



# Environment, Social and Governance (ESG) Policy

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## ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) POLICY

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### PURPOSE

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At Varroc Group (which includes Varroc Engineering Limited and its Subsidiaries, Step-down Subsidiaries, Associate Companies, Joint Venture Companies and Group companies), our ESG & Sustainability vision is to co-create a sustainable value for our stakeholders through innovative research, engineering, & manufacturing of environmentally sustainable products for mobility sector through environmentally friendly operations aligning with our corporate vision to 'Create safe, smart, and sustainable future mobility solutions for everyone'. Our objective is to reduce the environmental impact of our products and operations and make a positive impact on society & the communities where the Company operates. We shall strategically integrate the endeavor to achieve operational sustainability with societal development by leveraging our core competencies, resources, technology, and employee strengths through their participation.

Our endeavor shall aim to be relevant to local, national, and global contexts, keeping the environment, product end-users, employees, supply chain, and disadvantaged communities as the focus and based on globally agreed sustainable development principles.

### GUIDING PRINCIPLES

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Our guiding principles for ESG & Sustainability endeavors remain the National Guidelines for Responsible Business Conduct (NGRBC [access here](#)), published in 2011 by the Government of India. The nine core principles of NGRBC are as stated below:

1. Business and governance conduct with integrity, and in a manner that is ethical, transparent and accountable.
2. Design & manufacture goods and services in a manner that is sustainable and safe.
3. Respect and promote the well-being of all employees, including those in our value chains.
4. Respect the interests of and be responsive to all our stakeholders.
5. Respect & promote Human rights across our operations globally.
6. Respect and make efforts to protect and restore the environment.
7. Responsible and transparent engagement with public and regulatory policies.
8. Promote inclusive growth and equitable development.
9. Engage with and provide value to our consumers in a responsible manner.

### SCOPE AND APPLICABILITY

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The ESG Policy is applicable to the domestic and global operations of Varroc Group of Companies.

### THRUST AREAS

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The guiding principles are enacted into six core ESG Pillars as part of our endeavors towards the sustainable growth of the organization:

- 1. Sustainable Products** - We shall ensure the minimum impact of our Products on the environment and the health & safety of end users through design innovations and the manufacturing of sustainable products by adopting the Design for Environment ("DfE") approach.

2. **Sustainable Operations** - We shall ensure that our operations at the manufacturing plants are environmentally sustainable, meet all the necessary environmental norms and compliances, and have a minimum impact on the environment. We ensure to continue our efforts towards reducing GHG emissions, reducing waste generation, and increasing water conservation within our operations.
3. **Employee Growth & Diversity** - We shall ensure that we provide employee growth opportunities through strengthening the employee's capabilities for future technological & business needs. We shall also ensure adequate diversity & inclusion and human rights measures are implemented in the Company.
4. **Sustainable Supply Chain** - We shall ensure to create a network of sustainable value chain partners and suppliers meeting the necessary environmental and social standards & compliances with an effective grievance redressal mechanism.
5. **Sustainable Community Development** - We shall ensure that we leverage organizational strengths in terms of technical know-how and employee volunteer efforts for community development initiatives.
6. **Sustainable Governance & Growth** - We shall ensure ethical governance practices for the sustainable growth of the Company. Key focus areas shall be anti-bribery and anti-corruption measures, a code for ethical business conduct, stakeholder identification & engagement, public policy and advocacy (as applicable) and data privacy & security.

## **GOVERNANCE**

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The ESG related initiatives and projects shall be administered under a two-tiered governance structure.

### **I. ESG Steering Committee of the Board**

The ESG Steering Committee of the Board shall be the apex body to review and approve the ESG Policy, ESG Goals, and ESG Performance and shall have oversight of the ESG activities of the Company.

### **II. ESG Operational Councils (EOCs)**

There shall be three independent EOCs on Environment, Social and Governance responsible for the implementation of the domain specific strategy, goals, and projects. The Councils shall monitor & review the performance against strategic environmental and social initiatives and KPIs and report the same to the ESG Steering Committee of the Board.

## **STAKEHOLDER COMMUNICATION**

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The ESG Policy, composition of the ESG Steering Committee of the Board and the Annual Report on ESG as per Business Responsibility & Sustainability Reporting Standards shall be disseminated on the Company's website & published in the Annual Report of the Company.

## **VALIDITY, AMENDMENTS, AND INTERPRETATION OF THE POLICY**

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The Board of Directors on its own and/or as per the recommendations of the ESG Steering Committee, can amend this Policy, as and when required and deemed fit. The Board of

Directors can further delegate this power to the ESG Steering Committee. The ESG Policy shall continue to be in force until amended by the Board at the meeting of the Board of Directors or ESG Steering Committee at its meeting in future. This ESG Policy will be reviewed by the ESG Steering Committee from time to time.

Any or all provisions of the ESG Policy would be subject to revision/amendment in accordance with the applicable laws in India on the subject, as may be issued by relevant statutory authorities from time to time. In any circumstances where the terms of this policy differ from any existing or newly enacted law or regulation governing the ESG provisions applicable to the Company, the law or regulation will take precedence over this policy until such time as this policy is amended to conform to the law or regulation.