

## ESG Questionnaire

Response in blue

### General Questions

- Does the company have a specifically laid out ESG policy describing your approach and commitments for management of key ESG risks and opportunities?  
Yes, the Company has developed a ESG policy and the same is in process of Board approval.
- If the answer to above question is in affirmative, what is the adoption status of your existing ESG policies, processes and systems, such as;
  - a. Full-fledged (policy, processes and systems are well established, regularly reviewed and improved; management system certification in place);
  - b. Partial adoption of some policies, processes and systems
  - c. No adoption of policies, processes and systems

As part of its corporate governance, the Company already has full-fledged & comprehensive policy to mitigate its environment impact and ensure employee & safety i.e., 'Environmental, Occupational Health & Safety Policy'. Further, the Company is also certified with ISO 14001 & ISO 45001 Certification standards. Company has multiple policies for its employees that include but not limited to - Whistle blower policy, POSH policy, Ethical Business conduct standards, compensation & benefits policy, performance management policy, rewards & recognition policy, IP rights policy, higher education policy, diversity policy etc.
- Do you have designated personnel for managing ESG matters?  
Yes, we have designated personnel managing ESG related matters – Head, ESG
- Do you provide ESG training to staff? If so please provide details of the type of training, the frequency and whether senior management involvement is there?  
Yes, we provide trainings on ESG topics to employees and management. The trainings are physical and virtual mode and covers wide topics such as energy efficiency & management, energy audits, renewable energy, waste management, environmental and occupational health & safety, POSH policy etc. The trainings are conducted across the management levels. Senior management (Executive Committee) is actively involved in ESG strategy framing and providing directions on ESG implementation roadmap.
- Has the company set up a board level committee to monitor sustainability related performance and performance evaluation. If yes, who chairs the committee and how often does it meet?  
Yes, the Company has set up a dedicated ESG Committee to monitor sustainability-ESG related performance. The Committee comprises Executive members of the Company and is chaired by Chairman and Managing Director of the Company. The Committee reviews the performance on quarterly basis.
- Do you publish an external ESG/CSR/Sustainability report or do you have a designated section in your annual accounts?  
We have designated sections in our annual report wherein we publish our initiatives, performance and achievements on various ESG-Sustainability matters such as energy conservation measures, green energy contributions, water conservation & bio-diversity restoration project, other CSR projects on sports, education etc.,
- Are you being rated by any ESG service provider?

No. Not appointed by Company.

## Environmental

- Does the company have an environmental policy which sets out clear commitments and targets to improve the company's environmental footprint? Does this also cover climate change issues that could be relevant to the company?

Yes, Company has a comprehensive environmental policy stating our commitment to protect environment by preventing or mitigating adverse environmental impacts concerning our activities, products and services. The policy also showcases our approach in setting goals & objective which shall monitor, measure, evaluate and continually improve our performance through management systems and review mechanisms.

- Does the company monitor and report its carbon and/or other greenhouse gas (GHG) emissions such as methane, nitrous oxide etc.? Is there a regulatory requirement to do so, and if so, how is this implemented?

Yes, as part of its ESG KPI (key performance indicator), Company continuously monitor its GHG emissions. Being one of the listed Company, there is a regulatory requirement to report GHG emissions as part of BRSR (Business Responsibility & Sustainability Report) by SEBI for financial year 2022-23 & onwards.

- What are the company's primary energy (e.g. gas, coal, diesel, heating oil, electricity) and water sources (river/lake or groundwater extraction, public mains) and what initiatives/plans (if any) have been put in place to monitor, reduce consumption and improve efficiencies?

Company's primary energy source remains 'electrical energy' procured from local state electricity distribution companies (DISCOM). Company's water source largely is from local municipal corporation. Company practices multiple initiatives on energy & water conservations such as conducting energy audits and implementing energy savings measures, improving equipment efficiency, leakage arresting, awareness and trainings etc. Details of same are also published in our annual report.

### Water management:

- Does the company have any operations in water stressed regions? If yes, how material are they as % of total revenues and profitability? How much % of water used in operations is currently being recycled?

Company does not have any operations in water stressed regions. Water is not a critical component of raw material or manufacturing process hence is not a key material issue. However, as part of environmental KPI, water conservation and recycling measures are followed in all the plants in line with the regulatory compliance requirements of state and central pollution control board. All the used water is treated in the plant based effluent treatment plants or common effluent treatment plants and recycled.

- How much is the contribution of green energy in your overall energy mix?

The green energy mix is approx. 11.3%. Company has generated 21.24 MW of renewable energy through a combination of solar rooftop, solar and wind power plants. Company has harnessed potential renewable energy source through installation of Solar rooftop projects at its manufacturing plants.

- Does the company identify Scope 1, 2 & 3 emissions? If yes, how is it monitored?

Yes, Company identifies its Scope 1, 2 and 3 emissions. Company monitors its Scope 1 and 2 emissions as part of its energy consumption monitoring process at every manufacturing plant. Company is in process of formulating a strategy to monitor, track and prepare strategy to minimize its scope 3 emissions.

## Social

- Have you had any serious social issues related complaints/claims/enforcement actions over the last three years, associated with employees or key stakeholders such as customers or suppliers? If so, please provide details.  
No, we don't had any serious social issues or enforcement actions in past three years.

## HR –

- Do you have a formal contract with all of your employees – both on roll and contracted? Are the minimum wages rules being followed?  
Yes. All on roll employees get a formal appointment letter which has terms of employment. Similarly, contracted employees have a legal agreement signed, which specifies terms of engagement.
- Does the company have any involvement in employment practices of sub-contractors? What is done to ensure their fair and ethical treatment; are any minimum standards applied?  
Yes. All on roll employees get a formal appointment letter which has terms of employment. Unionized employee are governed by long term settlements & , contracted employees have a legal agreement with contractors , which specifies terms of engagement. We need discussion on further response for Minimum wages rules & regulations. No, we are not having any practices of sub-contracting.
- What is the grievance redressal mechanism for your employees?  
While there is no documented policy around grievance redressal, the employee needs to reach out to his manager for any grievances. The same can then be discussed with the BUHR. If the employee is still not satisfied with the solution, it can be escalated to the BU / Function Head.
- Does the company have a policy that supports diversity and equal opportunity? If so, please provide details of your key commitments/control measures.  
Varroc provides LGBTQ inclusive workplace, where all employees are treated fairly and have equal access to career opportunities, regardless of sexual orientation, gender identity, and/or gender expression while in Recruitment Process, Career advancement, Performance Management and any other development processes.
- What are the best practices being followed by the company for managing employee health and safety and have they been vetted by any external agency?
  - Varroc Group have developed EOHS (Environmental and Occupational Health and Safety) Manual comprising of ISO standard regulations and supported with stringent regulatory measures in terms of defining roles responsibilities, procedures, work instructions on various corresponding aspects.
  - Stringent review mechanism in terms of various layer inspections and audits through internal and external agencies. This is also associated with Statutory, Environmental, and critical safety aspects. EOHS Excellence audits, EHS monthly scorecards and other various layer reviews ensures proper inputs and ground for improvement accordingly.
  - All of our plants certified with ISO 14001 and ISO 45001 in view of meeting global standard EOHS requirements subject to Environmental and Safety Management Systems.

- EOHS employee wise training calendar and adherence to same; based on various inputs such as Hazard Identification & Risk Assessments – Aspect Impact studies, Safety Audits and inspection findings, Safety and Environmental Incidents, Competency matrix etc.

## Governance

- **How is the composition of the Board determined?**  
The composition of the Board is determined in terms of applicable SEBI Listing regulations. At present we have 8 number of directors out of which 50% are independent directors
- **How is diversity taken into consideration when appointing members?**  
**SELECTION, IDENTIFICATION AND APPOINTMENT OF DIRECTORS**  
The Nomination & Remuneration Committee (NRC) is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each Annual General Meeting of shareholders, and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.  
**Director Selection Procedures**  
The Managing Director shall, at the instance of an in consultation with NRC members, initiate the process for identification and shortlisting of prospective candidates for election to the Board based on directors' qualification criteria.  
For each shortlisted director candidate considered for election to the Board, the NRC shall evaluate the candidate and recommend to the Board such duly qualified director candidates.  
To aid in the short listing and screening process, the NRC may take the support of professional agencies, conduct interviews or have a personality check undertaken or take any other steps to ensure that the right candidates are identified.  
A determination of a director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the NRC, prior to nominating a director for appointment/election at the Company's forthcoming annual general meeting.  
Appointment of all Directors, other than directors appointed pursuant to nomination by Financial Institutions under section 161(3) of the Act will be approved by shareholders at a general meeting or through postal ballot.  
The Company shall issue a formal letter of appointment to independent directors in the manner as provided in Paragraph IV (4) of Schedule VI the Companies Act.
- **What is the number of independent directors on the board? Women directors?**  
At present we have 8 directors appointed as member of the Board. Out of 8 we have 4 Independent Director. We have Mrs. Vijaya Sampath (Independent Director) appointed as woman director.
- **How is compensation between individuals within the company aligned to take into consideration performance and pay ratio?**  
Varroc has a robust performance management system, where we train all employees to set SMART KRA's and we assess the performance in a 5-point rating scale. We also benchmark market compensation, once every 3 years to ensure that our employees are compensated fairly for their skills & competencies.
- **Does the company have a whistle-blowing policy? Is this service independently managed, and is it anonymous? Is it available at all times of the year?**

The Whistle Blower Policy is Applicable to Employees, directors and third-party stakeholders (vendors, suppliers, contractors, dealers and any other 3rd party) to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This is completely anonymous & available 24/7

## Company Specific

- How do we plan to reduce/capture the carbon emissions from our operations?  
Company plan to reduce its carbon emissions through multiple initiatives – by adding more renewable energy mix into its electrical energy consumption i.e. from Solar and Wind Power incl. Solar rooftop power generation at our manufacturing plants. Further company also take into account various energy conservation initiatives/audits in the manufacturing plants to ensure optimizing energy consumption and thus reduction of carbon emissions.
- How are we planning to keep up with the technological changes that are happening both at the manufacturing and the product end?  
For us, two technological advances are relevant and present opportunities for our company to grow: **Autonomous Driving:** Autonomous driving was once a feature in science fiction storytelling. Today, the world is on the cusp of self-driving revolution, which is expected to change the face of mobility all over the world. Our Response - Important facilitators of autonomous driving include OEMs and suppliers like us, to help transform automotive manufacturing. We are committed to engaging in initiatives and aligning our business strategy to help our customers in the medium- to long-term. **Digitalization and IOT:** An important advancement in the automotive industry over the last decade has been the integration of digital technologies and IOT solutions. Further integration is expected to enhance connectivity, with the introduction of WiFi and 5G in the mobility experience. Our Response - Our global manufacturing capabilities, enhanced focus on innovation, and strong customer relationships with OEMs, make us well-positioned to supply and help facilitate a better experience for automotive users (Ref: Annual Report FY22).
- Does the company have a zero-incident policy? Has it set clearly defined goals for reducing employee incident and injury rates?  
Company is having a Zero Incident policy and parameters mentioned and being reviewed specifically about same in the annual 'Objectives & Targets'. Specific parameters are in regard to Zero First Aid, Lost Time Injury Frequency Rate (LTIFR), Total recordable work-related injuries etc. are being monitored regularly.
- How has been the trend in employee incidents, injuries and fatalities over last five year? Has the company faced material financial loss due to this?  
There are no any fatalities recorded in last five year. No major material loss also during five years. Minor injuries reported and immediately responded with all necessary corrective and preventive actions. All such incidents being communicated across all Varroc plants for the implementation of horizontal deployments in regard to required corrective and preventive actions.
- Could you share the number of critical/fatal events that happened over the last one year?  
There are no any critical / fatal events reported in last one year.
- Have we seen any strikes/production disturbance because of employee unrest in the last one year? If yes, kindly share the details?  
No strike or production loss / disturbance in last one year due to employee unrest.