nature, the Company's business units maintain more than 132 acres of green belt with more than 34,078 trees spread across various locations in India. The business unit in Krishnapuram, Madurai alone supports about 48 acres of a vast green belt with about 24,500 well-maintained trees. A diverse range of more than 120 tree and plant species are preserved within the boundaries of SFL's operations.

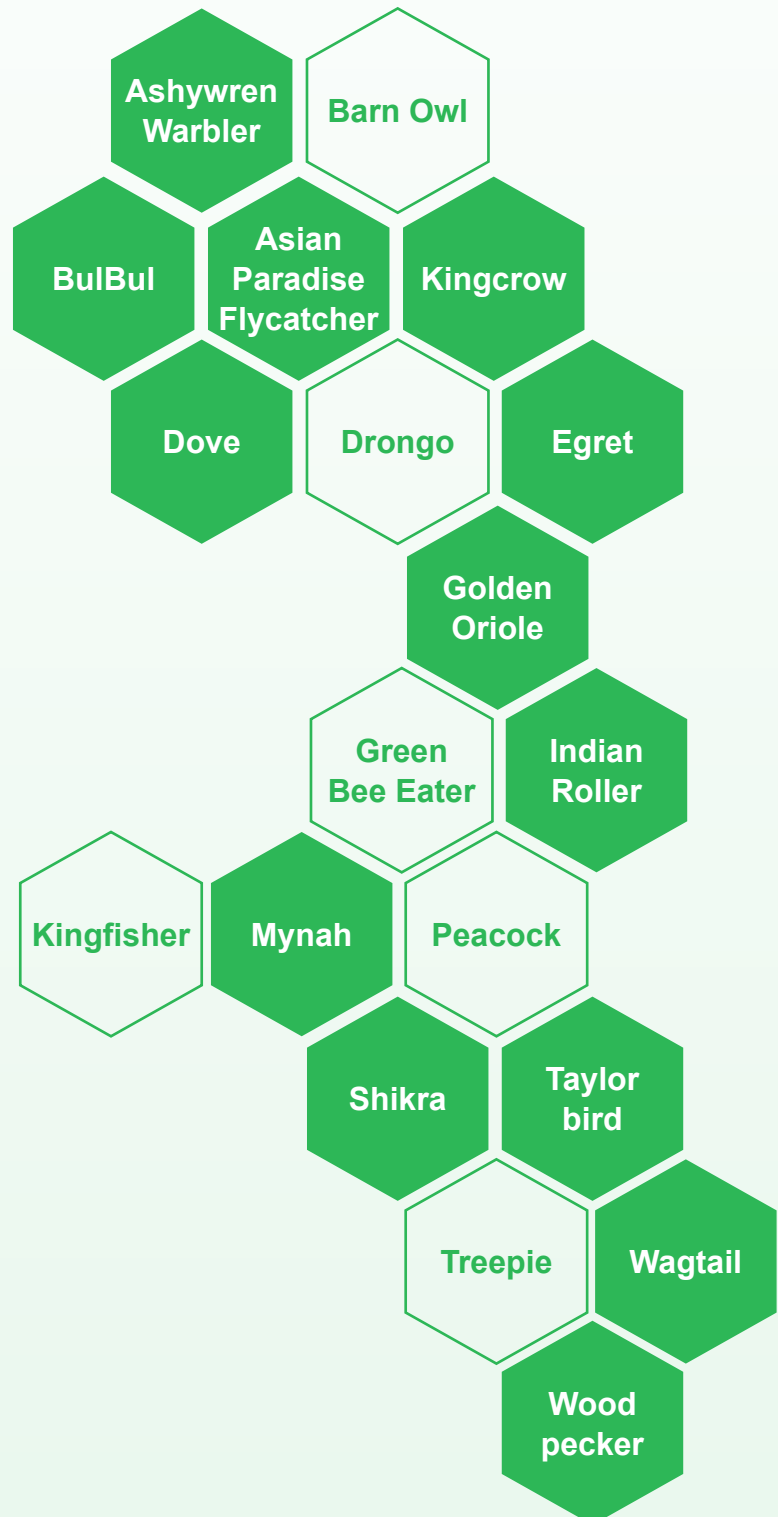


S.No	Species	S.No	Species	S.No	Species
1	Abelmoschus moschatus	21	Bougainvillea glabra	41	Delonix regia
2	Abies alba	22	Buddleia globosa	42	Dioscorea esculenta
3	Acacia mangium	23	Butea monosperma	43	Ensete superbum
4	Adonidia merrillii	24	Callistemon citrinus	44	Epipremnum aureum
5	Aegle marmelos	25	Cardia sebastiana	45	Eucalyptus globulus
6	Albizia lebeck	26	Carica papaya	46	Euphorbia tirucalli
7	Alstonia scholaris	27	Cassia fistula	47	Ficus benghalensis
8	<i>Andrographis paniculata</i>	28	Cassia marginata	48	Ficus benjamina
9	Annona squamosa	29	Cassia titicaca	49	Ficus carica
10	Araucaria columnaris	30	Casuarina equisetifolia	50	Ficus elastica
11	Arecaceae	31	Catharanthus roseus	51	Ficus microcarpa
12	Arotrophora cherrapunji	32	Ceiba pentandra	52	Ficus racemosa
13	Artocarpus heterophyllus	33	Citrus aurantifolia	53	Ficus religiosa
14	Azadirachta indica	34	Citrus limon	54	Ficus benghalensis
15	Bambusa vulgaris	35	Cocos nucifera	55	Hibiscus rosa-sinensis
16	Bauhinia acuminata	36	Codiaeum variegatum	56	Ixora coccinea
17	Bauhinia forficata	37	Cordia sebestena	57	Jacaranda mimosifolia
18	Bauhinia purpurea	38	Cupressus sempervirens	58	Lagerstroemia indica
19	Bauhinia variegata	39	Cyatheales	59	Leucadendron argenteum
20	Begonia cucullata	40	Cycas revoluta	60	Leucaena leucocephala

S.No	Species	S.No	Species	S.No	Species
61	Madhuca longifolia	81	Persea americana	101	Samanea saman
62	Malpighia emarginata	82	Phyllanthus emblica	102	Santalum album
63	Mangifera indica	83	Pithecellobium dulce	103	Saraca asoca
64	Manilkara zapota	84	Plumeria rubra	104	Senna auriculata
65	Melia dubia	85	Polyscias balfouriana	105	Sesbania grandiflora
66	Millettia pinnata	86	Polyscias fruticosa	106	Spathodea campanulata
67	Millingtonia hortensis	87	Pritchardia pacifica	107	Stephanotis floribunda
68	Mimusops elengi	88	Prunus armeniaca	108	Swietenia mahagoni
69	Mimusops elengi	89	Prunus dulcis	109	Syzygium cumini L
70	Monoon longifolium	90	Psidium guajava	110	Tabebuia rosea
71	Morinda citrifolia	91	Pterocarpus indicus	111	Tamarindus indica
72	Moringa oleifera	92	Pterocarpus marsupium	112	Tecoma stans
73	Muntingia calabura	93	Pterospermum acerifolium	113	Tectona grandis
74	Murraya koenigii	94	Punica granatum	114	Terminalia arjuna
75	Musa acuminata	95	Putranjiva roxburghii	115	Thespesia populnea
76	Musa balbisiana	96	Radermachera sinica	116	Tradescantia spathacea
77	Nerium oleander	97	Rhapis excelsa	117	Vicia faba
78	Nyctanthes arbor-tristis	98	Rhopalostylis sapida	118	Vitex negundo
79	Ocimum tenuiflorum	99	Ricinus communis	119	Wodyetia bifurcata
80	Peltophorum ferrugenum	100	Roystonea regia	120	Wrightia tinctoria

## Herbal Garden

The Company's business unit at Mahindra world city has developed an herbal garden to encourage employees to grow their own medicinal herbs. The garden offers employees an opportunity to consume whichever necessary herbs they need. Nameplates have been installed near the plants indicating the botanical names and their medical benefits. Some of the species grown include *Wrightia tinctoria*, *Acalypha indica*, *Kalanchoe pinnata*, *ocimum basilicum*, *Aloe vera*, *Ocimum tenuiflorum*, etc which offer several medical benefits to treat common ailments.

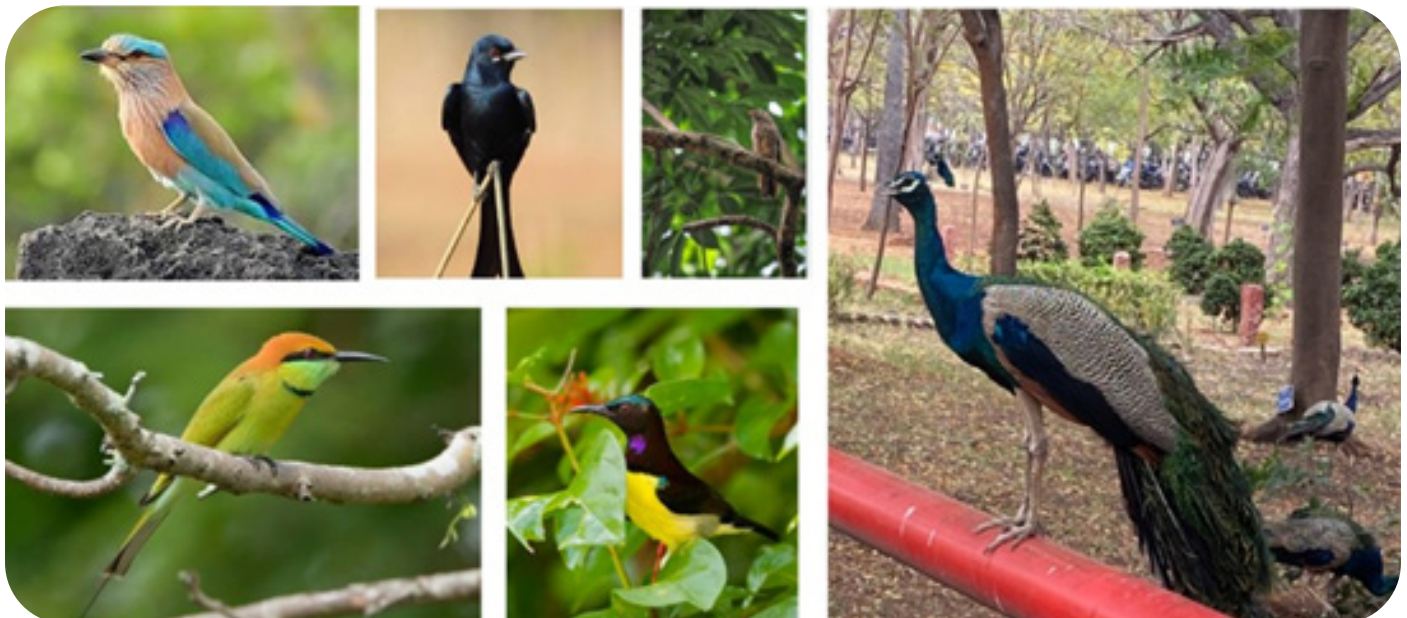


Abundant trees cover at the Krishnapuram unit regularly attracts migratory and wetland species of birds. Following is the list of bird species regularly spotted at the unit.



The Company's employees and stakeholders are encouraged to participate in tree plantation drives within and outside the campus. Some stakeholders have planted trees within the business units and their respective nameplates have been installed near the trees to help them identify the trees they planted.

The Company is also developing a documentary on the wildlife and species in Tamil Nadu. The documentary highlights the rich biodiversity in the state and aims to spread awareness about the environmental issues faced by the current generation of people and the role of biodiversity in mitigating them.



*Clockwise from the left – Indian Roller, Black drongo, Jungle Babbler, Peacock, Purple Rumped Sunbird, and the Green Bee eater*



## Social

### Prioritizing the human capital

The Company places human capital as its highest priority. SFL continuously strives to strengthen its employees and equip them with the best of skills and opportunities. The Company takes care of the welfare of its employees by providing them with numerous financial benefits and assistance. Through several initiatives that seek to promote a supportive workplace and a culture of high performance, SFL makes sure that employee engagement receives ongoing attention.

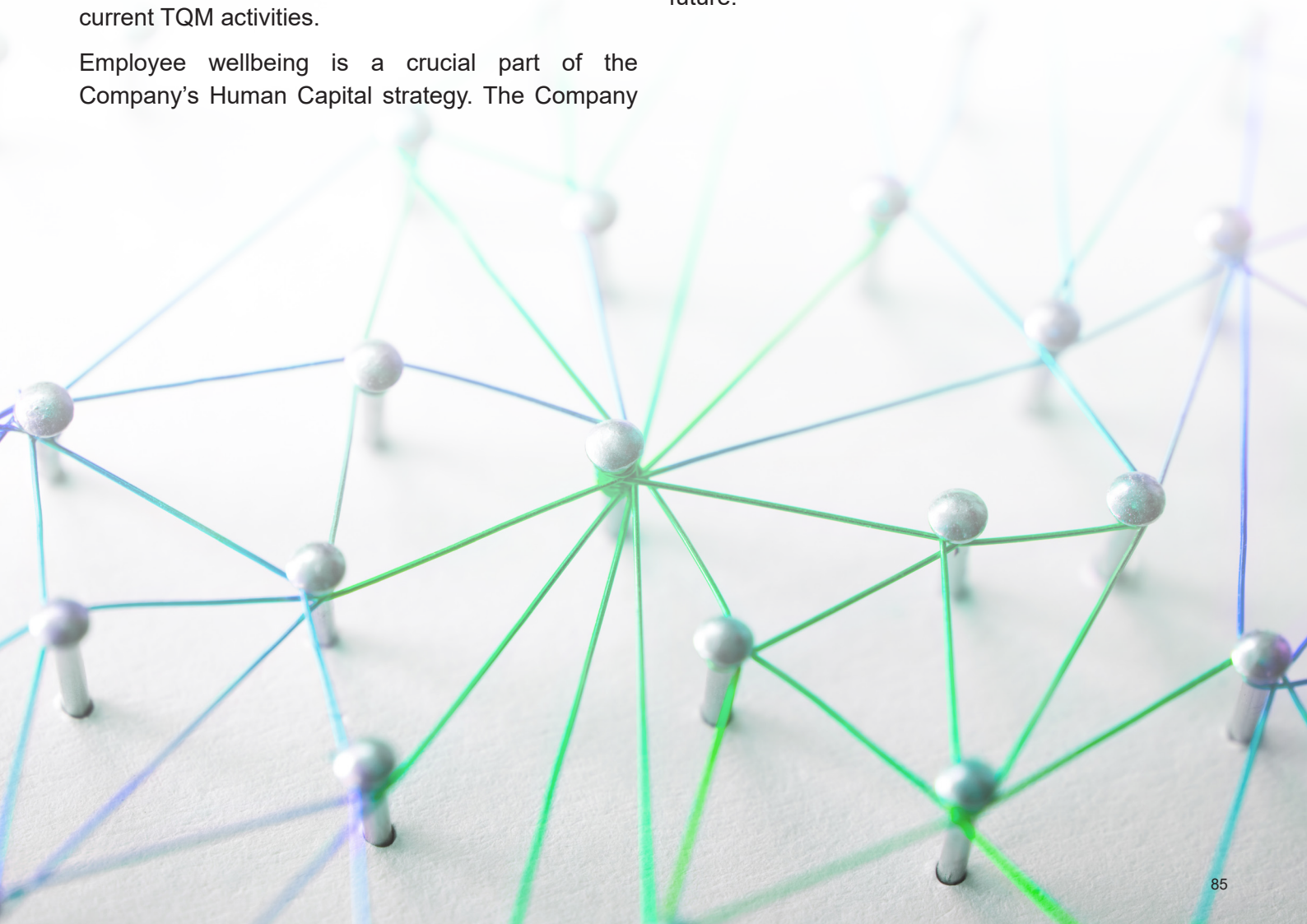
In order to provide a framework for developing benchmarks standards, SFL has also been able to increase productivity, maximize efficiency, and improve product quality by implementing the Total Quality Management (TQM) culture in the organization. The new joiners receive intensive training on TQM systems and procedures. The Company also focuses on a zero-defect process in order to improve its internal quality and sustaining its current TQM activities.

Employee wellbeing is a crucial part of the Company's Human Capital strategy. The Company

has in place several initiatives that reflect the same. The Company puts a lot of effort into establishing a safe and equitable workplace and makes sure that its initiatives for employee welfare and development follow the norms set by the industry.

The Company is mindful of the society it operates in. The Sundram Matriculation Higher Secondary School is financially supported by the Company. The school provides affordable and accessible good quality education to all. Sugun Thomas Foundation, Clarke School-for the deaf, Banyan Academy for Leadership in Mental Health (BALM) are few of the educational institutions that SFL is proud to be supporting. The Company has established Sundram Medical Centre that provides free healthcare support to the rural population.

Reinforced by its strong pillars-employees, the Company looks forward in shaping itself for the future.



## Employee Engagement

The Company continuously strives to create a workplace that enables an employee to have a holistic growth. It continuously works toward creating an ecosystem that provides equal opportunity to all, enables to form an inclusive and diversified working environment and enhances employee experience. SFL has taken strategic steps in talent development and management strategies focused on employee recruitment and retention. It is strategically investing in creating opportunities for the female talents and thereby ensuring a diversified workforce.

### Acquiring and Retaining Talents

The Company's goal is to hire talents from diverse backgrounds and cater to their professional needs such that they grow to their full potential. SFL hired 308 employees in FY 2022-23, across its business regions. The tables below depict the number of new hires by gender, age and location.

#### New employee hires – Age category

Age	FY21	FY22	FY23
<30	53	120	158
30-50	35	113	144
>50	5	6	6

#### New employee hires – Gender

Gender	FY 21	FY 22	FY 23
Male	90	225	277
Female	3	14	31

#### New employee hires – Region

Region	FY 21	FY 22	FY 23
Fasteners Division	34	74	100
RCA Division	2	3	7
Hot Forgings Division	9	32	14
PTC Division	22	45	32
Metal Forms Division	7	22	50
Autolec Division	9	41	77
Uttarakhand	1	5	8
Corporate	9	17	20



The tables below depict the employee turnover by age, gender and location.

#### Employee turnover – Age category

Age	FY 21	FY 22	FY 23
<30	55	92	75
30-50	70	102	123
>50	3	8	11

#### Employee turnover – Gender

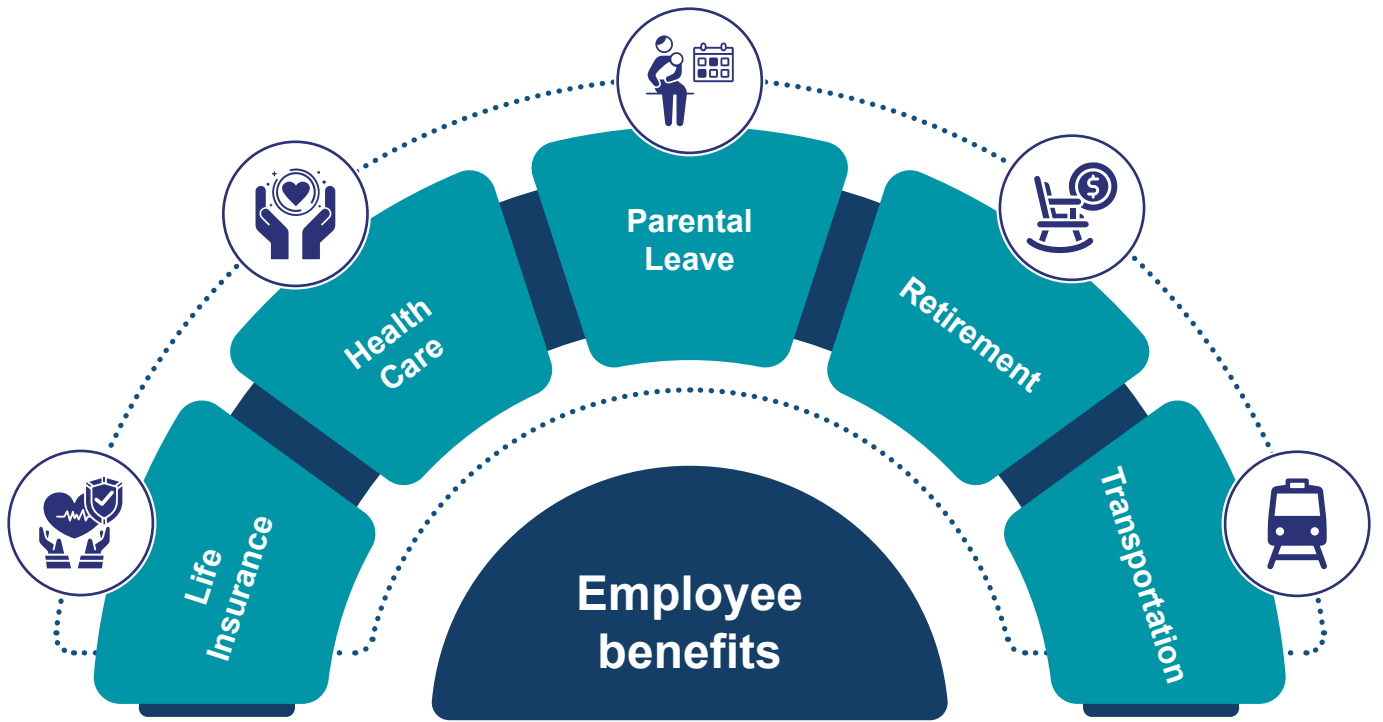
Gender	FY 21	FY 22	FY 23
Male	113	171	186
Female	15	31	23

#### Employee turnover – Region

Region	FY 21	FY 22	FY 23
Fasteners Division	38	59	54
RCA Division	2	3	4
Hot Forgings Division	19	25	12
PTC Division	20	33	34
Metal Forms Division	21	23	31
Autolec Division	21	45	52
Uttarakhand	2	5	6
Corporate	5	9	16

#### Employee Benefits

SFL continuously strives to implement employee-centric initiatives to ensure their wellbeing. Employees are provided with an array of benefits in compliance with labour laws and are covered under Social Security Schemes, across all locations.



### Parental Leave

The Company provides parental leave to all its employees, in addition to supporting its female employees to transition back to work post return.

SFL also has extra paid leaves which can be utilised in case of any exigency such as an extreme medical condition.

### Transportation

The Company also has in place a bus in each unit of Sundram Fasteners Limited to enable easy and affordable commuting for employees.

### Post-employment benefits

The Company offers defined post-employment benefit programs, including a gratuity plan, a group terminal benefit plan, and an exempted provident fund administered by a trust. The Life Insurance Corporation of India manages and oversees the post-employment benefit in the form of gratuity. The provident fund contributions to the trust are managed through trust investments. Employees are also eligible for the group terminal benefit plan, which is unfunded.



## Human Rights

### Ensuring ethical conduct

Human Rights permeates every aspect of how Sundram Fasteners Limited operates. The Company knows that its employees are its precious asset, so protecting and preserving their basic rights is extremely important. SFL is committed to establishing a productive workplace free from any kind of practice that is against the values of honesty, integrity, and regard for one another.

Human Rights have been incorporated into the Company's Code of Conduct, which establishes guidelines for ethical conduct at work. The Company believes in equal opportunity in employment for all and therefore works to build an inclusive workforce. SFL strictly stands against discrimination in any form. It continuously strives towards providing opportunities for upskilling to all its employees.

The Company has put in place a strategy on Human Rights that helps to create an environment that ensures equality among all employees irrespective

of their gender, religion, caste, creed and other geographical or socio-economic factors. The organisation carefully monitors any non-compliance to Human Rights. Additionally, SFL has a working committee overseeing any violation with respect to Human Rights. The Company's Grievance Redressal Policy is an open-door policy that equips employees to discuss any issues whenever required. There is an Immediate Supervisor who is the first and quick point of contact for any complainant.

In keeping up with this priority of upholding Human Rights, the Company has policies like Prevention of Sexual Harassment of Women at Workplace, Whistle Blower and Prevention of Human Trafficking and non-discrimination & equal employment opportunity, in place. These policies are consistent with the core values of the Organisation, and the Company does not tolerate violation pertaining to these policies, in any kind.





**Overview of some of the policies covering human rights:**

**Prevention of Sexual Harassment of Women at Workplace:**

*Sexual Harassment of any kind is a violation of basic rights. The Company firmly believes that a workplace should be free from any kind of fear of harassment or prejudices of any form. Therefore, SFL is committed in creating a workplace that is safe for its employees, stakeholders and that which treats its employees, stakeholders with fairness and dignity.*

**Whistle Blower and Prevention of Human Trafficking:**

The Company ensures that its employees can express their concerns regarding any unethical or illegal practices or experiences existing in the Organisation. This policy provides all safeguards against victimisation of employees and directors.

**Prevention of Human Trafficking and non-discrimination & equal employment:**

SFL condemns and prohibits its employees and all other stakeholders to engage in any form of trafficking.

The training programmes are designed to make the employees aware of the Human Rights. These training programmes are provided to all employees across the organisation. The Company also has supplier assessments to ensure there is no non-compliance in the value chain.

SFL complies with all applicable laws and regulations and does not engage in Child Labour neither directly nor through contractors. The Company is mindful of its stakeholders throughout its value chain as well.

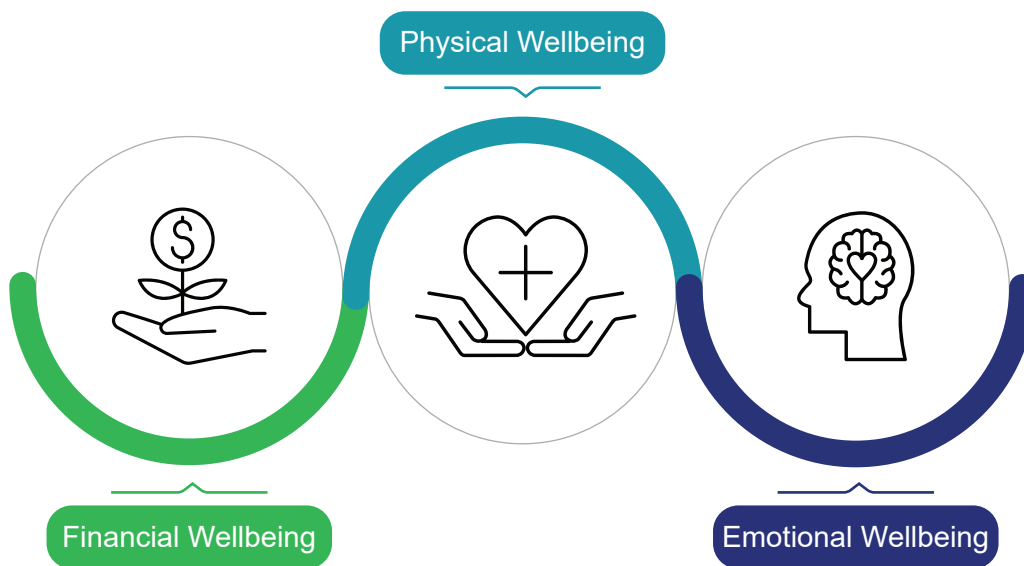
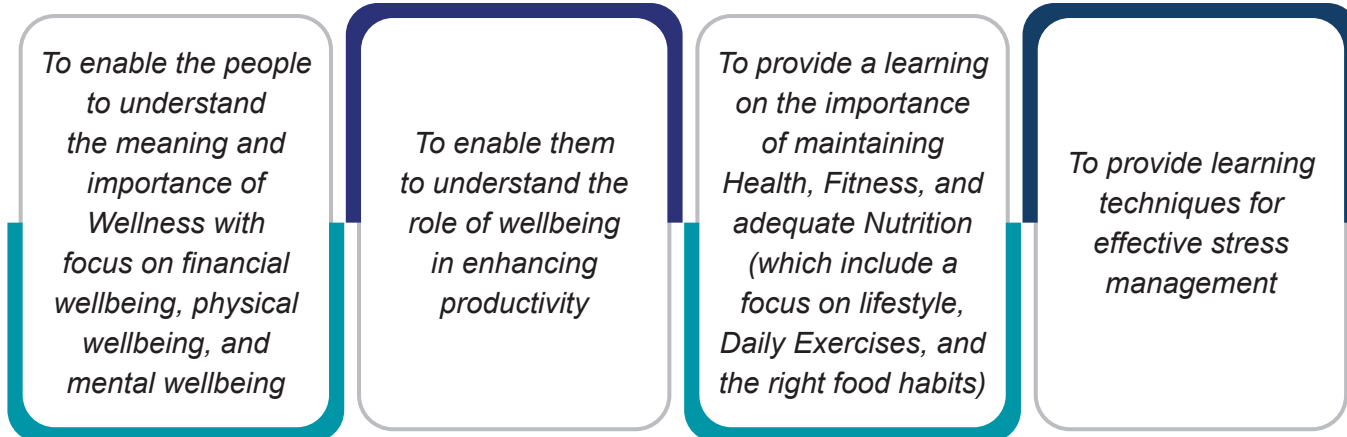


## Employee Wellbeing

### Prioritizing wellbeing of the people

Sundram Fasteners Limited places a strong priority on employee wellbeing. The Organisation’s most important asset is its workforce. It regularly conducts

sessions with a theme ‘Fitness for life’ on employee wellbeing focusing on three aspects. The objectives of the program are



#### Financial wellbeing:

The Company’s dedication towards its employees is reflected in various initiatives that are in place to support them financially. All the eligible employees are entitled to Provident fund. SFL not only provides its employees with annual employee bonuses but also gratuity benefits for employees post their employment. To secure their future, the Company also provides cash assistance when its employees purchase or construct a house and Interest-free financial assistance is provided during the same period. To inform its people on the importance of

personal finance, SFL conducts sessions managing finances and provide instructions on savings schemes.

The Company supports deserving, meritorious children of its employees by offering them scholarships because it believes that personal growth and education are essential components of everyone's existence. Scholarships are provided for students who score above 80% in their Class X and Class XII board exams.

The scholarship amount is provided as follows:

Class X	Rs. 12,500 per year
Class XII – If opting for engineering/medical courses	Rs. 25,000 per year
Class XII – If opting for arts courses	Rs. 20,000 per year

**Physical wellbeing:**

Having tie-ups with renowned hospitals, all the units of SFL has access to health centres with part time doctors and facilities like an ambulance, available for the benefit of employees and workers.

With a strong emphasis on ensuring the health and wellbeing of the employees, the Company has a policy permitting full body health check-ups for eligible employees which includes the tests like Pathology tests, Test for diabetes, Liver disease, Heart disease, Kidney disease, Consultations, Physical examinations, Dental check-up, Eye check-up, etc

The Company ensures its employees and workers have access to healthy and nutritious food at all its business units. SFL offers highly subsidized food to the contractual workforce to ensure their nutrition and well-being.

It has initiated yoga and meditation sessions, namely pranayama-a breathing technique, to all the units across SFL. The sessions are supervised by experienced yoga teachers.



**Emotional wellbeing:**

SFL places high priority on the mental wellbeing of its employees. The Company has a mental wellness assistance programme led by expert doctors to raise awareness and encourage discussion about the subject. It also educates the staff on the important issues and invite them to share their sentiments. At Padi, the Company also has a centre for emotional

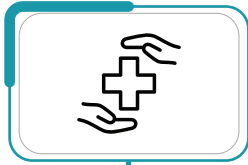
wellness. SFL launched the Employee Mental Wellness Assistance Program (EMAP) in 2021, to understand and cater to the cognitive requirements of its employees.

The EMAP is designed to reduce stigma around mental illness and create awareness and provide



information on mental wellness to its employees. The spirit of this program is to help the employees understand that it is fine to be feeling mentally unwell and that there is a safe space at one's workplace to share and seek support.

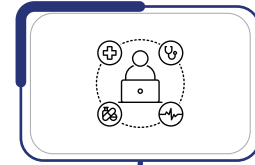
*Creating awareness about mental health*



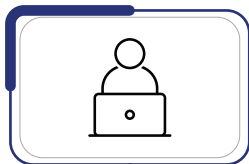
Provide a safe space for employees to seek support from a doctor when they feel stressed, depressed or overwhelmed due to personal or work-related issues.



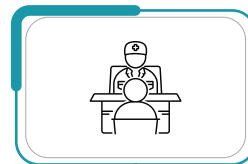
Factory medical officers will be the nodal point for employees to seek support.



Based on the medical officers assessment, employee can be referred for further assessments and expert support.

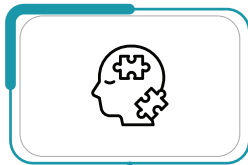


The doctor will be supported by a panel of psychiatrists from The Banyan and/or other empanelled psychiatrists who can support the employee with a therapy-/treatment as may be required.

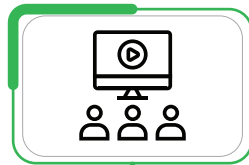


Discussions with the Doctor will be confidential and the employee will be assured anonymity such that they feel comfortable seeking support.

*Providing access to therapy*



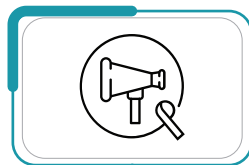
Create awareness among employees through various channels on the need to seek support and about the ways to maintain mental health



Webinars / Training sessions - The factory medical officer will host webinars and sessions on mental wellness.



Pulse survey –Mental Wellness Ambassadors will conduct pulse surveys to understand areas that need focus during the webinars/training session being conducted by the medical officer.



Awareness campaigns - Mental Wellness Ambassadors will also support the medical officer in reducing stigma surrounding mental health and foster an inclusive and non-judgmental culture in the Company through various awareness campaigns.

As a part of the EMAP, employee volunteers designated as “Mental Health Ambassadors” along with factory Medical Officer create awareness on Mental Health and normalize seeking support. The Medical Officer of the Plant serves as the

programme’s main coordinator, with the assistance of employee volunteers identified as ‘Mental Health Ambassadors’. The support of all Medical Officers and 56 Mental Health Ambassadors across SFL is provided for this project.



Employee volunteers are chosen based on their desire to support the organisation’s initiatives and their level of engagement with various employee groups. The medical officer and the mental health ambassador will work to normalise the topic, dispel

myths, and increase knowledge of mental health. The Company’s HR team keeps track of the programme and updates management on its development so that any essential interventions and facilities can be made available.

## Health and Safety

### Safeguarding the Human capital

The Company ensures that employees feel secure at the shop floor and workplace safety is uncompromised. Health and Safety is a priority for the leadership at SFL. The Managing Director emphasizes on the discussions related to safety at every meeting with the plant teams to review

safety metrics, legal compliances, safety audits, and improvements in safety. The safety committees and representatives at each of the locations work tirelessly to prevent workplace incidents. The Company's HSE management system is certified and aligns with ISO 45001 in most of the manufacturing facilities.

SFL has a dedicated EHS policy which aims towards ensuring the health and safety of the employees. Objective of the policy are:

#### Objective for Health



*SFL is committed to provide and maintain safe working environment for the health, safety and welfare of their staff, contractors, visitors, and members of the public who may be affected by their work.*

#### Objective for Safety

*SFL is committed to provide and maintain safe working environment for the health, safety and welfare of their staff, contractors, visitors, and members of the public who may be affected by their work.*



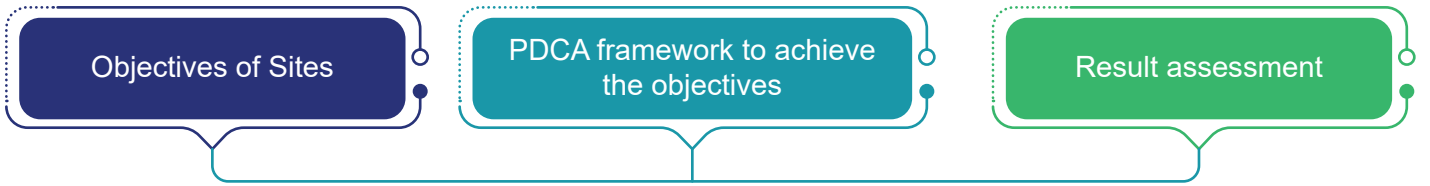
### Safety processes

Each site at SFL has its own safety department and its own safety objectives. The sites follow the Plan, Do, Check, Act (PDCA) framework in meeting the

objectives. Once the PDCA is complete, it is followed by the assessment of the safety impacts.

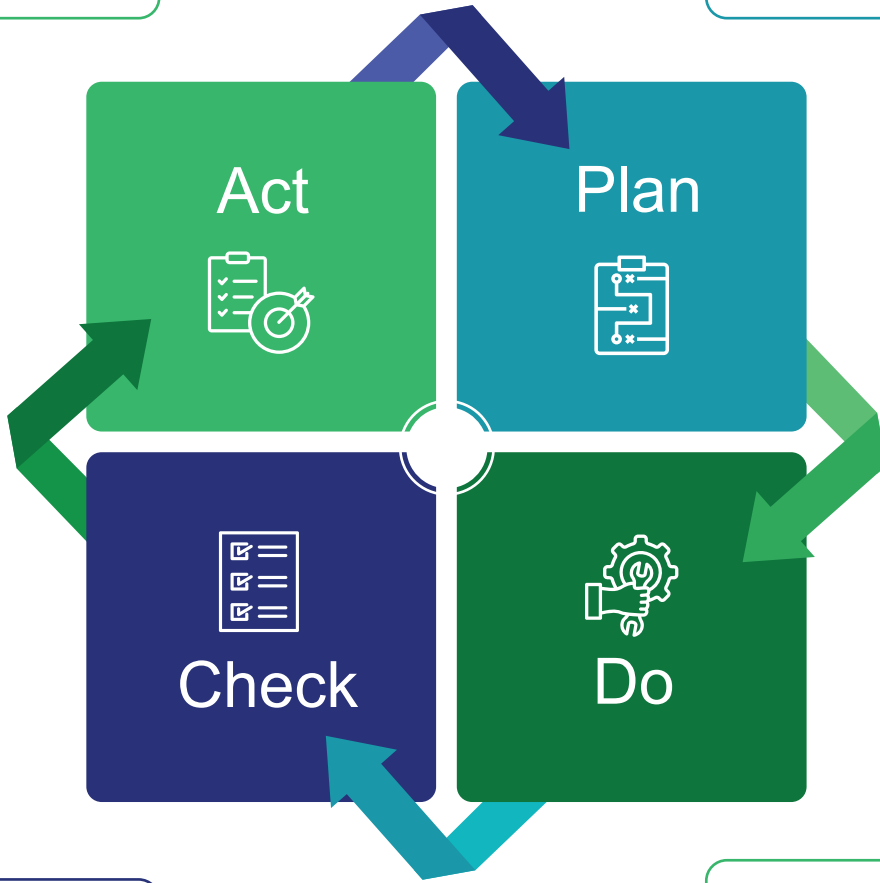






Monitor the corrective action

Identify problems



Check the effectiveness of actions taken

Test the potential actions

The Company has witnessed three safety related incidents in FY23 and one safety related incident in each of the years of FY21 and FY22.

Particulars	FY21	FY22	FY23
Number of incidents	1	1	3
LTIFR	0.05	0.04	0.110
Number of fatalities	0	0	0

To identify the safety-related risks across all the sites, the Company performs Hazard Identification and Risk Assessment (HIRA). Accordingly, they prepare the risk reduction strategies and implement the necessary measures. Additionally, before beginning any job, a duly filled safety permit is properly reviewed. Before beginning the job, the employees must pass a fitness test.

### Safety training and education

The Company conducts continuous dialogue with the workers at the site who are more susceptible to workplace injury. They conduct plant level quarterly safety committee meeting in which workers from each department participate and discuss on key issues and scope for improvement. Workers are encouraged to suggest suitable Kaizens and are also awarded for their outstanding contribution once their feedback is validated and implemented. The workers are also involved in case of any safety related incident and their feedback is collected on how the incident could have been mitigated.

Workers at all levels receive relevant and necessary

SFL's top management conducts timely reviews of all the sites with regards to Health and Safety compliance. External application is used by units to monitor legal compliance. The sites also conduct monthly safety audits, and the critical areas are identified, tracked and closed. The Company also conducts third party electrical safety audit to make sure that its systems are effective.

HSE training and education. Every newly hired employee of the Company goes through their initial safety induction on Day 1, and in the first quarter of their employment they receive online training on the SFL's safety culture. All individuals who work as contractors receive safety induction training, and the safety department undertakes assessments. Apart from that, regular HSE training is provided for all staff, taking into consideration the prerequisites for awareness, risk management, compliance, and competency. The Company also conducts campaigns on road safety awareness which are held once every six months.





## Safety Month

The Company celebrates March as safety month each year across all the sites. Various activities are carried out to increase awareness about Health and

Safety among employees. They include Safety flag hoisting, Safety pledge taking, Safety competitions, Prize distributions among others.



The Company has its own Emergency Response team (ERT) across all the sites to manage and mitigate any unfortunate incident before professional help comes. The ERT members are trained on the

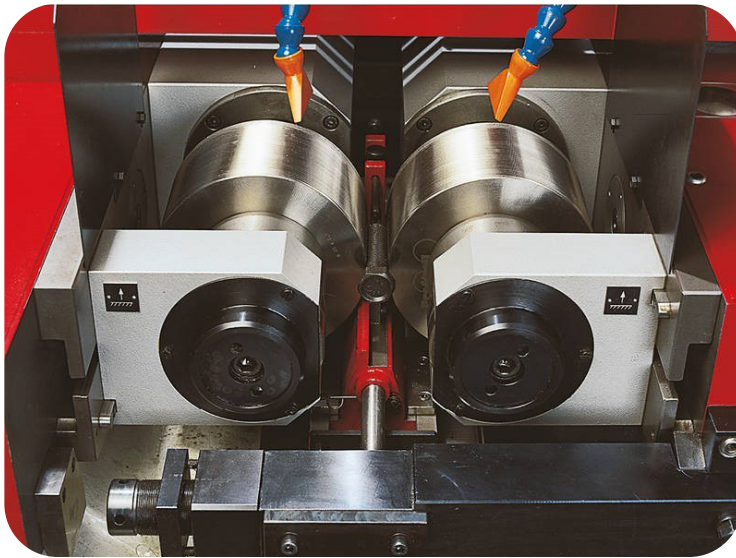
potential incidents and mock drills are conducted to identify the gaps and ensure the right process is followed.





## Case Study

### Automation to eliminate injuries and fatigue



#### Challenge:

Circular rolling is one of the processes in preparing threads in the bolts. The sizes vary from M8 to M14 in various thread length of 20 mm to 80mm (full or half thread). The feeding mechanism of the thread rolling involved placing the bolt in between the circular rollers manually by hand. During this operation, there was a risk of injury by the circular rollers even in the presence of protective gloves. Manual loading required an experienced & skilled operator to safely work in the manual circular rollers which also caused operator fatigue. The Company was unable to perform any modification in the machine considering its design.

#### Action:

The plant team modified the Manual loading machine using an auto loading robot (Engineering control). The feed material was then transferred to the machine circular roller by the robotic arm.

#### Outcome:

By the introduction of robotic arm, the Company eliminated the chances of hand injury, and operator fatigue.

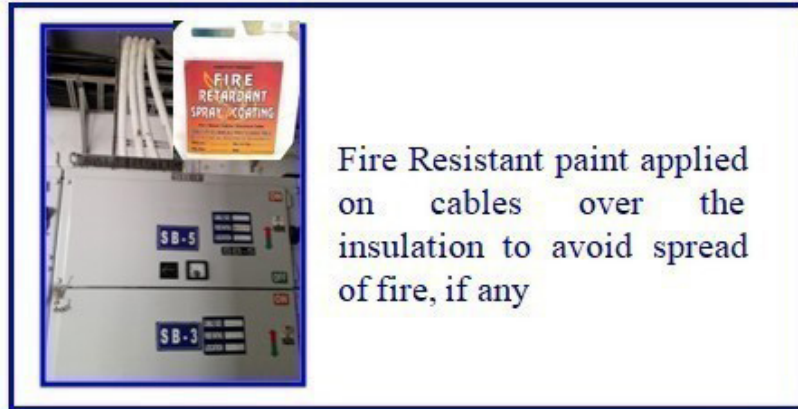
#### Efficiency Outcome:

During manual operation, the circular rolling machine produced about 5000 bolts/shift. After the introduction of robotic arm, the circular rolling machine could produce 6600 bolts/shift.



## Case Study

### Improvements in Fire safety



#### Challenge:

In the process of replacement of old electrical panels and cables at SFL's manufacturing facility at Padi, there was a constant risk of electric fire.

#### Action:

The Company performed an electrical safety audit along with thermography study to mitigate the risk of fire and to identify areas of improvement. To avoid spread of fire from panels, the team coated the cables with fire retardant paint as a passive fire protection measure. The Company also installed a conventional fire detection and alarm systems at electrical panels rooms for various locations. All systems were connected to a standalone auto dialing system, to raise an alarm and inform the necessary personnel.

Apart from the above initiatives, the Company also installed a fire hydrant system which covers entire site of the Company.

#### Outcome:

1. Reduced the risk of fire from electrical panels.
2. Early detection & Quick response along with Firefighting system.



## Case Study

### Workspace air quality Improvement



#### Challenge:

SFL's Unit at Padi manufactures bolts with forging machines. Forging operations produces a lot of oil mist. To collect the oil mist, Company had installed a conventional mist collector. The site conducted workspace air quality testing during which it was found that oil mist was high but fortunately within limits.

#### Action:

A conventional oil mist collector worked by sucking the air through a filter bag using an air blower. The efficiency of the conventional oil mist collector was low, required frequent maintenance and consumed a lot of power. To improve the workspace air quality, the plant team introduced ESP (Electrostatic Precipitator) oil mist collector, which captures more oil mist.

#### Outcome:

- Reduction in the level of oil mist.
- Improvement in the workspace air quality.
- Oil recovery from the oil mist.

As opposed to a conventional oil mist collector which occupies more space requires a chimney, the ESP occupies less space and doesn't require a chimney.

Electrical power consumption was reduced as the conventional oil mist collector runs on 5.5KW, but the ESP oil mist collector operates with 2.2 KW motor.





## Training and Development

Enriching the overall skillset of the organization through continuous learning

SFL firmly believes that continuous learning and development plays a crucial role in the long-term growth of the organization. Hence the Company motivates its employees to keep learning throughout their career by offering them a variety of opportunities and platforms, helping them to pursue their professional skills. To ensure that employees are well equipped with the right skillset and knowledge, the firm encourages them to undergo a minimum of three to four man-days of training each year on various fronts.

### Need based training

Every year SFL conducts competency assessment

to understand the areas where their employees require training. Topics and themes on the trainings are finalised through this assessment. Employees are trained on two themes namely, Functional and Behavioural trainings. Functional trainings impart employees with the required technical skills while Behavioural trainings are conducted to improve their soft skills.

There are several internal and external training programs offered to the employees comprising of 301 internal training programs and 119 external programs which include 18 hours of training per employee for both categories.

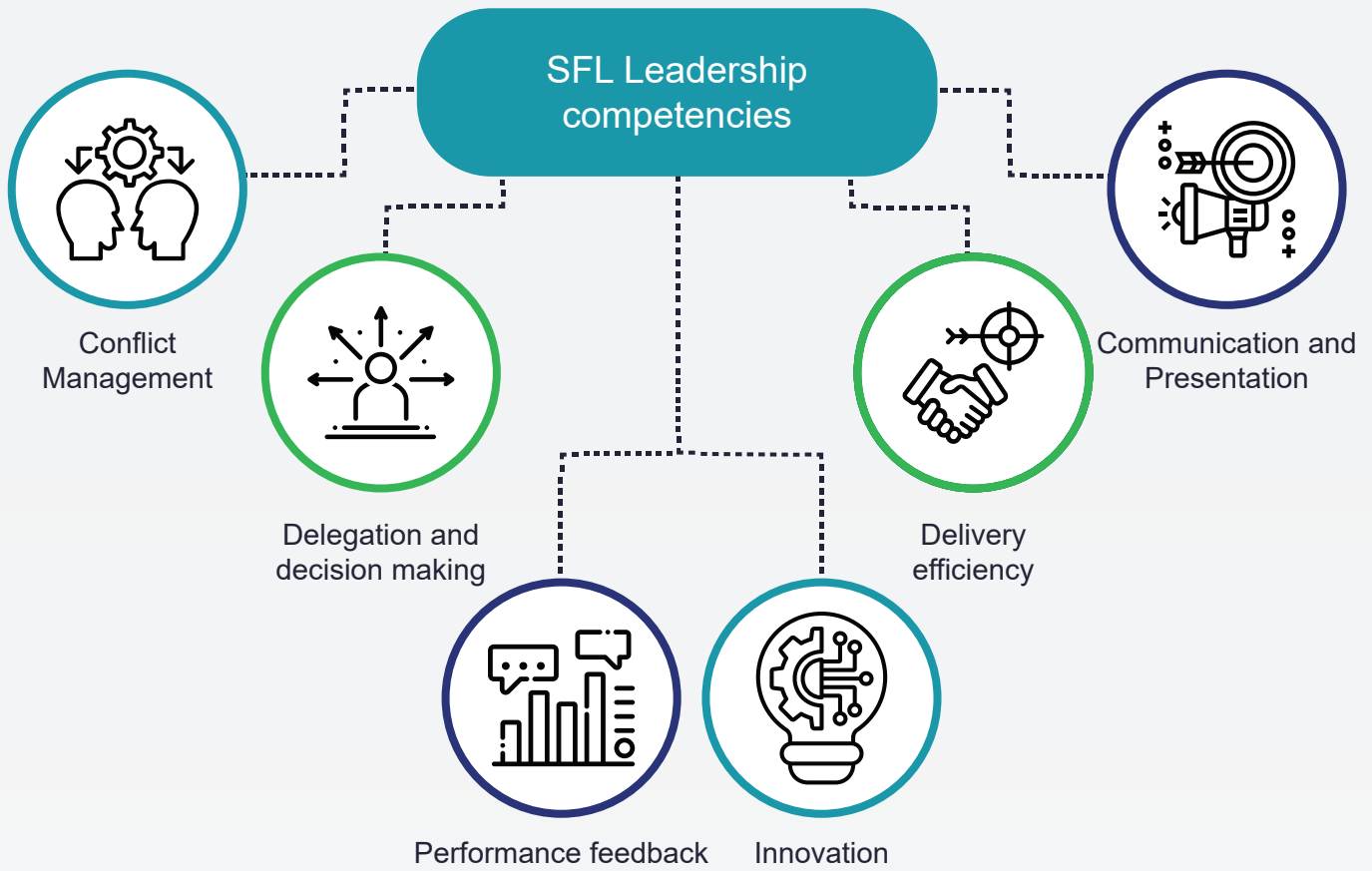


### Development through upskilling

SFL also conducts regular assessments to ensure high performing employees are recognized for developmental interventions such as mentoring, training, shadowing, among others so that they move up in their career. SFL also strives to provide upskilling and continual training to employees from socially disadvantaged sections of the society and strengthen their capabilities, and competitive skills.

There are customized individual development plans for employees ranging from 1 – 3 years duration depending on each employee's capability to fulfil the training requirements.

To develop Company's future leaders, Leadership competency training is conducted for a three-month period for the future managers across various leadership skills. To become effective managers, SFL looks at certain key competencies for leadership.



Company also ensures that their blue-collar workforce is equipped with multiple skills. When operators reach the highest skill level (Level 4), they are assigned another type of work depending on their role which leads to them learning a variety

of skills across the business unit giving them overall knowledge. SFL is proud to acknowledge that many of their senior staff who were once deployed in the shopfloor have developed through ranks to lead in various departments today.



## The right guidance and support



I joined SFL in 1998 and have been working for 25 years. I joined as Deputy Manager – Finance in SFL’s Hosur Plant (MFD) and my current position is Senior General Manager – Finance & Projects. Since 1998, I have handled several roles including taking care of accounts team at Hosur and Hyderabad, SFZL China and CPFL UK, after-market sales, supporting the MIS team etc. Apart from the milestones indicated above in terms of the career in SFL, my profile grew tremendously as I was involved in various divisions / unit’s business review meetings like Divisional Executive Committee (DEC’s) & Unit Executive Committee (UEC’s). Besides, considering the wide exposure in Plant activities and Corporate. I am also responsible for the annual business plan exercise covering SFL and overseas operations that gets presented to the Board of Directors. Given the above and with the vast experience on various fronts viz., operations, accounts, and finance, I have been nominated to spearhead the ESG journey in SFL. At SFL, training and development covers the functional, soft as well as human skills. I have been part of the 360-degree leadership grooming team, and I have attended in-house as well as external training conducted at IIM-Bangalore and ASCI-Hyderabad. SFL is unique in terms of providing multiple opportunities and challenges and the senior leadership team has always provided support and guidance in grooming the talent. This is a learning I have carried forward as part of my association with SFL in identifying and grooming young talents and providing them adequate exposure to be able to handle multiple portfolios.

—————○ **R Ganesh**, Senior General Manager - Finance & Projects

## SFL is where opportunities are endless



I joined SFL in 1981 after completing the CA exams, as a management trainee in handling the financial and cost accounts at the Krishnapuram unit. Although my role was related to finance, I was exposed to various departments of the manufacturing facility and got an overall perspective of the plant functions, products, and operations. With extended support from seniors and several functions of the organization, I was given opportunities to oversee procurement, IT functions and other commercial aspects in addition to my role in finance. By 1997, I joined the corporate finance team to oversee the overall accounts where I was exposed to roles related to accounts, mergers, secretarial functions, power procurement in the years to come. By 2016, I was appointed as CFO and got the opportunity to oversee varied functions across the organization as part of improvising the existing processes including IT, energy management and procurement. In 2019, I was appointed as whole-time director before retiring and taking up the role of Advisor in 2022. SFL enabled the path to grab opportunities for learning and all-round development across these 42 years. I’m grateful for the encouragement offered by seniors to take up varied roles and I believe the organization plays a great role in developing well-rounded professionals to contribute to the synergy of the organization in delivering the best to the customers.

—————○ **S Meenakshisundaram**, Former Whole-time Director and Chief Financial Officer

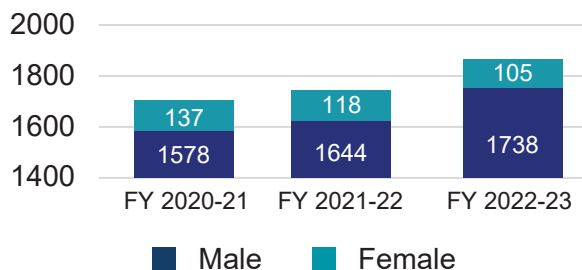


## Training metrics – by employee category

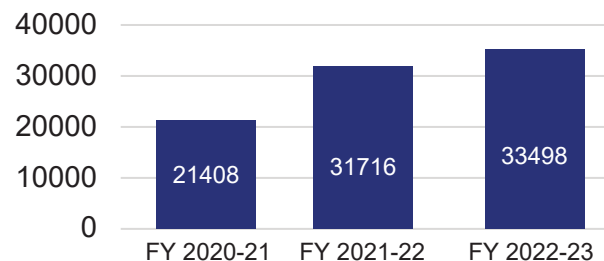
Data on employee training hours is regularly updated in Company's management information system to track training metrics:

Employee categories	Unit	FY 2020-21	FY2021-22	FY2022-23
Senior Management	No. of participants	44	47	40
	Hours	792	846	720
Middle Management	No. of participants	94	109	133
	Hours	1692	1962	2394
Junior Management	No. of participants	530	581	619
	Hours	6360	10458	11142
Staff	No. of participants	1047	1025	1069
	Hours	12564	18450	19242

### Number of training participants



### Total Training hours



Company's training hours have witnessed a steady increase in the recent financial years across all employee levels. While the Company aims to sustain the level of learning among its employees, they also encourage increased participation among both male and female employees.

## Training metrics – by gender

Gender	Unit	FY 2020-21	FY2021-22	FY2022-23
Male	No. of participants	1578	1644	1738
	Hours	19752	29592	31284
Female	No. of participants	137	118	123
	Hours	1656	2124	2214

## Performance and Career development review

Employees at SFL undergo a half yearly cycle on their performance appraisal. They ensure 100% coverage for employees in order to receive their regular performance review every year

Category	FY 2021-22		FY 2022-23	
	Total	%	Total	%
<b>Employees</b>				
Male	1,705	100%	1,773	100%
Female	118	100%	123	100%
<b>Total</b>	<b>1,823</b>	<b>100%</b>	<b>1,896</b>	<b>100%</b>
<b>Workers</b>				
Male	1,107	100%	1,056	100%
Female	5	100%	5	100%
<b>Total</b>	<b>1,112</b>	<b>100%</b>	<b>1,061</b>	<b>100%</b>



## Community Engagement

### Empowering the society through welfare interventions

Service towards the community has always been part of SFL's ethos ever since the organization's inception. The Company believes that it is their responsibility to give back to the community and create opportunities for the people through collaboration with dedicated social partners. For decades, SFL has served the communities surrounding its operations and adjacent

villages. SFL believes that social responsibility, delivering profitable growth and meeting stakeholder expectations provides long term value for both the organization and the community. SFL's community engagement efforts have always been guided by the value system set by its Chairman in terms of how positively the actions influences a person's life.



**Company's CSR vision** 

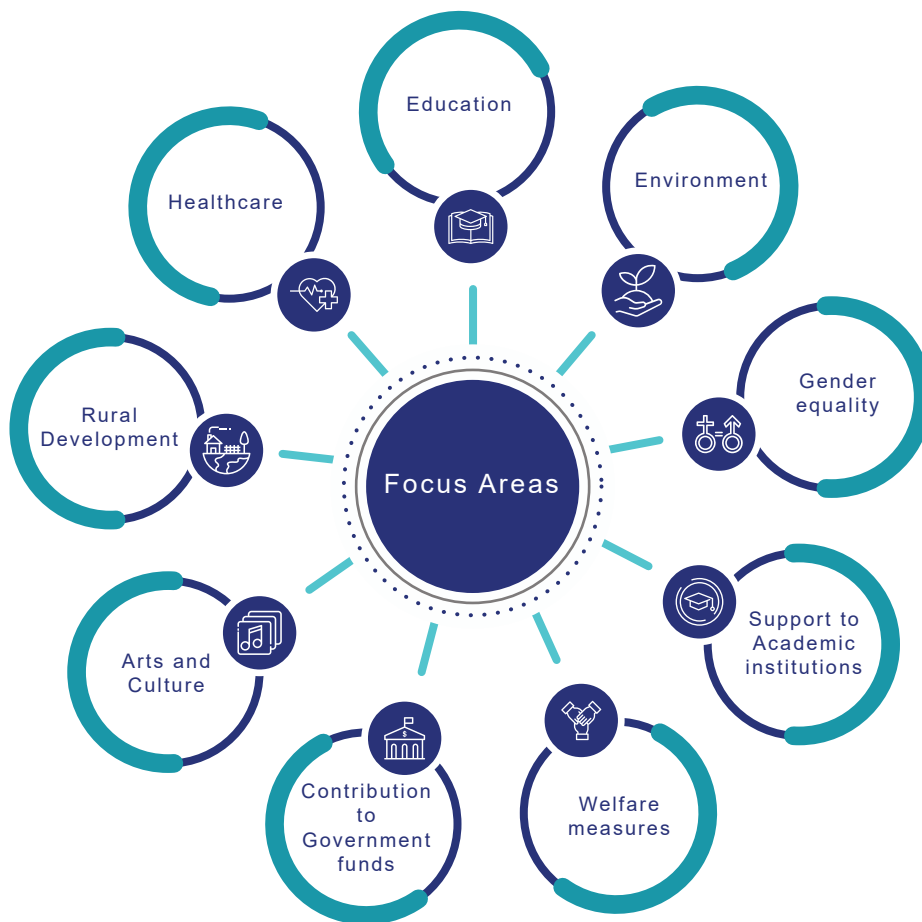
To actively engage and extend support to the communities in which it operates and thus build a better, sustainable way of life by supporting the weaker sections of the society and thus contribute to the human development.

**Company's CSR objective** 

To impel measures to provide solutions that will balance economic, social, and environmental issues.



The Company has taken up several community engagements across their focus areas while predominantly focusing on two important areas - "Education and Healthcare".



### Educational Initiatives

Education plays a major role in developing not just the people but also the immediate society around them. SFL places utmost importance in education due to its role in transforming the society. Their focus has been on educating students from underprivileged backgrounds and giving them the opportunity to improve the livelihood of their families.

- The Sundram Matriculation Higher Secondary School was started in 1993. Supported financially by SFL, the school is run by the CSR arm, Krishna Educational Society. The school supports 469 students including 227 girl students from kindergarten to 12th standard and has a strong alumni base with distinguished professionals in all facets of society.
- Partnered with the Sugun Thomas Foundation, SFL provided financial assistance to deserving students from Chennai for their undergraduate studies. This support enables students to complete

their education without any financial challenges. The foundation supports students in sponsoring for their tuition fees, exam fees and other college fees, providing mentorship and enhancing their employability skills.

- SFL is also supporting Clarke school for the Deaf, which focusses on educating, training and rehabilitating children who are at loss of hearing, intellectually challenged, and are deaf-blind. The school offers a range of educational programmes that are tailored to the unique requirements of people with disabilities. New training techniques and technological advancements have been introduced in the school to assist in fostering self-reliance in the children.
- At Krea University SFL has supported by sponsoring faculty with chairs and supporting scholarship students.

- SFL is also working with Banyan Academy for Leadership in Mental Health (BALM) to improve the availability of resources and services in the mental health sector for the underprivileged. The Company has established Sundram Fasteners Centre for Social Action and Research in association with BALM to focus on the chronic issues affecting the mentally challenged. The

centre also focuses on developing the skills of students interested in pursuing a career in mental health and other related professions. Through training and capacity building, the centre has helped 464 students in their master's and diploma courses and aspires to increase the impact by supporting even more students.

Company's contributions towards educational initiatives include:

Initiatives	Contribution in FY 23 (Rs crore)
Krishna Educational Society (KES) [Sundram Matriculation Higher Secondary School] – 469 students including 227 girl students	1.60
Financial support to Krea University	1.20
Sugun Thomas Foundation - Mentoring for underprivileged students	0.26
Clarke school for the Deaf – Supporting specially abled children	0.38
Banyan Academy for Leadership in Mental Health (BALM)-SFL Centre for Social Action & Research – 464 students in master's education	2.03
Total	5.47

## Healthcare Initiatives



Placing an emphasis on access to good healthcare, SFL has strived to extend healthcare support to the rural population. The Company has taken steps towards addressing the gap in healthcare facilities in rural areas and minimizing the burden of the cost involved in medical treatments.

- Partnered with Krishna Educational Society, the Sundram Medical Centre was established to support and offer free healthcare facilities to the villages near SFL’s Madurai Operations. This medical centre has benefitted over 2500 families by providing them with quality medical care and enabling education and training for people on health-related aspects.
- In collaboration with Cancer Hospital, Adyar, and the Ray of Light Foundation, various treatment costs have been sponsored by SFL for underprivileged women and children diagnosed with cancer.
- SFL offers primary medical care through the Vaastu Foundation to residents of eight villages who are part of an underprivileged community in Tamil Nadu’s Nagapattinam region.

- In partnership with surrounding hospitals and pathology labs, SFL offered eye, dental, and general health camps for 1000 members of the Edaikazhinadu Town Panchayat through the East West Foundation.
- A bi-weekly gynaecologist visit to the Foundation Clinic has also been initiated with an emphasis on women’s health.
- SFL also funded the treatment of underprivileged children with congenital and rheumatic heart disease as well as children in need of emergency trauma care through CHIME foundation partnered with MIOT Hospital.
- The Company believes that importance given to mental health has to be offered same as that of physical health. With the fact, there are a lot of stigmas associated with mental health and the Company aims to address them through community level programs. With this, SFL supports the initiative by Mithra Trust that aims to make dialogues about mental health accessible to people in need of them including members of the queer community and people who have experienced gender-based violence.

Company’s contributions towards the health care initiatives are:

Initiatives	Contribution in FY23 (Rs crore)
Vaastu Foundation	0.25
MIOT Hospitals, Chennai - Children’s Heart Internationale – Funding for emergency and trauma care	0.65
Cancer Hospital, Adyar	0.60
Ray of Light Foundation - Holistic treatment of Pediatric cancer	0.25
Mithra Trust - Conceptual framework and actionable tools for an individual to work through their feelings during emotional stress	0.10
<b>Total</b>	<b>1.85</b>



## Environmental Initiatives



Environmental sustainability is one of the crucial elements of community engagement activities. SFL is committed towards environmental sustainability not just within their boundaries, but external to them as well.

- SFL has supported a rainwater conservation project in Vandalur Zoo, Chennai in the construction of walls to retain rainwater and carry it to the Otteri lake which is the main source of water for the Zoo.
- The Company has been involved in preparing a documentary to showcase the rich diversity of species and habitats in Tamil Nadu. Through this

documentary, Company aims to throw light on key environmental issues such as co-existence of people and wildlife in the same shared space. The project life is spread over three years period as it aims to cover life spread over different seasons.

- The employees are regularly involved in activities such as beach cleaning in Chennai and tree plantation drives on voluntary basis at nearby locations next to the business units which helps to protect natural and human systems from the negative impacts of climate change.

Company's contributions towards Environmental initiatives include:

Initiatives	Contribution in FY23 (Rs crore)
Production of a documentary on Wildlife Tamil Nadu	0.35
Water reservation project – Vandalur Zoo, Chennai	0.22
Total	0.57



## Other Welfare initiatives



### *SFL assisted the Thenmelpakkam village in restoring the lake*

- To assist the community that surrounds Company's operations in Chengalpet, SFL restored the Thenmelpakkam Village Lake by constructing a walkway to the pond, establishing sufficient inlets and outlets, and constructing earthen bunds to ensure effective water retention. A fence has been put up around the pond to deter intrusions.
- The region of Pudugumudipoondi near the operations of Autolec division was frequently overflowing with water during rains. SFL provided funding for a drainage system to be built in the region.
- SFL has supported SOS Villages of India – Chatnath Homes in Chennai to ensure welfare of orphans and underprivileged children by providing them with a healthy and stable environment. SFL helped in funding for their basic infrastructure like school van, bunker cots, septic tank, toilets and other utilities like water purifiers, sanitary napkin incinerator, etc.

## Employee Volunteering



SFL always encourages employees in volunteering for their community initiatives in areas like education, health and outreach programmes organized either by SFL or in association with their NGO partners. Each employee volunteers at least one working day of the year towards social cause of their choice. SFL offers one paid holiday every year for employees to enable them to participate in this noble initiative. The Company started a program in 2013 taglined, **“SFL and You can make a difference”**. This program focusses on nominal donations from employees towards societal needs and employee volunteering programs. In addition to beach cleaning, tree plantation drives, the

employees also volunteer in teaching, road safety awareness, cleaning of temples, supporting children in orphanages, writing exams for blind students, and taking part in health awareness programs. These activities give employees an opportunity to serve the society and have a sense of fulfilment.

Every year, the Company has achieved 100% participation in active employee volunteering which showcases the employees create a positive impact reflecting on the organization’s commitment towards the community.



## Sundram Matriculation Higher Secondary School

Providing accessibility of quality and affordable education to all

SFL believes in the impact of education and the subsequent transformation of the society through schools.

### History of the school

The Company fervently works towards providing quality education to children and this is embedded in its very foundations. It started in the early 90s when the leadership decided to bring education to the community. As per the request of the people of Aviyur village near SFL Madurai operations, it was decided to start an English medium school with an affordable fee structure to the people from the village.

In 1993, the Company's management founded the Sundram Matriculation Higher Secondary School, in Aviyur village in the Virudhunagar district of Tamil Nadu. The school is co-educational and supports

students from kindergarten to 12th grade / standard. The students come from eight villages nearby SFL's Madurai operations. Financially supported by SFL, the school is run by the Company's CSR arm, Krishna Educational Society. Initially started with 25 children in the kindergarten level, the school started introducing successive standard of classes for students every academic year, reaching 10th grade / standard by 2004. Students from the first batch of 12th grade / standard took their board exams in the academic year 2011-12.

### Vision and Mission statement

We create a conducive environment that helps an individual become intelligent, independent, sensitive, reflective, and responsible with a desire to excel in whatever he/she does and acquire the ability to cope with changes in life with confidence and determination

### Infrastructure at the School

The Company has a campus spread across 6.1 acres with various facilities for all round development of the students. They include various laboratories for physics, chemistry, biology, computer science for students to acquire hands on experience. It has a library which is equipped with 4200 books across different fields. The Company also conduct yoga sessions twice a week to ensure physical wellbeing of the students.

During the COVID-19 lockdown, many parents were not able to afford mobile devices for the students to connect to online classes. SFL contributed android mobile devices for 360 students from 3rd grade / standard to 12<sup>th</sup> grade / standard





## Affordable education

Currently there are 469 students including 227 girls in the school from kindergarten to 12th grade / standard supported by 31 experienced teachers to impart quality education to the students. The school offers parents an opportunity to pay for their children's education through a highly affordable fee

system. Through this, parents from nearby villages enrol their children with great pride after being able to pay for their child's education themselves. The school receives regular applications from nearby communities and people look up to the school for its role in the transformation of the nearby villages.

“

As a visionary our chairman made an initiative to provide good quality education at the least fees and since inception the same fee structure has been maintained till date. Our M.D would always insist on overall development, being independent and responsible. Training is an inevitable process to excel in any field. The training we had during the initial years of service has moulded us to overcome the challenges. I'm extremely happy that we are privileged to create an impact on the lives of the less privileged sections of the society. I hope that the vision has been achieved and will continue to be achieved. I am proud to be part of the service.

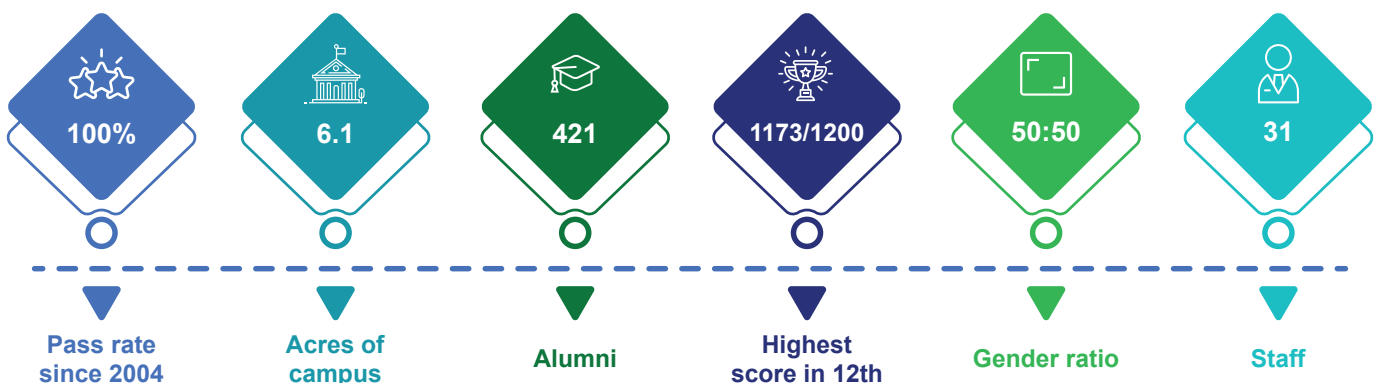
— L. Avudaiammal, Principal, Sundram Matriculation Higher Secondary School

## Academic excellence

The school believes in a student-centred learning approach focussing on the individual student's needs. This type of learning puts the student at the centre of the learning process. To ensure a student-centric environment for learning, the seating arrangements enable the students to sit together in groups, collaborate and understand each other leading to a unique learning experience.

Since 2004, 100% passing rate has been maintained in the board exams. The students have always

excelled in academics. One of the school's girl student ranked third in the state of Tamil Nadu in her 10th grade / standard examination in 2013-14 and the school had more than 20 toppers in the 10th grade / standard examinations so far of which 17 of them were girls. The highest score for 12th grade / standard has been 97.75% (1173/1200) in the year 2016-17.







The school's students won the prestigious award for presentation of their project in the 24<sup>th</sup> National Children's Science Congress 2016. The students were awarded by the Chief guests, Union human resources development minister Prakash Javadekar and Sharad Pawar

### Empowering the women of the future

Since the school's inception in 1993, a 50:50 gender ratio has always been maintained, encouraging parents from nearby villages to enrol their daughters in the school. More than 200 of the 421 students who have graduated effectively so far are female. Education has transformed the lives of not only these women but also the lives of their families. Girls from their villages now look up to these women as admirable role models who seek education and succeed in life.

### Transforming lives

The school regularly engages with their Alumni and there are plans to conduct Alumni meetings to inspire the current students with the achievements of their seniors. Three of the school's 31 instructors are former students who have taken up the profession of teaching after having understood the impact of education on their own lives. Hailing from nearby villages across SFL Madurai operations, the school's hard-working and talented alumni have established themselves in their respective careers and improved the economic condition of their families through their achievements. The alumni hold positions in a variety of roles, notably 20+ physicians, more than 50 engineers, around 12 government officials, about 6 academicians, and some serving in the armed forces.

## Testimonials

“

My father owns a Tea stall, and I was usually looked down by the society. Today I earn well, I can take care of my parents and I am living my life happily. People have started treating me with respect. Although I owe this life to my profession, all this would not have been possible without my school. My teachers provided me proper guidance to tread in the right direction, and how to interact with people. I would like to extend my heartiest gratitude to my teachers and classmates from TVS school who have been the very reason that I sit in this chair today.

—————o **Alumnus**, Physiotherapist

“

I have very fond memories of my schooling days. Our teachers were very kind and always supported us, mentored us during our school days. It was really an important part of my life and I wish to extend sincere gratitude to the school and the teachers for their contribution in my life.

—————o **Alumnus**, Software Engineer

“

I come from a rural background from the district of Aviyur in Tamil Nadu. I would like to thank Sri Suresh Krishna Sir from Sundram Fasteners Limited for supporting the school. You have been a great inspiration for all of us, Sir. I was in this school from LKG until 12th standard. All the teachers have been supportive and have motivated me to learn. They have found the best out of me during my school days. I am grateful to them for their guidance. The school not only focusses on academics, but also on all round development of students. I wish to thank the school management for their support and guidance. It is because of their support that I am successful in my life.

—————o **Alumnus**, Doctor

“

I am very proud to say that I am one of the alumni of our school and is currently working as a teacher here. As I hailed from one of the most backward villages in Virudhunagar, getting an English medium education would have been merely a dream without this school.

Our school has all the facilities required for all round development of the children. Our teachers also prepare our students for various competitions. They are really dedicated towards children and always insist on discipline.

—————o **Alumnus and Current faculty**

“

My journey with SFL school started once I joined the school in 2011-12 in the second grade. I was fortunate to score first in both 10th (2019-20) and 12th standard (2021-22). The school environment and the effective teaching by the staff have helped in my academic success. The skills and knowledge gained during my school time will surely help me in my future. I would like to thank the entire school management for creating the learning environment. I will forever cherish the memories, friendships and life lessons gained during my school time

—————o Student topper





## Way forward

With the past few years indicating the need for sustainable business practices to counter uncertainties in the market, SFL looks ahead in implementing the ESG strategy with goals and targets in its focus areas. As expectations of customers evolve, the Company is well equipped to address the concerns beyond quality.

With an emphasis on the initiatives towards the people, the Company looks to further focus on learning and development of its employees and accentuate measures for their well-being ensuring equal importance for physical, mental, and financial wellness. As the Sundram Matriculation School and the Sundram Medical Centre keep bringing rural transformation to the villages nearby through education and healthcare, the Company is optimistic on potential expansion plans to broaden the spectrum of SFL's impact on education and healthcare to the communities.

The Company continues to develop its manufacturing prowess through dedicated quality teams and through

leveraging the use of technology in bringing down incidents and improvising the productivity rates. SFL looks to bring ESG to the value chain by assessing suppliers on their environment and social aspects and ensuring an environmentally sustainable and a socially responsible supply chain.

As the attention on the climate crisis amplifies, the Company has committed to adopt renewable energy to a higher extent and reduce the dependency on conventional sources of energy. The Company has taken up several targets to further reduce its environmental impact by minimizing consumption of water and adopting waste reduction strategies.

At the outset, SFL is grateful to its customers for recognition of the teams' efforts and is optimistic to sustain high customer satisfaction levels. With its ESG goals set for 2030 and for the years to come, the Company is poised to contribute to the global efforts by the leading OEMs to drive sustainability in the automotive industry and beyond.

# GRI and BRSR Index

General Disclosures	Description	Status	Section	Page number	BRSR Reference
<b>Organisation Profile</b>					
GRI 2-1	Organizational details	Reported	About SFL	09	Section A
GRI 2-2	Entities included in the organization's sustainability reporting	Reported	About the Report	24	Section A
GRI 2-7	Employees	Reported	Employee Engagement	86	Section A
GRI 2-9	Governance structure and composition	Reported	Board of Directors and Committees	46	Section B
GRI 2-11	Chair of the highest governance body	Reported	Board of Directors and Committees	46	Section B
GRI 2-12	Role of highest governance body in overseeing the management impacts	Reported	Board of Directors and Committees	46	Section B

Strategy, Policies and Practices					
GRI 2-22	Statement on sustainable development strategy	Reported	Leadership Messages	04	
GRI 2-23	Policy commitments	Reported	Fair Business Practices	48	Section B
GRI 2-26	Mechanisms for seeking advice and raising concerns	Reported	Fair Business Practices	48	Principle 1
GRI 2-28	Membership Associations	Reported	Collaborations	20	Principle 7
Stakeholder engagement					
GRI 2-29	Approach to stakeholder agreements	Reported	Stakeholder Engagement and Materiality	36 and 37	
Economic Disclosures					
GRI 3-1	Process to determine material topics	Reported	Stakeholder Engagement and Materiality	36 and 37	Section A
GRI 3-2	List of material topics	Reported	Stakeholder Engagement and Materiality	36 and 37	Section A
GRI 3-3	Management of material topics	Reported	Stakeholder Engagement and Materiality	36 and 37	Section A
GRI 201: Economic Performance					
GRI 201-1	Direct economic value generated and distributed	Reported	Economic performance	52	Section A
GRI 201-3	Direct benefit plan obligations and other retirement plans	Reported	Employee wellbeing	91	Principle 3



## Environmental Disclosures

### GRI 302: Energy and Emissions

GRI 302 - 1	Energy consumption within the organisation.	Reported	Energy and GHG Management	61	Principle 6
GRI 302 - 3	Energy intensity	Reported	Energy and GHG Management	61	Principle 6
GRI 302 - 4	Reduction of energy consumption	Reported	Energy and GHG Management	61	Principle 6

### GRI 303: Water and Effluent

GRI 303 - 3	Water Withdrawal	Reported	Water Management	70	Principle 6
GRI 303 - 4	Water Discharge	Reported	Water Management	70	Principle 6
GRI 303 - 5	Water Consumption	Reported	Water Management	70	Principle 6

### GRI 304: Biodiversity

GRI 304-3	Habitats protected or restored	Reported	Biodiversity	80	-
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### GRI 305: Emissions

GRI 305 - 1	Direct (Scope 1) GHG emissions	Reported	Energy and GHG Management	61	Principle 6
GRI 305 - 2	Energy indirect (Scope 2) GHG emissions	Reported	Energy and GHG Management	61	Principle 6
GRI 305 - 4	GHG emission intensity	Reported	Energy and GHG Management	61	Principle 6
GRI 305 - 5	Reduction of GHG emissions	Reported	Energy and GHG Management	61	Principle 6
GRI 305 - 6	Emissions of ozone depleting substances	Reported	Energy and GHG Management	61	Principle 6

GRI 305 – 7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Reported	Energy and GHG Management	61	Principle 6
<b>GRI 306: Waste</b>					
GRI 306 - 3	Waste generated	Reported	Waste management	73	Principle 6
GRI 306 - 4	Waste diverted from disposal	Reported	Waste management	73	Principle 6
GRI 306 - 5	Waste directed to disposal	Reported	Waste management	73	Principle 6
<b>Social Disclosures</b>					
<b>GRI 401: Employment</b>					
GRI 401-1	New employee hires and employee turnover	Reported	Employee engagement	86	Section A
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Reported	Employee engagement	86	Principle 3
GRI 401-3	Parental leave	Reported	Employee engagement	86	Principle 3
<b>GRI 403: Occupational Health and Safety</b>					
GRI 403-1	Occupational health and safety management system	Reported	Health and Safety	95	Principle 3
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Reported	Health and Safety	95	Principle 3

GRI 403-3	Occupational health services	Reported	Health and Safety	95	Principle 3
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Reported	Health and Safety	95	Principle 3
GRI 403-5	Worker training on occupational health and safety	Reported	Health and Safety	95	Principle 3
GRI 403-6	Promotion of worker health	Reported	Health and Safety	95	Principle 3
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Reported	Health and Safety	95	Principle 3
GRI 403 - 8	Workers covered by an occupational health and safety management system	Reported	Health and Safety	95	Principle 3
GRI 403 - 9	Work-related injuries	Reported	Health and Safety	95	Principle 3
<b>GRI 404: Training and Education</b>					
GRI 404-1	Average hours of training per year per employee	Reported	Training and Development	102	Principle 3
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Reported	Training and Development	102	Principle 3



GRI 404 - 3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period	Reported	Training and Development	102	Principle 3
<b>GRI 405: Diversity and Equal Opportunity</b>					
GRI 405-1	Diversity of governance bodies and employees	Reported	Employee engagement	86	Section A
<b>GRI 409: Forced or Compulsory Labour</b>					
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Reported	Human rights	89	Principle 5
<b>GRI 413: Local Communities</b>					
GRI 413 - 1	Operations with local community engagement, impact assessments, and development programs	Reported	Community Engagement	107	Principle 8
			SFL School	114	
<b>GRI 418: Customer Privacy</b>					
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Reported	Data security	51	Principle 9