



SONA COMSTAR

Date: - 2nd January, 2023

BSE Ltd. Regd. Office: Floor - 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.	National Stock Exchange of India Ltd. Listing Deptt., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
BSE Scrip Code: 543300	NSE Scrip: SONACOMS

SUBJECT: - SUBMISSION OF SUSTAINABILITY REPORT

Dear Sir / Madam,

We are pleased to inform that the Company has published its first Sustainability Report for the financial year 2021-22 in line with the GRI Standards, which is available on the website of the Company at <https://sonacomstar.com/files/documents/sustainability-report-fy-2021-22-document-GXLCYm.pdf> and also enclosed herewith.

This is for your information and record.

Thanking you,

For SONA BLW PRECISION FORGINGS LIMITED

Ajay Pratap Singh

Vice President (Legal), Company Secretary and Compliance Officer

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SONA COMSTAR

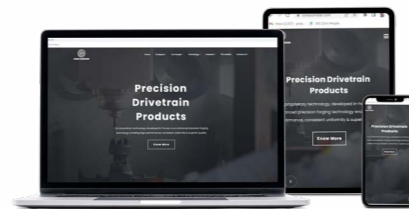
Accelerating

the future of mobility, Sustainably.

Sustainability Report
2021-22

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For more information please visit [here](#)



About the Report

Sona BLW Precision Forgings Limited ("Sona Comstar") is proud to present its first Sustainability Report developed around the theme "Accelerating towards the future of mobility, Sustainably". This report has been developed in accordance with the 'GRI Standards – Core' and aligns with United Nations Sustainable Development Goals (UN SDGs) and SASB Standards. It covers the Company's policies, initiatives, programs, goals, targets, and performance against the identified material topics, key performance indicators along with a management approach for the same. We intend to use this report as a channel of communication to share with our

stakeholders on company's non-financial metrics, particularly providing insights into the governance, environment, and social performance of our Company.

The report has been developed in adherence to all the reporting principles with respect to content and quality as per GRI Standards along with alignment with the UN SDGs



The report has been published covering all our business operations and manufacturing plants for the time-period of Financial Year 2021–22. Our 9 manufacturing plants are spread across India, USA, Mexico, and China comprising of driveline business unit and motor assembly business unit, dealing in our core products such as differential gears, differential assemblies, EV traction motors, motor control units, conventional and micro/plug-in hybrid starter motors, and EV transmission gears.

For further details about the report, please write to us at: investor@Sonacomstar.com

Accelerating the future of mobility, Sustainably.

Climate crisis is one the most pressing woes for businesses across the globe. As the concerns are becoming increasingly imminent, the mobility ecosystem is swiftly reacting through its greener alternatives.

And rightly so, one of the material catalysts for a safer and cleaner tomorrow, is the widespread adoption of Electric Vehicles (EVs). Being one of the leading global automotive systems and components manufacturer and supplier of the best-in-class technologies, we understand our responsibility as a socially conscious corporate.

Our technology roadmap is focused on addressing the two revolutions in the automotive industry: electrification and automation. Over the years, we have judiciously invested in our R&D capabilities for building precision-based, high-performing innovations. Through our in-house pioneering technologies, we stay at the forefront of the EV evolution. With our reliable and customisable products, we have diligently set business-operation benchmarks in a sustainable manner.

We have been able to reduce our carbon footprint significantly as a part of our efforts towards integrating sustainable practices. Going forward, our focus will be on ensuring that we continue the innovations' trajectory and accelerate the future of mobility, sustainably.



Chairman's message

Sustainability at our core



The after-effects of the Covid-19 pandemic, the geopolitical situation in Europe, the global economic slowdown, rising inflation, and climate change; all these events, reaffirm the importance of sustainable development and make us reflect on the values that bind our society together. Sustainability is at the heart of everything we do at Sona Comstar. It is central to the trust placed in our Company by all stakeholders, including customers, employees, suppliers, partners, shareholders and communities.

“ Sona Comstar is tackling the climate crisis by developing innovative e-mobility products and reducing the energy intensity of our manufacturing operations. ”

Sunjay Kapur
Chairman

I am pleased to share our first Sustainability Report with our stakeholders. This Report comprehensively reviews our achievements and includes plans to drive long-term value for our stakeholders. We have adopted a strategic framework for ESG performance management and identified material sustainability issues for our business. This Report outlines our medium-term goals around environmental protection, social performance, and governance. We continue to engage with the local communities to build a safer environment for them to thrive.

As a technology leader with a global sales footprint, we focus on the areas in which we can make the most significant impact – enabling a low-carbon society by reducing greenhouse gas emissions, preserving resources and promoting social progress. Sona Comstar is tackling the climate crisis by developing innovative e-mobility products and reducing the energy intensity of our manufacturing operations. With the rapid advancement in technology, the mobility landscape is changing rapidly. We are developing advanced technological solutions for our customers to enable faster adoption of greener and safer mobility globally. We continue to increase the consumption of recycled material in our operations and reduce wastage from production activities.

Diversity and inclusion are key focus areas for us. We have been focusing on creating an inclusive work culture and building a strong talent pipeline. We give constant attention to creating an inclusive environment to promote diversity in gender, age and culture. We have improved gender diversity in management roles. However, there is significant scope to improve further.

“ We give constant attention to creating an inclusive environment to promote diversity in gender, age and culture. ”

We don't measure our success solely through growth in financial numbers. Instead, we believe that true success lies in the positive impact we create on society and the communities in which we operate. We focus on creating opportunities for all stakeholders through our multi-pronged CSR interventions encompassing education, healthcare, livelihood and self-sustenance training.

On behalf of Sona Comstar's Directors, I thank all our people for their excellent performance in FY 2021-22 and all the stakeholders for their collaboration, support and trust. Together, we are leading the way towards a sustainable future.

Regards

Sunjay Kapur
Chairman

MD & CEO's communique

Towards a greener tomorrow

Sona Comstar is a purpose-led organisation aiming to play a crucial role in accelerating the transition to greener and safer mobility. We are making a positive impact on the society through our innovative products and technologies that eliminate or at least, significantly reduce vehicular emissions, improve safety, enhance automation and contribute to a more sustainable planet.



Electrification is an irreversible and immutable mega-trend in the automobile industry. As a Company intent on becoming one of the leading global providers of automotive technology solutions, our biggest strategic priority is to be at the forefront of the electrification of mobility. We have already improved our Battery Electric Vehicle (BEV) revenue share from 14% in the previous financial year to 25% in FY 2021-22. I envision this number to grow exponentially over the medium-term and have set a target for Sona Comstar to achieve over 45% of revenue from BEVs by FY 2025-26. GHG (Greenhouse Gas) reduction is where we make the most significant impact with technologies that improve energy efficiency and enable the electrification of transport. We will continue to reduce the energy intensity in our operations by transitioning to renewable energy sources and improving energy efficiency across our factories.

“ We will continue to reduce the energy intensity in our operations by transitioning to renewable energy sources and improving energy efficiency across our factories. ”

Vivek Vikram Singh
MD & Group CEO

“ We aim to reduce the consumption of non-recyclable materials by 10% by 2025 and will systematically improve circularity in our supply chain through our supplier sustainability framework, which focuses on ESG performance. ”

We focus on reducing waste, increasing recycling and reusability, and improving product durability to preserve natural resources. We aim to reduce the consumption of non-recyclable materials by 10% by 2025 and will systematically improve circularity in our supply chain through our supplier sustainability framework, which focuses on ESG performance.

We place utmost importance on the safety and well-being of our employees and undertake many initiatives in this regard. Thanks to our strong focus on safety, we recorded zero work-related fatalities among our employees and contractors in FY 2021-22. Moving forward, we will make continuous progress on health and safety, including measurable improvements year after year. We are equally committed to conducting regular training with employees and suppliers to maintain a zero-accident environment.

It is our priority to promote a diverse and inclusive workplace. We promote social progress through our operations and communities, including championing diversity across the value chain. Within Sona Comstar, we are creating safe, fair, equitable and inclusive working environments, where our people can develop and achieve their full potential. Women's participation in Science, Technology, Engineering and Mathematics (STEM) education in India has risen over the years, but their participation in the workforce remains low. Sona Comstar has partnered with Ashoka University to promote women's representation in STEM education and encourage their participation in the workforce.

As an organisation, we place great importance on technology, innovation and entrepreneurship. We collaborate with the Foundation for Innovation and Technology Transfer (FITT), an industry interface of the Indian Institute of Technology, Delhi, to fund and support innovators to create safe, convenient and eco-friendly mobility for everyone. We are collaborating with the Indian Institute of Management, Ahmedabad, to develop an incubation infrastructure to create a holistic ecosystem to nurture startups.

Simultaneously, we intend to streamline our societal commitment while transforming the Company into a valued and responsible member of our communities. We have a well-structured CSR framework and emphasise education, healthcare, livelihood and self-sustenance for our stakeholders and the communities we influence.

With our talented people, leading technologies and the support of our stakeholders, I am confident that we will exceed our sustainability targets and be a leading contributor to sustainable development.

Thank you for your trust and support.

Regards

Vivek Vikram Singh
MD & Group CEO

About us

Leading through innovation

We are one of the world's leading automotive technology companies, engaged in the business of designing, manufacturing and supplying of mission-critical, high-quality complex systems and components, for both electrified and non-electrified powertrain segments.

We have six manufacturing facilities in India and one each in USA, Mexico and China. Our facilities in Manesar, Gurugram and Pune focus on production of our driveline business products while those in Chennai (India), USA, Mexico and China, focus on production of our motor business products. While our facilities in India are manufacturing plants, the facilities in US, Mexico and China, operate as final assembly and finishing plants.

In 1998, we started our business with production of differential bevel gears at our first plant in Gurgaon, India

(headquartered). Now, we design, manufacture and supply highly engineered, mission critical automotive systems and components such as differential assemblies, differential gears, conventional and micro-hybrid starter motors, BSG systems, EV traction motors (BLDC and PMSM) and motor control units to automotive OEMs across US, Europe, India and China. We provide the same across all vehicle categories such as conventional passenger vehicles, commercial vehicles, off-highway vehicles, electric cars, electric light commercial vehicles, and electric two & three wheelers.

Vision

To become the world's most respected and valuable auto technology company for our customers, employees and shareholders

Mission

Be leaders in the technology we invest in and give our customers an edge over the rest, while designing and building products that enable the future of mobility.

Core values

At Sona Comstar, we believe in always doing the right thing, no matter what the cost, no matter if anyone is looking; and building better and more economical products, faster. Thereby adhering to our core values of Integrity, Vitality, Frugality and Agility.

Integrity

Always do the right thing. No matter what the cost. No matter if anyone is looking.

Vitality

Build better products

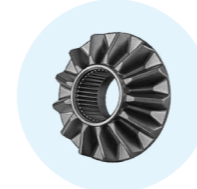
Frugality

Build better products — more economically

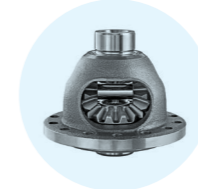
Agility

Build better and more economical products — faster

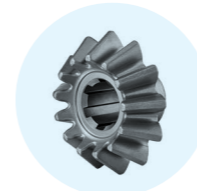
Conventional Products



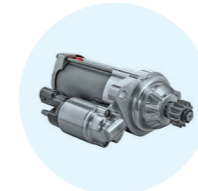
Differential Bevel Gears



Differential Assembly



Portal Axle Gears



Starter Motor



We are among a handful of automotive suppliers globally to have large EV base accompanied by high growth and outstanding financial performance. In a bid to increase efficiencies, widen our reach and to serve our customers better, we are strategically carrying out expansions to position ourselves as a global organisation of high repute.

MANUFACTURING UNITS

9

WAREHOUSES

8

R&D CENTRES

3

EMPLOYEES

3,555



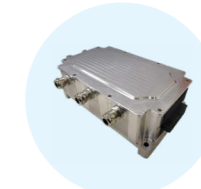
EV Products



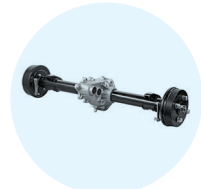
Differential Assemblies



Traction Motors



Motor Controllers



E-Axes



Integrated Motor Controller Module

About us

Our presence

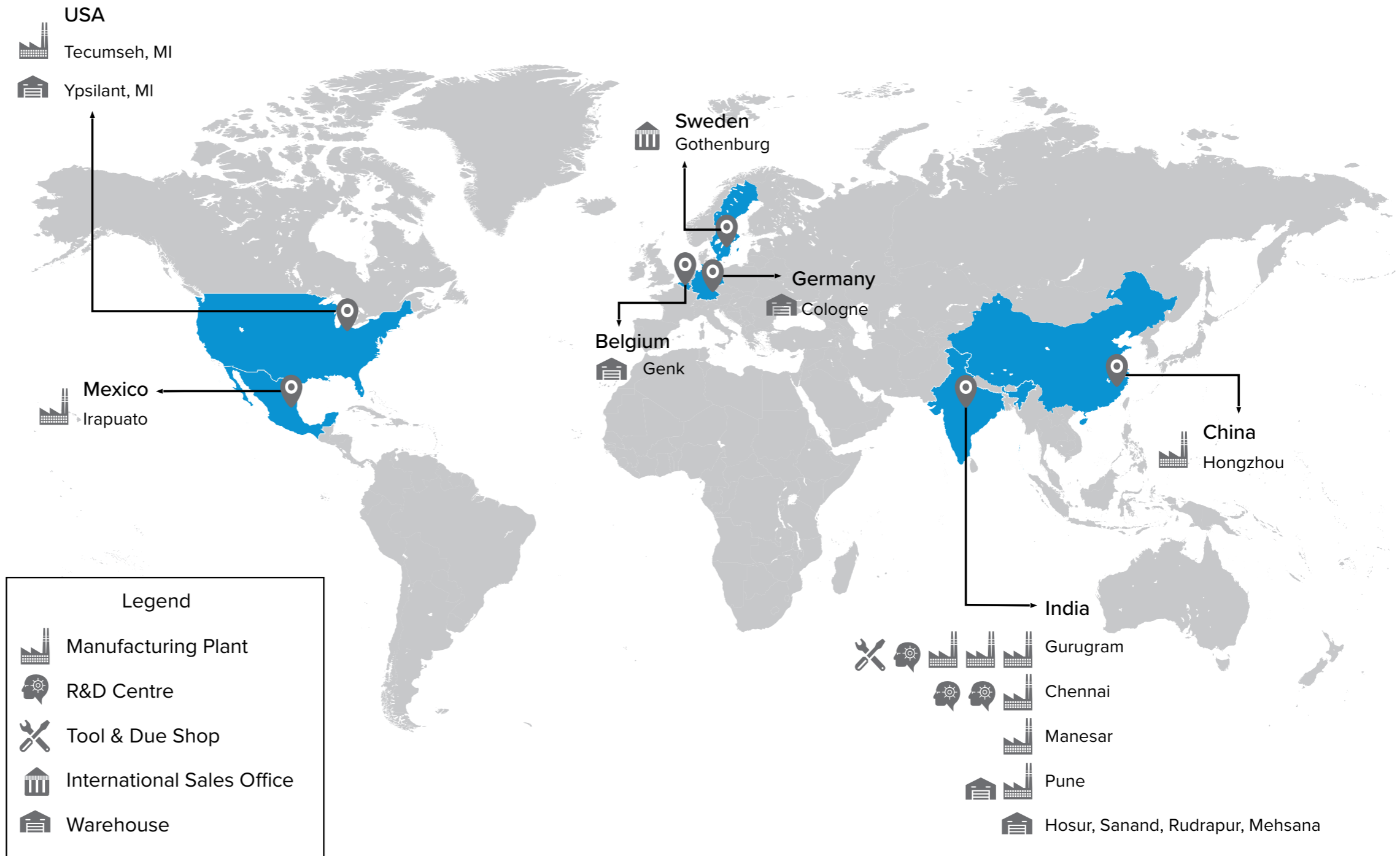
We place great focus on expanding our presence across the world to become a trusted name within the global automotive technology market.

India	
Manufacturing plant	Capacity
Gurugram	31.9 million gears
Manesar	1.2 million differential assemblies
Pune	9.3 million gears
Chennai	3.8 million starter motors

USA	
Manufacturing plant	Capacity
Tecumseh, MI	1 million starter motors

Mexico	
Manufacturing plant	Capacity
Irapuato	1 million starter motors

China	
Manufacturing plant	Capacity
Hangzhou	1 million starter motors



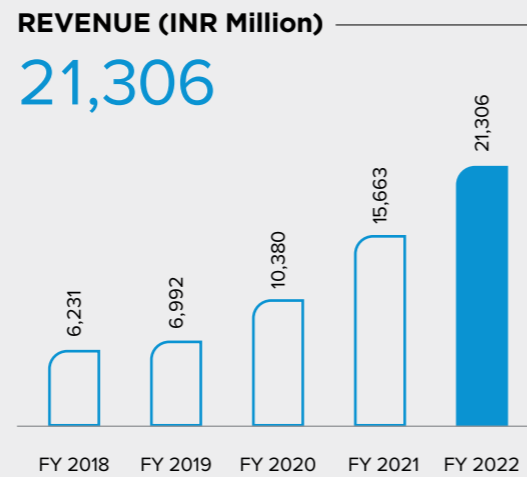
Performance highlights

On an upward growth trajectory

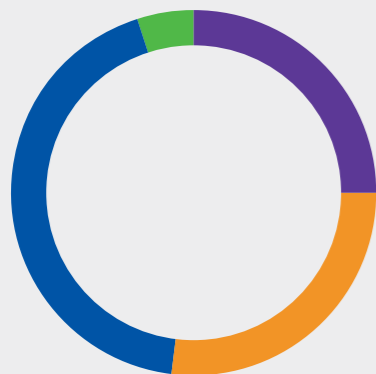
We have been dedicated to consistent business growth for the past several years. Through a combination of diversification, innovation, efficiency improvements and customer-focus, we have been able to expand our reach and increase our profitability, and in turn, deliver long-term value for all our stakeholder.

Financial

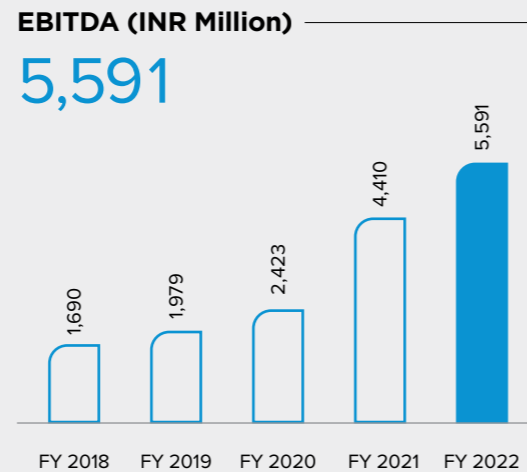
During FY 2021-22, the revenue earned by Sona Comstar was INR 21,306 million, having an EBITDA margin of 27.4% and revenue CAGR of 34.2%, base of FY 2017. In the year, 2019, SONA BLW acquired Comstar Automotive and marked its new identity as 'SONA COMSTAR'. With this new entity, the Company is well-positioned to capitalise emerging market opportunities and leverage inherent strengths to increase its market share in the future. We got listed as a 'Public Company' in 2021, adding yet another feather to our hats.



SEGMENT-WISE REVENUE SPLIT (%)

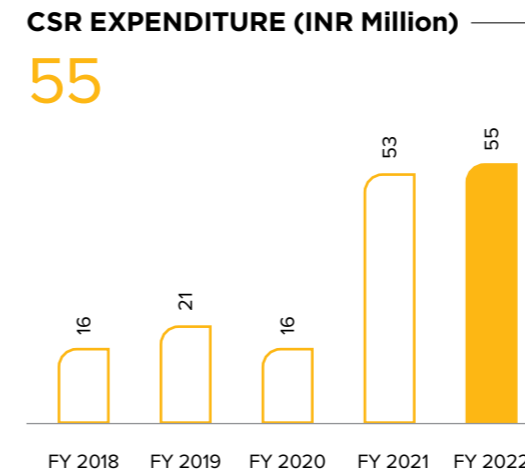
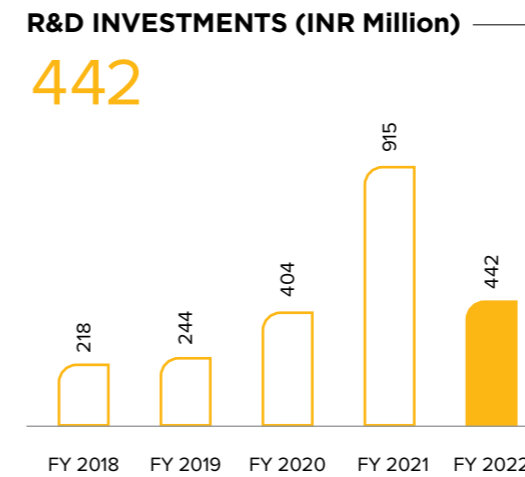


Differential gears	25
Differential assembly	27
Motors and motor-sub assemblies	43
Others	5



Non-financial

We have always believed that a company's success is not defined by the financial outcomes it generates. At Sona Comstar, we place great emphasis on innovation and we strongly believe that our thrust on innovation will continue to provide us the edge over our competitors. In addition to this, we strongly believe in contributing towards the positive transformation of the communities that we engage with and will continue to do so over the foreseeable future.



Forging sustainable change

We believe sustainability is a force which will metamorphose automotive industry. In fact, its impact is expected to transcend well beyond automobiles to the broader spectrum of mobility. Due to sensitisation of the principal stakeholders towards sustainability, future technologies are aligning themselves with sustainable products and services. In order to attain our mission of becoming one of the most respected and valuable auto-technology companies in the world, we at Sona Comstar, have been focusing upon sustainable technologies, materials and products.

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Our sustainability strategy

ESG is at the intersection of our core values and mission statement. It is the right thing to do as a conscientious corporate citizen and at the same time, it earns us both respect and value. Consequently, at Sona Comstar, we have integrated ESG into our strategy and business model.

Our highest priority strategic goal is to increase revenue from supply of systems, sub-systems and components for Electric Vehicles (EVs), also called Low Carbon Mobility, contributing to reduction in GHG emissions.

We have managed to increase our revenue from Battery Electric Vehicles (BEVs) from 1.3% of our revenue in FY2019 to 25% of our revenue in FY 2022. In absolute terms such revenue has grown from INR 174 million in FY 2019 to INR 5,042 million in FY 2022. Our order book as on 31st March 2022 stood at INR 186 billion out of which

62% is constituted of EV orders which means that increasingly our capital allocation will be skewed towards electrified or low carbon mobility. This is how we have aligned our strategic goals and business model with ESG to achieve sustainable financial returns with responsible investment approach.

While we acknowledge the role we need to play in the journey of climate change mitigation, we are also cognizant of our responsibilities towards social aspects such as labor relations, employee well-being, health & safety, and community engagement.

1.3%

Share of revenue from BEVs as of 31st March, 2019

25%

Share of revenue from BEVs as of 31st March, 2022

62%

Share of EV orders in our overall order book as of 31st March, 2022

Our sustainability accreditations

Environment certifications

ISO 14001
ISO 50001¹



Quality recognitions

IATF 16949³
ASES⁴
VQE⁵



Safety certifications

ISO 45001
TPM²



¹ISO: International Organization for Standardization

²TPM: TPM Awards, supported by JMAC (Japan Institute of Plant Maintenance)

³IATF: International Automotive Task Force

⁴ASES: Australian Service Excellence Standards

⁵VQE: Industry Certification

Forging sustainable change

Stakeholder engagement

Stakeholder engagement at Sona Comstar is an exercise in establishing and maintaining an honest connection with stakeholders. We're always working on ways to understand our stakeholder expectations and convey our strategy. It is a critical exercise that aids in the development of strategies, execution of plans, improvement of performance and expansion of value.

As this process accelerates, it is believed that stakeholder dialogue is a valuable tool that leads to a proper understanding of stakeholders regarding the Company's initiatives while also providing the Company with an understanding of changes and risks in the social environment.

We have identified and mapped our external stakeholders, including disadvantaged, vulnerable, and marginalised⁶ stakeholder groups or organisations who have a material

influence on or are materially influenced by the Company's corporate decisions and the consequences of those decisions. To discuss current and future growth initiatives as well as objectives with our primary stakeholders, we use flexible and diverse engagement approaches.

One of our recent initiatives towards stakeholder engagement is the launch of 'Shareholder Satisfaction Survey (SSS) on the website of the Company'. The purpose of the survey

is to facilitate the engagement of shareholders regarding quality of disclosures, ease of information accessibility, grievance resolution mechanism and voting system, with overall endeavor to improve shareholder services.

Stakeholder Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement
<p>Board of Directors</p>	<ul style="list-style-type: none"> Email Meetings Agenda of Meetings Board Deck 	Quarterly and as per the requirement of Companies Act, 2013 and SEBI (LODR) Regulations, 2015	Role and responsibility of Board of Directors defined under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. Therefore, the Board and its committees meet from time to time to discuss and approve the statutory requirements.
<p>Employees</p>	<ul style="list-style-type: none"> Training & Workshops Website E-mails Meetings 	Continuous	Proposing measures to increase employee competency at work as well as promote work-life balance.
<p>Customers</p>	<ul style="list-style-type: none"> Site/ Plant visits Mass media Digital & social media E-mails Plant visits 	Continuous	Customer stewardship in terms of transparency, informed choices, customer-centric design and innovation

⁶ Since our Corporate Social Responsibilities (CSR) programmes are designed & implemented for social development, the beneficiaries identified under these programmes are from marginalised and vulnerable communities e.g., children, youth, women, etc.

Stakeholder Group	Channels of communication	Frequency of engagement	Purpose and scope of engagement
<p>Communities & NGOs</p>	<ul style="list-style-type: none"> CSR meetings Impact assessment surveys Emails Advertisements Publications Websites Social media 	Need to engage basis	Implementing community initiatives and helping them to attain a better standard of living. For making a difference in society and creation an impact through our CSR initiatives.
<p>Suppliers & Dealers</p>	<ul style="list-style-type: none"> Supplier & vendor meets Trainings & workshops IT-enabled platforms e.g., social media Industry forums & associations 	Continuous training is provided. A supplier meet is conducted once in 2 years. Purchase Team - Meeting with supplier as per requirement. Offline or online	Training, quality improvement, capacity building measures, safety related training as per new clauses under ISO 14000 Suppliers meet to discuss vision and mission, business plan, supplier awards.
<p>Investors</p>	<ul style="list-style-type: none"> Annual Report Investor meets General meetings Corporate announcements Emails & notices Conferences Newspaper & press release Investor presentation Quarterly & annual results 	Quarterly and as per the requirement of Companies Act, 2013 and SEBI (LODR) Regulations, 2015	Discuss company's financial performance and strategic priorities. Pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's website https://www.Sonacomstar.com/ contains a dedicated functional segment 'INVESTOR RELATIONS' where all the information meant for the shareholders is available, including information on directors, financial statements, annual reports, codes and policies, etc.
<p>Media</p>	<ul style="list-style-type: none"> Conferences Annual Report Newspaper and press release Investor presentation Corporate website Social media 	Quarterly and as per the requirement of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and event basis	Communicate Company's financial results, strategic and technological initiatives.
<p>Government & Regulators</p>	<ul style="list-style-type: none"> Official communication channels Regulatory audits/ inspections, Environmental compliance Policy intervention Good governance Statutory Corporate Filings 	As per the Statutory Requirements	Report and compliances on legal and regulatory requirements.

Forging sustainable change

ESG materiality assessment

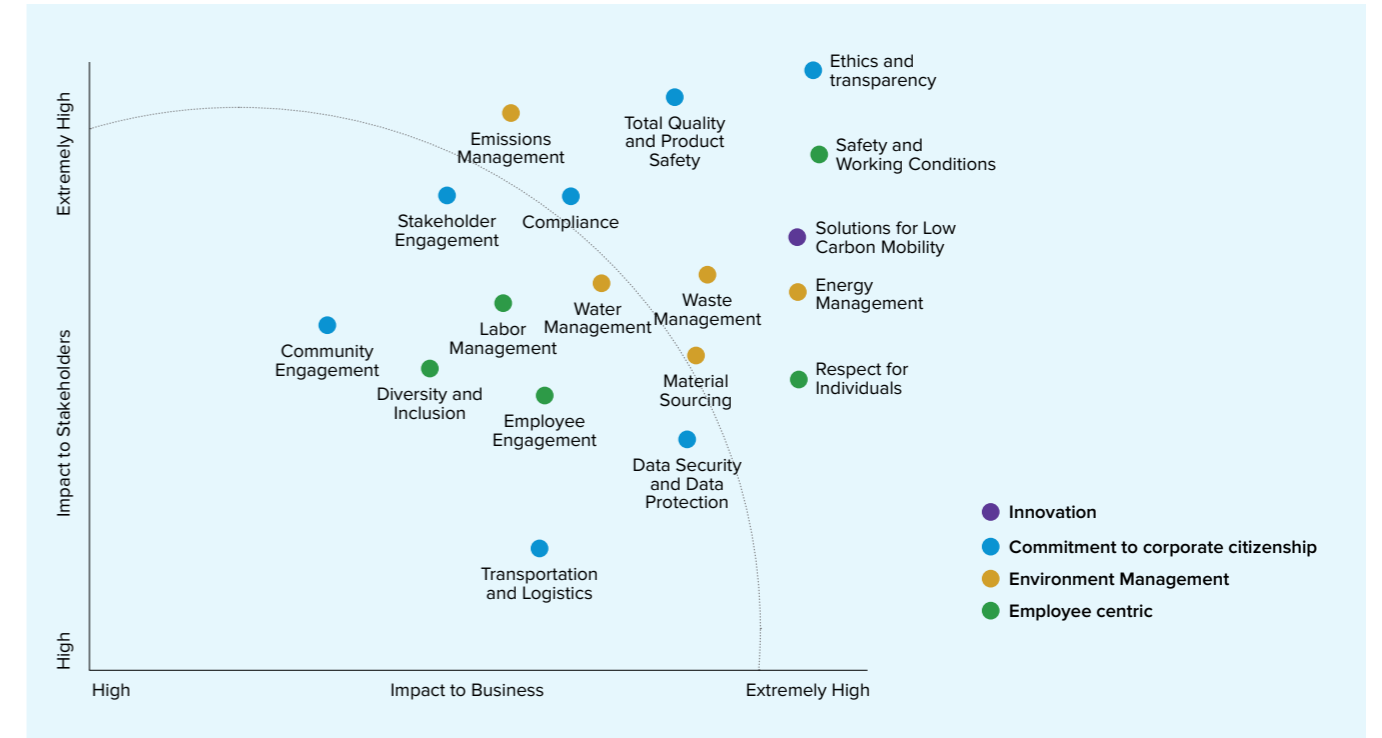


We recognise sustainability as the core of a long-term value proposition for us when engaging with our stakeholders. It is understood businesses which implement strong ESG practices outperform those that do not.

While we are at the onset of embracing ESG, we have recognised that the long-term value creation is enabled only when we manage risks and opportunities through the lens of environment, social and governance parameters. Therefore, it is expected to provide information describing the frameworks, systems, and practices used to manage material ESG matters – as well as the outcomes thereof – in addition to improved returns. We have adopted a holistic approach to our ESG matters that reflects our efforts to integrate ESG into our business.

The materiality assessment undertaken for the business helped us to identify the relevant sustainable issues based on the level of stakeholders' interest. The materiality assessment for Sona Comstar was based on the importance of an issue to stakeholders and business in terms of plausible impact. These issues cover Environmental, Social, and Governance aspects, all of which could have an impact on the ability to create value and serve as the foundation for our business approach. This section will provide an overview of our approach towards managing ESG specific risks, impacts, and opportunities identified based on the materiality assessment.

Materiality matrix



Environmental	Social	Governance
<ul style="list-style-type: none"> Solutions for low carbon mobility Energy management Emission Management Waste Management 	<ul style="list-style-type: none"> Safety and Working Conditions Respect for Individuals 	<ul style="list-style-type: none"> Ethics and Transparency Compliance Total Quality & Product Safety
<ul style="list-style-type: none"> Water management 	<ul style="list-style-type: none"> Labour Management Employee Engagement Diversity & Inclusion Community Engagement 	<ul style="list-style-type: none"> Data security & protection Stakeholder engagement Transportation & logistics

Critical material topics

Forging sustainable change

ESG goals and targets



Our environmental, social, and governance (ESG) strategy is aligned with our strategic business goals, and they help to articulate our vision, direct strategy, and define the accountability of management towards investors and other external stakeholders.

ESG goals, when aligned with business objective, provide a collective vision of the future. Furthermore, they lay the groundwork for management of resources sustainably, reduction of costs in the long run, improvement of stakeholder relations, and ability of the Company to expand and adapt in a continuously changing and ever evolving environment.

We have defined incremental goals and targets under ESG materiality topics. These goals and targets will help us continuously strengthen the way we operate and achieve a more

sustainable growth for our business & stakeholders alike. Our management committee overlooks the formulation of ESG framework and implementation of strategy to sustain a high level of performance in all our areas and to achieve our goals.

Environmental goals and targets

#	Goal	Target	SDG Linkage
1	We will ensure that we will move towards resource efficiency and management	<p>Energy Consumption:</p> <p>Driveline Business: Reduce specific energy consumption, by promoting energy efficiency, by 4% by 2025 and 8% by 2030 over a baseline of 2019</p> <p>Motor Business: Reduce specific energy consumption, by promoting energy efficiency, by 4% by 2025 and 8% by 2030 over a baseline of 2021</p> <p>Water Consumption:</p> <p>Driveline Business: Reduce specific water consumption by 10% by 2025 and 15% by 2030 over a baseline of 2019</p> <p>Motor Business: Reduce specific water consumption by 20% by 2025 and 30% by 2030 over a baseline of 2021</p> <p>Non-recyclable Material Consumption:</p> <p>Driveline Business: Reduce the use of non-recyclable materials by 10% by 2025 and 20% by 2030 over a baseline of 2020</p> <p>Waste management:</p> <p>Company level: Reduce waste to landfill by 8% by 2025 and 10% by 2030 over 2022 baseline</p>	
2	We will work towards reducing our environmental footprint to combat climate change	<p>Scope 1 Emissions:</p> <p>Driveline Business: Reduce Scope 1 emissions by 5% by 2025 and 10% by 2030 over a baseline of 2019</p> <p>Motor Business: Reduce Scope 1 emissions by 5% by 2025 and 10% by 2030 over a baseline of 2021</p> <p>Scope 2 Emission:</p> <p>Driveline Business: Reduce Scope 2 emissions by 15% by 2025 and 30% by 2030 over a baseline of 2019</p> <p>Motor Business: Reduce Scope 2 emissions by 20% by 2025 and 40% by 2030 over a baseline of 2021</p>	
3	We will continuously work towards contributing towards low carbon mobility solutions	<p>Company level: Achieve 45% of revenue from EV targeted products by 2026</p>	

Forging sustainable change

Social goals and targets

#	Goal	Target	SDG Linkage
1	We will strive to maintain highest levels of Quality, Health and Safety.	Company level: Maintain a zero-accident environment. Company level: Zero Fatality	
		Company level: Ensure 100% employees are trained on QHSE by 2024	
		Driveline Business: Provide 4 hours QHSE Training per person per quarter Motor Business: Provide 3 hours QHSE Training per person per quarter by 2024	
2	We will strive to be an equal opportunity provider	Women Employment:	
		Driveline Business: Ensure 6% women employees by 2024 over a baseline of 2018 across operations Motor Business: Ensure 5% women employees by 2024 over a baseline of 2018 across operations	
		Company level: Ensure equal Gender pay for equal work at all levels	
		Company level: Ensure 100% employees are trained on aspects of "respect towards Individuals"	
3	We will work towards ensuring social impact.	Ensure we impact 6,000 school students by 2025 by improving sanitation facilities at local schools surrounding our operational areas	
		Focus on environmentally sound innovation (e-mobility/ eco innovation) by enabling skill development of 500 young adults/ youth by 2025	
		Promote entrepreneurship among youth by supporting 3 startups per annum	
		Partner with leading public research institutions to advance research, for public consumption, in the field of curbing air pollution	

Governance goals and targets

#	Goal	Target	SDG Linkage
1	We will strive to ensure a zero tolerance for corruption,	Train all employees on anti-corruption policies including whistle blower policies	
		Ensure all Tier 1 & Tier 2 vendors are sensitised on anti-corruption and bribery by December 2023.	
2	We will strive to operate with a zero-default environment	Ensure that Sona Comstar is 100% compliant with local and national regulations	

Good governance at our core

Since inception, robust corporate governance has been an essential component of our business. It's a key tool for ensuring business continuity and stakeholder value. We believe that excellent corporate governance results from the implementation of best managerial practices and adherence to regulations, as well as the highest standards of transparency and business ethics. These practices have been ingrained in our businesses and shared by our Board of Directors and management, who use a long-term perspective, which is aligned with their strategic objectives and are more likely to reinforce the organisation's resilience. Furthermore, corporate governance also has an impact on how a company's goals are created and attained, how risks are managed and evaluated, and how internal performance is improved.

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Corporate Governance is a continually evolving process, enshrined with the value system, conduct, accountability, fairness, and disclosures. Sona Comstar keeps improving governance practices by benchmarking with the best corporate governance practices, standards, and principles. The Board of the Company has an optimum combination of Executive and Non-Executive Directors, representing a blend of professionalism, knowledge, and experience. The Company has separated the role of the Non-Executive Chairman and Managing Director. As part of the evolving process, the Board of Directors of the Company has constituted Environmental, Social and Governance Committee to oversee the implementation of ESG framework in India.

To strengthen the value system, the Company has implemented ethical policies framework to inculcate a culture of compliance and governance with regular communications, training and awareness amongst the employees and its suppliers. These policies have also been published on the website of the Company for the benefit of the employees and stakeholders. The Company has established systems and procedures to ensure that its Board of Directors are well-informed on the dynamic regulatory landscape to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term stakeholders value.



Ajay Pratap Singh
Vice President (Legal), Company Secretary & Compliance Officer

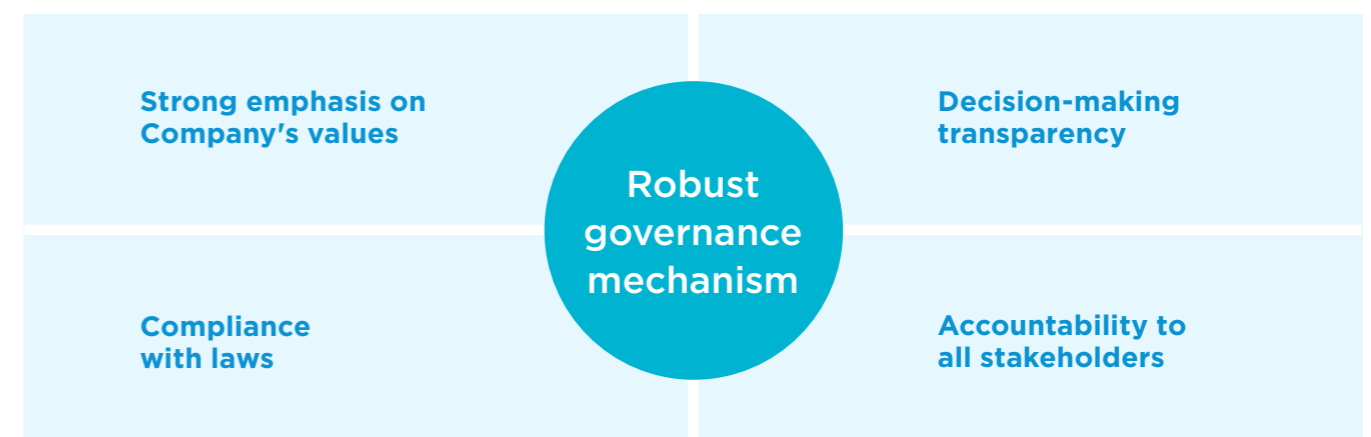
Philosophy

We adhere to good corporate governance procedures and are constantly working to enhance them. We believe it is critical to manage business affairs in the most equitable and transparent manner possible, while remaining committed to our values, vision, and mission. Our governance philosophy stems from the resolute commitment to fulfillment of accountability and transparency

in the measurement and reporting of our financial as well as non-financial performance metrics.

We have adopted integrated governance systems and processes which contribute to the establishment of organisational sustainability. We believe it is critical for the Company to achieve economic success while also being responsible to the environment,

people, and society. Our governance mechanism is positioned to capitalise on prospects by revitalising company's values, promoting transparency in the system, maintaining compliance with regulations, and ensuring stakeholder accountability. The mechanism strives to create long-term value to achieve business excellence and increase stakeholder confidence.



Good governance at our core



Governance structure and framework

The foundation of effective corporate governance is a shared concept of corporate purpose

We have developed a corporate governance framework that reflects the Company's culture, policies, stakeholder relationships, and adherence to principles. A well-developed corporate governance framework is critical for ensuring operational resilience and transparency. In a continuously evolving world, resilience is becoming an increasingly crucial organisational attribute that influences the possibilities of success. It is essential for long-term success, as it allows Company's management to adapt swiftly to challenges and risks.

Our corporate governance framework instills the organisation's values and goals in day-to-day operations. It includes detailed monitoring of the progress and driving operational excellence across all lines of business. We intend to mitigate risks by focusing on improving environmental, social and governance (ESG) performance in areas where the Company has a significant environmental or social impact. We strive to make monitoring more effective, thereby encouraging firms to use resources more efficiently and ensuring that our values drive the Company's sustainable performance.



Board of Directors

Good corporate governance relies on successful Board of Directors. The Board is important for smooth functioning and effective corporate governance. They establish mechanisms in place to monitor progress against the objectives and are entrusted with overseeing the Company's management and business plans to create long-term value. As a result, having distinguished board members who provide either firm-building expertise or considerable sector knowledge becomes critical.

Our Board comprises of the ideal mix of Executive, Non-Executive and Independent Directors. As on 31st March 2022, our Board comprised of eight Directors, with four Independent Directors (including one-woman Independent Director), one Executive Director and three Non-Executive Director. The brief profile of each member is available here: <https://sonacomstar.com/board-of-directors>.

The composition of the Board is in accordance with Regulation 17(1) of Listing Regulations and Section 149 of the Companies Act, 2013. We appointed a non-executive director as Chairperson of the Company and the role of Chairperson and Managing Director are separately defined. Our Board members are highly experienced professionals in their respective areas who possess relevant skills, expertise, and competence viz. strategic thinking, planning and management; entrepreneurial and leadership skills; marketing and branding; accounting, legal and financial management expertise; global exposure; automobile industry experience; board service and governance; regulatory compliance and stakeholder management.

We conduct internal assessments to evaluate the performance of our Directors. The evaluation exercise aims to implement best corporate governance practices to manage the Company's affairs and ensure long-term value creation for stakeholders. The policy for evaluation of performance of Board of Directors of the Company can be found here: <https://Sonacomstar.com/files/policy/policy-on-evaluation-of-performance-of-board-of-directors-policy-6WONEP.pdf>

The strong commitment of our Company is to maintain a transparent working environment. An independent majority on the board brings unique perspective to the Board's discussions and play a key role in the decision-making process. They support the Company's efforts to improve corporate governance standards and provide their expertise and experience to augment management's skills and knowledge. They aim to bring a level of neutrality to the Board's deliberations and processes. During the FY 2022-23, Company also appointed Mr. Subbu Venkata Rama Behara as the lead Independent Director of the Company in accordance with the Act and Listing Regulations.

Independent directors need to submit the declaration as required by the Act and Listing Regulations to affirm their independence with management. To enable the Independent Directors to fulfil their responsibilities efficiently and to contribute effectively to decision making at Board / Committee meetings, a familiarisation programme for Independent Directors is conducted to familiarise with the strategy, operations, and functions of the Company. The programme allows independent directors to meet with the Company's senior leadership team and assist them in understanding the strategy, business model, group structure, operations, service and product offerings, markets, organisation structure, finance, human resources, technology, quality, facilities, risk management strategy, governance policies, designated channels for information flow, and other areas as deemed necessary. The workshops and presentations help acquaint independent directors with their roles, responsibilities and rights.

Good governance at our core

Meet our Board of Directors



Mr. Vivek Vikram Singh
Managing Director and Group CEO



Mr. Sunjay Kapur
Chairman & Non-Executive-Director



Mr. Amit Dixit
Non-Executive-Director



Mr. Ganesh Mani
Non-Executive-Director



Mr. Jeffrey Mark Overly
Independent Director



Mr. Prasan Abhaykumar Firodia
Independent Director



Mrs. Shradha Suri
Independent Director



Mr. Subbu Venkata Rama Behara
Lead Independent Director

Performance evaluation of Board

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of all the Directors individually and the Chairperson.

Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from the Directors.

The Directors expressed their satisfaction with the evaluation

process. During the year under review, the Nomination and Remuneration Committee ascertained and reconfirmed that the deployment of 'questionnaire' as a methodology, is effective for evaluation of performance of Board and Committees and Individual Directors. The overall performance of the Board as whole, Independent Directors, Non-Executive Directors and Chairman of the Board was positive.

Board diversity

Diversity on the level of the Board of Directors is critical to preserving the Company's competitive advantage. The Board's Nomination and Remuneration Committee has put in place a 'Board Diversity policy' which guides the Company in ensuring diversity at

board level. While appointing a director at board level, the Company has laid down a matrix of skills or competencies that are requisite to ensure diversity.

The Committee will also consider the provisions of the Companies Act, the SEBI Listing Regulations, and the Company's other legal, regulatory, and contractual obligations. The Company further believes that a diverse Board will contribute towards driving business results, make corporate governance more effective, enhance quality and responsible decision-making capability, ensure sustainable development, and enhance the reputation of the Company.



Good governance at our core

Board Committees

The Board Committees are in place to help members understand their individual responsibilities and to help the Board organise itself and effectively perform the necessary tasks.

It is a forum for boards to address specific issues that require specialised knowledge. Committee members address pertinent issues and make recommendations for approval to the entire board. The Company has formed the following Board Committees to carry out clearly defined roles that are performed by the members of the Board as part of good governance practice.



The Board has defined the terms of reference for the Board's committees and the terms of reference of each Committee is available on the website of the Company at <https://sonacomstar.com/files/policy/terms-of-reference-of-the-committees-policy-IAA7NT.pdf>, and their relevance is reviewed on a regular basis. The committees ensure that the Board is well informed and equipped to carry out their responsibilities, as well as to provide the roadmap needed to fulfill the established objectives and targets.

The role of board of directors in ESG matters is like that of other matters i.e., oversight and decision-making. The Company's Board of Directors established an ESG Committee

on August 6, 2021, to monitor the implementation of ESG guidelines across all the Company's businesses in India. Forming an ESG committee was a crucial step for us to strengthen our ongoing ESG journey. The committee will guide the Company to define ESG priorities, targets, and strategy with the purpose of incorporating sustainability more deeply into the Company's strategy and operations.

Evaluation of Committees

The performance evaluation of Committees was carried out by the Board after seeking inputs from the committee members, on the basis of the criteria such as structure and composition of Committees, fulfilment of the functions assigned

to Committees by the Board and applicable regulatory framework, frequency of meetings, adequacy of time allocated at the Committee Meetings, adequacy and timeliness of the agenda and minutes circulated, effectiveness of the Committee's recommendation to the Board etc.

Ethics and compliance

We, at Sona Comstar, believe that doing what is right is critical to our long-term success. Our codes and policies ensure that the Company's business practices comply with applicable laws, regulations, and ethical business principles, while also contributing to a culture of integrity. Our policies serve as a compass for all business stakeholders, both internally and externally. We have established an Ethics Committee comprising of the Chief Executive Officer of the respective business, Chief Financial Officer and Head of Legal to process and investigate the Protected Disclosure(s). The Committee ensures that our actions are in accordance with all applicable rules and regulations in the jurisdictions where we operate.

We take every opportunity to operate our business and grow our partnership in a respectful, distinctive, and responsible manner. When interacting with all stakeholders, we follow ethical guidelines. We also comply to the conditions of corporate governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'). We have institutionalised the highest standards of corporate working and behavior in our processes by adhering to all statutory requirements. We aim make a difference by creating a culture that promotes ethical business practices and holds high expectations of others.

Code of Conduct

The Code of Conduct connects our mission, values, and ideals to the business conduct requirements. It is an internal guideline as well as an external declaration of the Company's ideals and commitments. Our **Code of Conduct for employees and Business Ethics** define their duties and responsibilities that needs to be fulfilled with integrity and adhere to the highest professional standards in dealings

with the Company's clients, suppliers, government organisations, and partners. Similarly, we have a dedicated **Code of Conduct for our Board of Directors and Senior Management Personnel**, which set forth guidance and principals to manage the affairs in a fair manner and conduct themselves with stakeholders, government and regulatory agencies, media, etc. The code articulates the principles that we seek to instill in our leaders and employees, as well as the behavior that is expected of them. As a result, it is used as a benchmark against which, individual and organisational performance can be judged.

We provide training to our employees which ensure compliance with the Code of Conduct and other statutory policies. The awareness trainings enable all employees and officers of the Company to act within the limits of their duties. Any suspected or reported violations are subject to legal/disciplinary action in accordance with applicable laws and regulations as per the mechanism provided in the Company's Vigil Mechanism Policy. Employee code of conduct ensures career growth and benefits the organisation in the long run. It encourages discussions of ethics and compliance, empowering employees to handle ethical dilemmas they encounter in everyday work.

We understand that being transparent ensures accountability to our commitments while also demonstrating our integrity and ability to meet our objectives. Our Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information (UPSI) prohibits communicating UPSI other than for legitimate purpose. The Chief Investor Relations Officer (CIRO) as per the Code of fair disclosure of UPSI of the Company, reviews the dissemination of information and disclosure of UPSI to avoid selective disclosure. The Codes

direct senior management to refrain from discussing, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest. To avoid situations when an individual's personal interests collide with the Company's or stakeholders' interest, the Codes demand all employees to maintain the highest levels of professional and personal integrity. Moreover, having a Code of Conduct to follow, allows employees to get a better understanding of corporate standards, resulting in a more compliant culture.

Sona Comstar also has an Anti-Corruption Compliance Policy in place to prevent bribery, avoid the appearance of impropriety, and allow the Company to respond quickly and efficiently to any enquiries about its business practices. Employees who violate this policy may face disciplinary action, including termination, if they continue to do so. In FY 2021-22, no disciplinary action was taken for charges of bribery/corruption.

Vigil mechanism

The Company has established a vigil mechanism that lays out the principles and standards that should govern the Company's and its employees' actions. It also aims to provide an avenue for employees to report any wrongdoing in the Company while also assuring them that they will not face retaliation or victimisation for raising concerns. The Company's Whistle Blower Policy allows Directors and employees to raise legitimate concerns, as well as enable direct access to the Audit Committee Chairpersons in appropriate/exceptional instances. No complaints were received under the Whistle Blower Policy during the financial year 2021-22. Also, there were no transactions entered into by the Company during the current reporting period which are fraudulent, illegal, or violative of the Company's code of Conduct.

Good governance at our core

Risk management

Enterprise Risk Management (ERM) is a systematic approach to setting the best course of action to manage uncertainty by identifying, analyzing, measuring, responding to, monitoring and communicating risk issues and events that may have an adverse impact on the Company successfully achieving its business objectives.



ERM enhances financial health, sustenance and growth of a business and creates value for stakeholders. The Board of Directors of Sona Comstar has approved an ERM policy. The ERM Framework has been developed in order to elaborate upon the risk management philosophy captured in the ERM Policy and defines the mode of capturing, monitoring and mitigating the enterprise risks. The Enterprise Risk Management process adopted by us is aligned with internationally recognised “COSO ERM Framework 2017 - Enterprise Risk Management Integrating with Strategy and Performance”.

The five components of the COSO ERM Framework as applicable to Sona Comstar are described below:

Governance and Culture

Strategy and Objective Setting

Information, Communication and Reporting

Risk Review and Revision

Risk Performance (Risk Identification, Risk Assessment, Risk Prioritisation, Risk Response)

This framework covers ERM aspects of all Business Units and Plants of Sona Comstar. It includes detailed processes for implementation and adherence with the ERM Policy and is applicable to Board of Directors, Management, employees, contractors, business partners, or individuals directly/indirectly associated with the Company. The purpose of this framework is to provide visibility, oversight, control and discipline to drive and improve the Company’s risk management capabilities in a dynamic business environment.

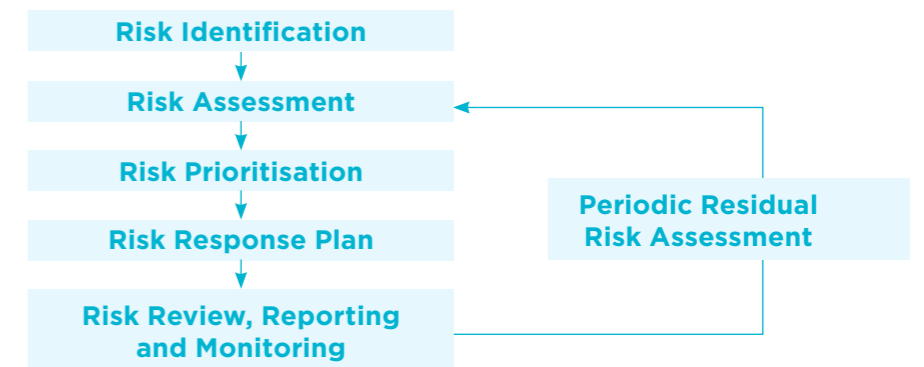
Risk management structure

The Company has adopted the “three pillars” ERM Governance Structure:

First Pillar (Risk Governance and Oversight)	Second Pillar (Risk Infrastructure and Management)	Third Pillar (Risk Ownership)
The Board of Directors through the Risk Management Committee (RMC) oversees the establishment and implementation of an effective risk management process across the Company. Risk Management Committee reviews the effectiveness of ERM on a semi-annual basis and updates the Board of Directors on the same.	The Executive Board of the Company drives the ERM with support from the Risk Management Office of the Chief Risk Officer.	The third pillar consists of Risk Owners. The Risk Owners are responsible for ongoing identification of risks and development of the respective response plans for their functions. These risks and mitigation plans are captured in a risk register. They update the Risk Management Office on the status of risk for their functions on a quarterly basis.

Risk management process

The Company’s risk management process has been encapsulated in the pictorial form below. The process involves identification of risk, its assessment, prioritisation based upon risk rating, developing a response plan and defining review, reporting and monitoring mechanism for each risk. The process involves periodic risk re-assessment to ensure that a change in risk rating is appropriately dealt with



Information technology and data security

Sona Comstar has established information security policies to evaluate IT risks and threats as well as ensured appropriate procedures are in place to mitigate the identified risks in a timely and effective manner.

We are dedicated to the protection of organisational information assets, including the data of all clients involved. It is ensured that proper information security measures are applied and integrated to safeguard information from threats to confidentiality, integrity, and availability, thereby increasing the trust of and adding value to all the organisation’s stakeholders. The approach being adopted is based upon the International Standard ISO/IEC 27001 INFORMATION SECURITY MANAGEMENT. Sona Comstar aims to establish a management framework to initiate and control the implementation

and operation of information security within the organisation. An evaluation of vulnerabilities and threat perception to the Company’s IT infrastructure is carried out every year with help from independent IT experts and improvement measures are implemented under monitoring of the Audit Committee of the Company. All the vendors are required to follow IT security procedures as per Sona Comstar guidelines which are present in their NDA (Non-Disclosure Agreement). No instances of data breaches were reported in the current financial year 2021-22.

Product stewardship and innovation

We have a track record of delivering high-quality automotive systems and components to various large global OEMs and Tier-1 customers across the world. Our ability to deliver high engineered, mission critical engineering solutions to the global market for both electrified and non-electrified powertrain segments distinguish us as one of the leading providers of automotive technology solutions. We offer diverse and customised products for all types of electric vehicles, passenger vehicles, commercial vehicles, and off-highway vehicles.

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Driving sustainability in product innovation

We have an established framework for innovation management to keep up with the evolution of technology and changing requirements of the market. Through new technologies and automation, we are constantly working to improve our technical capabilities, manufacturing efficiencies and the quality of our products.

We have been trying to bring customer-centric, EV-specific solutions to the market because we are passionate about making the world more sustainable. With the three principal stakeholders – the governments, the customers, and the automakers – fully embracing electrification, it has now become an immutable and inevitable trend, and we are also on a mission to develop the products that enable the future of mobility.

As of 31st March 2022, we had won 30 EV programs across 19 unique customers. We will increase market share in both the Indian and overseas markets by catering to the needs of EV OEMs across both our product lines.



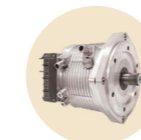
EV Geartrain Components



Differential Assemblies and Differential Gears

Considering the evolving market needs due to the shift towards electric mobility, we extended our capabilities from precision forged differential gears to making differential assemblies and transmission gears. The key design elements of these products meet the demands of rising vehicle electrification, such as high-power density, better fuel efficiency, and reduced weight. We are confident to be benefitted from the growing shift towards electrified drivetrains by further increasing our customer base and expanding the share of business with existing EV customers.

EV traction motors and motor control units



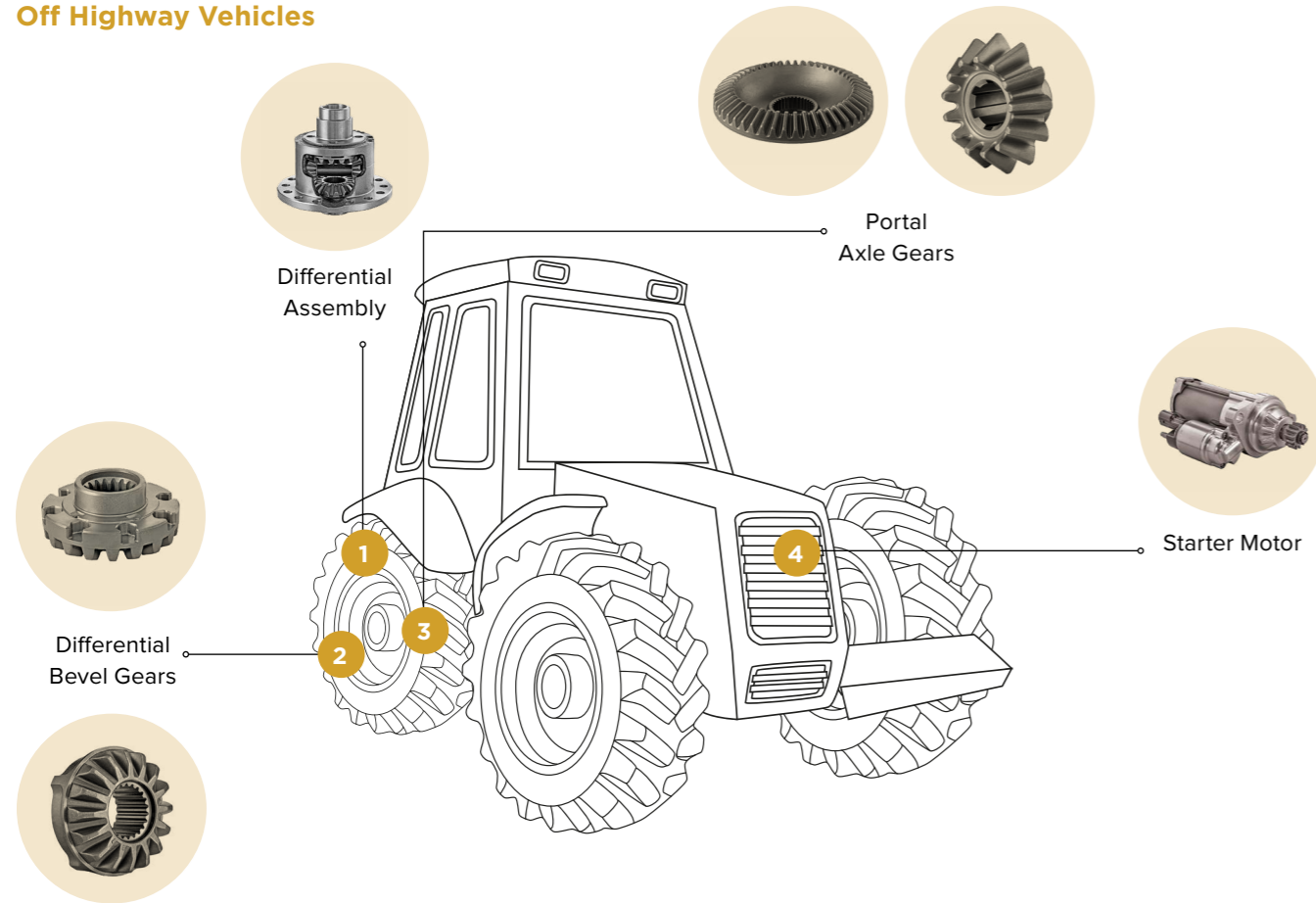
Traction Motor (PMSM)

The demand for electric two-wheelers, and electric three-wheelers has increased significantly in India. We already design and manufacture traction motors and motor control units for these segments and we are developing new cost-effective and sustainable technologies that will support in faster electrification of these segments. For further growth in this product line, we aim to increase customer penetration and acquire new customers in India.

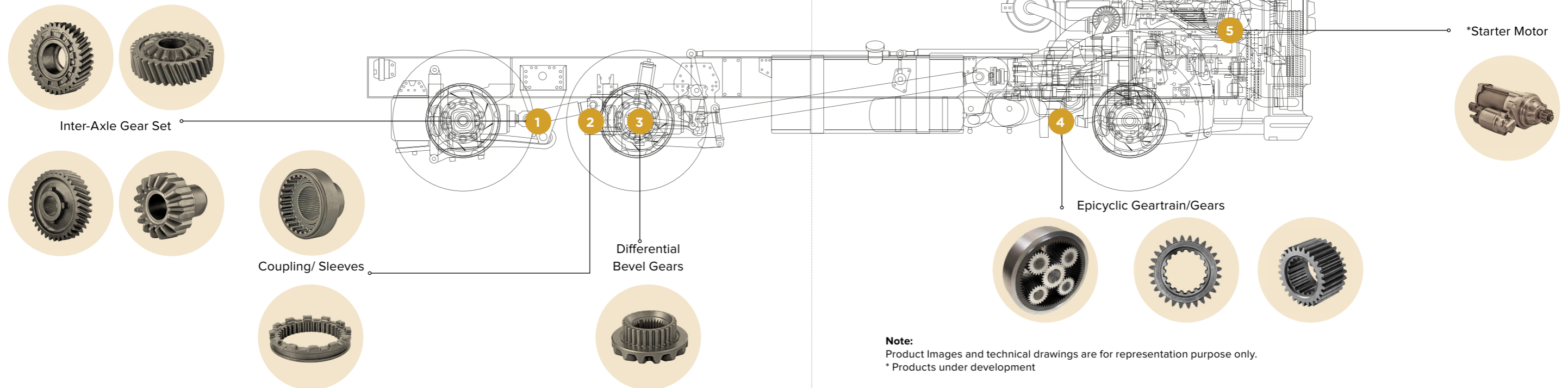
Product stewardship and innovation

Product portfolio

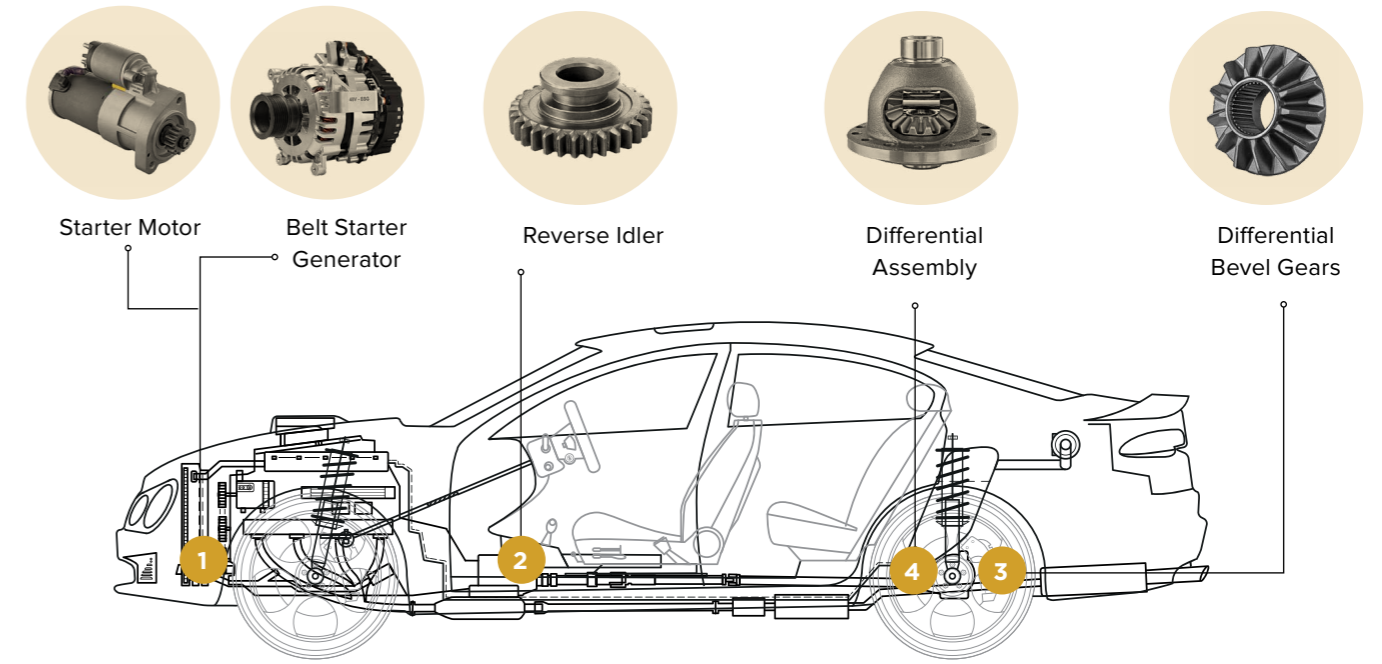
Off Highway Vehicles



Commercial Vehicles



Passenger Vehicles

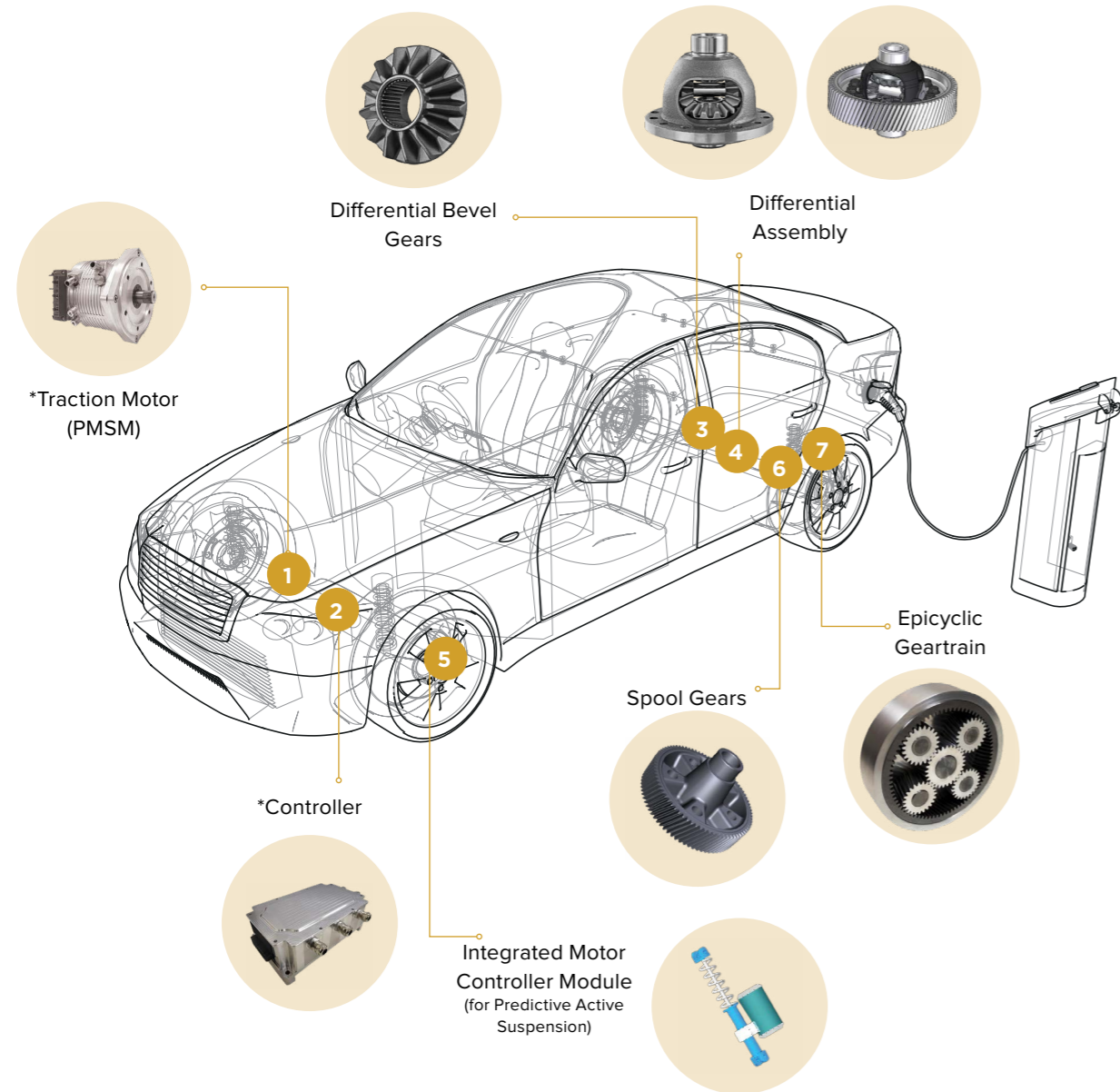


Note:
Product Images and technical drawings are for representation purpose only.
* Products under development

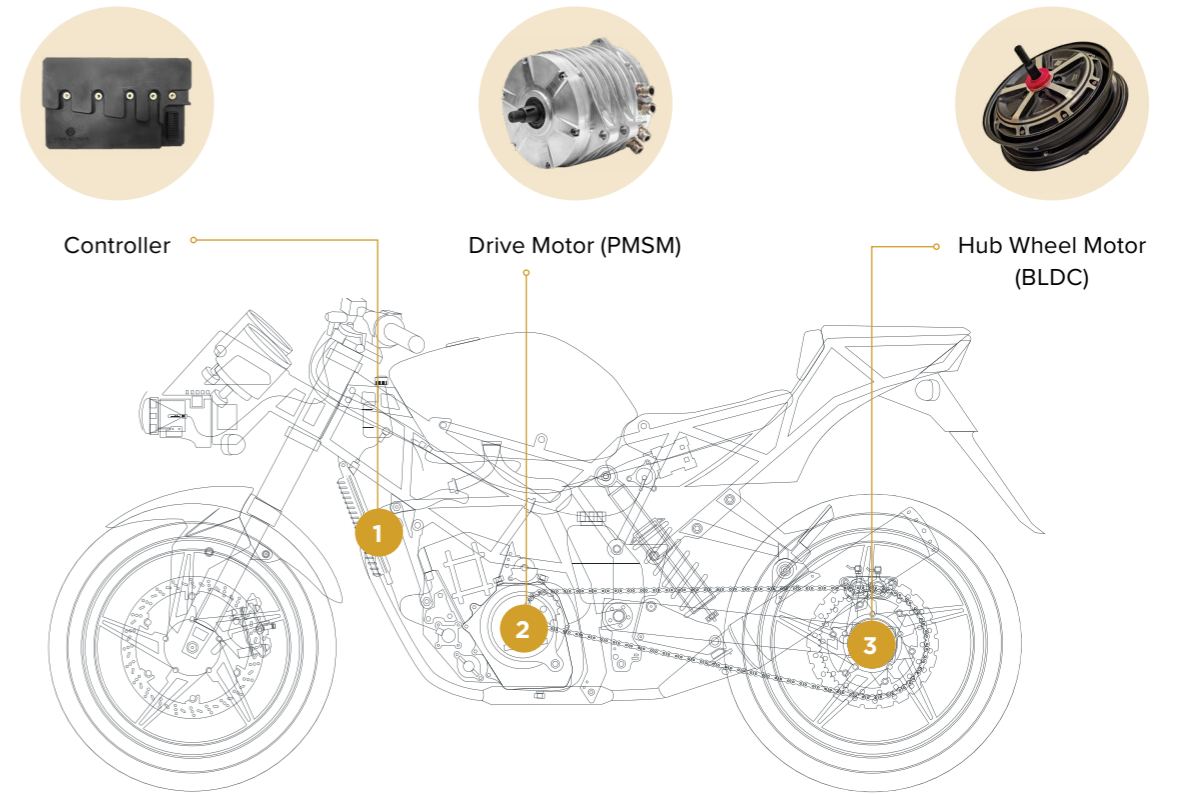
Product stewardship and innovation

We have a diverse product portfolio that includes all types of electrified power trains. We have made a concerted effort to increase our revenue from the EV market, which demonstrate our commitment to and focus on being a greener company.

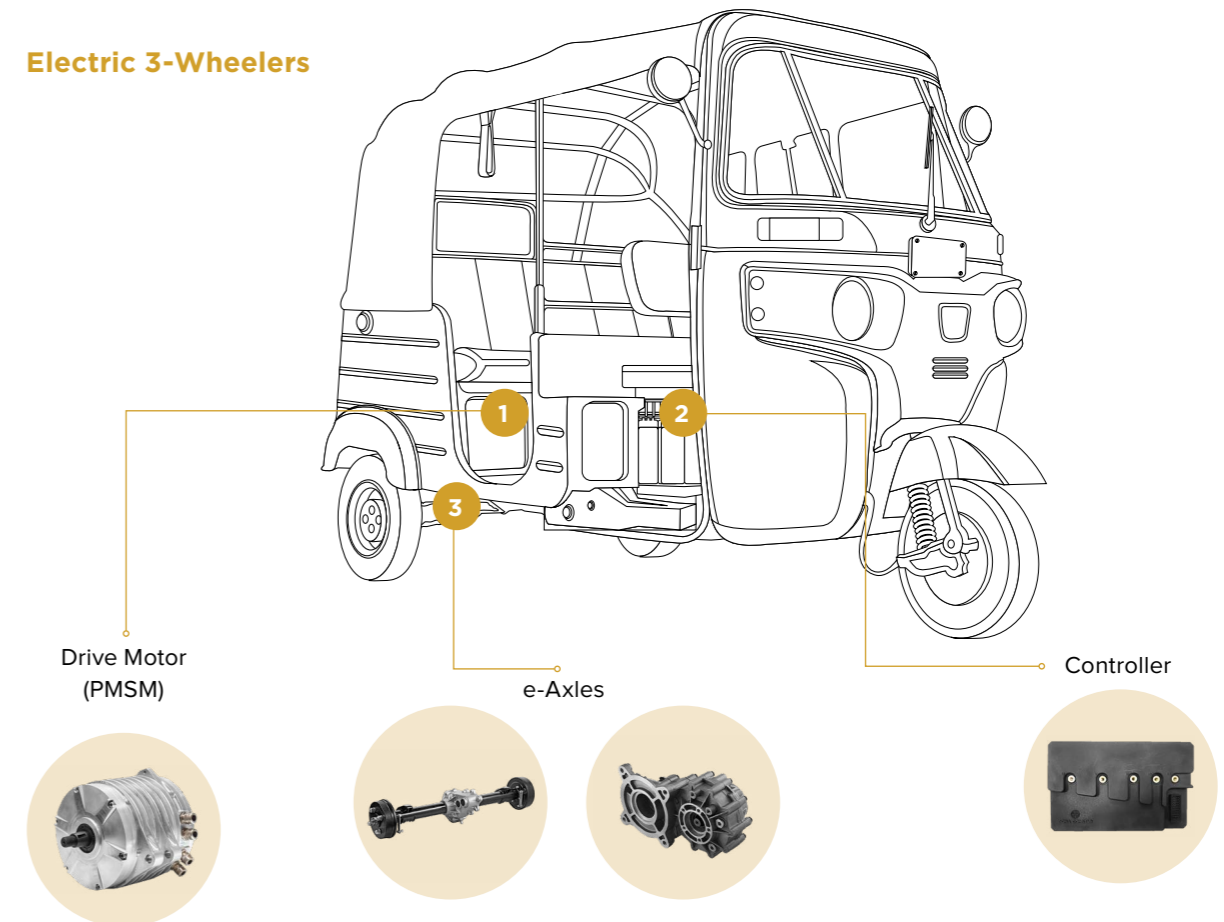
Electric Cars



Electric 2-Wheelers



Electric 3-Wheelers



Note:
 Product Images and technical drawings are for representation purpose only.
 * Products under development

Product stewardship and innovation

Upholding operational efficiency

Product safety

At Sona Comstar, Product safety is an essential requirement. Our products and services meet the specifications of the Indian market on emissions and safety regulations. We get our products and services evaluated for their health and safety impacts.

Certificates of compliance awarded

- IMDS Certificate
- REACH Declaration Certificate

Apart from these compliances, we also do rigorous testing of our products during the development cycle to identify and address all the failure modes so that we can offer a road safe product to our customers.

Customer centricity

Customer-centricity is at the heart of our business model, and we are continuously focused on strengthening our customer relationships by prioritising our customers' needs in terms of their design compliance and engineering standards.

We achieve this through offering integrated end-to-end solutions and engaging with them from concept to delivery for joint development of the required solutions. We strive for quality excellence and even our core values – Vitality, Frugality, and Agility – also reflect our approach of product development to provide a positive customer experience. We aim to continually create best-in-class products that exceed customer expectations.

Our product responsibility extends beyond manufacturing and sales, contributing to cleaner and safer mobility. It encompasses extraction and processing of the raw materials, manufacturing, distribution, use, recycling, and final disposal. The key guiding principle of our approach is to minimise the impact on health and the environment while maximising safety, economic and social impact. Our manufacturing facilities are IATF 16949 certified which provides for continual improvement, emphasising defect prevention and the reduction of variation and waste in the supply chain and assembly process. We have installed Variable Frequency Drive (VFD) in our equipment with the ability to run with optimised parameters without affecting output quality. We have deployed over ten different equipment throughout the plants to save energy by optimising speed and frequency.



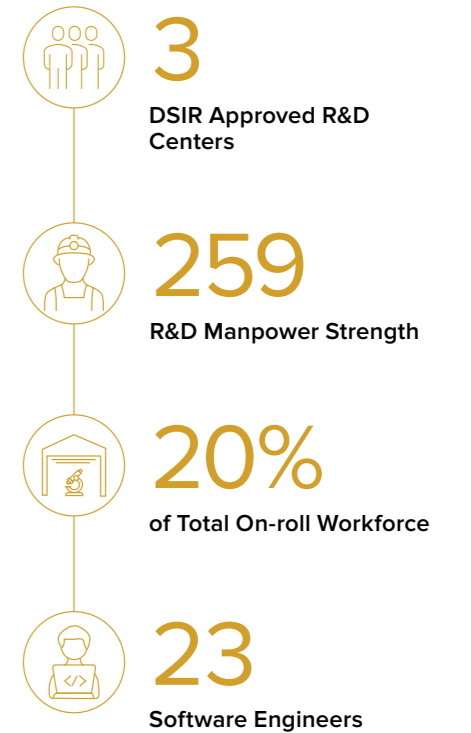
R&D and innovation

We have a well-equipped R&D infrastructure to address the global need for lighter and higher-power density components and systems.

We, at Sona Comstar invest in developing and upgrading our research and development (R&D) capabilities to ensure that we have the resources and expertise essential to stay ahead of the competition. Our R&D team always focuses on developing innovative solutions for improving the power density and light weighting of both our driveline systems and motors for a vehicle as our clients focus on lowering weight and increase the vehicle range.

We have prepared a technology roadmap focusing upon autonomous and electric vehicles to promote cleaner, safer, and smarter mobility. We have been putting our R&D efforts for the development of the products on our technology roadmap and in FY 2021-22, we introduced three new products. Two of these – Spool Gears and Epicyclic Geartrain – were for the EV drivetrains to serve the requirement of newer vehicle architectures on which our customers are working, and the third one – Integrated Motor Controller Module – for a predictive active suspension system that offers comfort and convenience to the occupants of a car. Several such products are also currently under development and will be added to our product portfolio in the future.

Embedded Software	Design Engineering
Proprietary Gear Design Software	Simulation and Testing



Over the last three years, INR 1,761 million have been spent on R&D initiatives and during FY 2021-22, INR 442 million was allocated for R&D investments. The table below, shows the R&D and capex investment in technologies and processes that led to improvement in environmental and social impacts, made by Sona Comstar during two consecutive FY 2020-21 and 2021-22.

	Current Financial Year (2021-2022)	Previous Financial Year (2020-2021)	Details of improvements in environmental and social impacts
R&D	98%	93%	Development of new technologies and products for energy-efficient drivetrain and powertrain for electric vehicles
Capex	86%	88%	Development of new technologies and products for energy-efficient drivetrain and powertrain for electric vehicles, and setting up of manufacturing capacity for these products



People-centric approach

Human capital is of paramount significance to us, and an efficient human resource management is a primary focal area. The people strategy is in line with our overarching goal of becoming a global technology leader in the automotive sector. We strive to establish a strong human resources department that assists the Company in achieving long-term, responsible growth by providing a positive work environment for our employees.

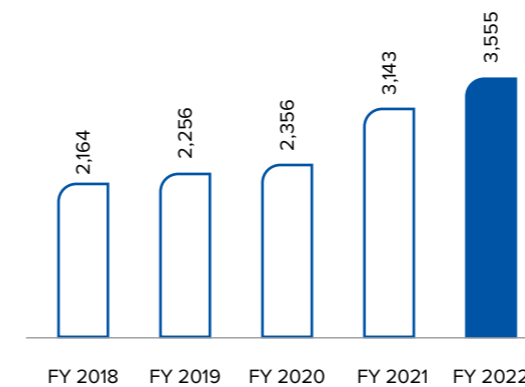
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Employee centricity

Our employees are the driving force behind our success. We are always striving at Sona Comstar to provide them with opportunities to enable them to achieve their full potential. We aim to foster diversity at the workplace and ensure employee health and security with a safe conducive working environment for all.

At Sona Comstar people are from wide range of races, gender, age groups, regions, opinions, yet are bonded by their mutual respect towards each other. Their unwavering efforts have helped us get to where we are now, and their ongoing support will guide us in the right direction. As a result, we believe it is our responsibility to provide them with a best-in-class working environment, high levels of safety, meritocratic career advancement, and competitive pay and benefits. We continue to protect our people's job rights and go above and beyond in areas like human rights. From this perspective, we adopted Respect for the Individual, a set of core values that includes initiative, equality, and trust. This mentality, we believe, should pervade all our interactions, not only with those within the Company, but with everyone in every company with whom Sona Comstar conducts business with.

TOTAL EMPLOYEES



During FY 2021-22, total human capital strength was 3,555, of which 86 personnel were employed at our overseas locations. In the current financial year, 235 on-roll employees were newly hired across our plants at various employment levels.

NEW HIRES (NUMBER OF EMPLOYEES)

	FY2019-20	FY 2020-21	FY 2021-22
Pan India	57	128	231
Overseas	-	21	4
Sona Comstar: Total	57	149	235

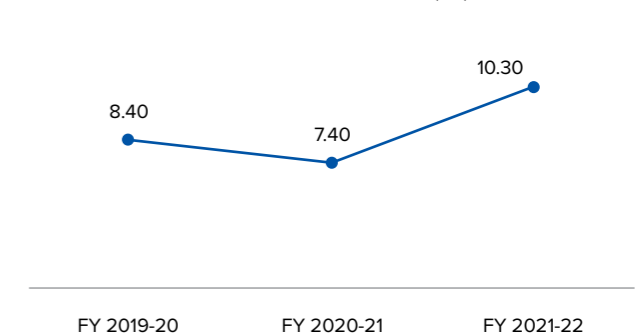
Of the total, 235 new hires during FY 2021-22 majority (55%) were less than 30 years of age (refer to table below).

NEW HIRES FOR FY 2021 -22 (AGE WISE BREAK-UP)

Category	Men	Women
Age: <30 years		
Employees	124	6
Workers	0	0
Age: 30-50 years		
Employees	99	3
Workers	0	0
Age: >50 years		
Employees	3	0
Workers	0	0

The turnover rate of on roll employees during FY 2021-22 was 10.30 % which has seen an increase from previous year from 7.40%,

EMPLOYEE TURNOVER RATE (%)



People-centric approach

Talent management

Our aspiration of becoming a sustainable company demands review of the strategic focus on promoting and developing the potential of our employees, as well as being an attractive employer. When the Company's strategic direction is changed, employees, as one of the most important stakeholder groups, should be continuously included in the debate.

Attracting, developing and retaining the best talent is one of the prominent elements of the Company's operational excellence. It becomes necessary for companies to constantly adapt to changing circumstances and train their employees to deal with future challenges brought on by social, economic, and technological advancements. As a result, we continually invest in projects aimed at building, widening, or changing the required competencies, and we offer a variety of training and education options to our personnel.

We have also adopted a succession planning policy to ascertain the need for filling the key leadership roles i.e., the Board, senior management, and other critical positions/ hi-pot talent. The policy aligns the talent management with the business objective and endeavors to mitigate the critical risks such as vacancies, project readiness, and transitional risk.



Diversity and inclusion

We strive to be an equal opportunity provider and promote diversity in our workforce by focusing on people of different genders, religions, races, and ethnicities, and education. We aim to institutionalise this through our code of conduct since we are in cognizant of importance of diversity as it boosts performance by stimulating creativity, encouraging innovation, and improving decision-making.

We have been working hard to achieve a fair ratio of men and women employees in the office and in management roles. We strategically invest in the professional development of our employees and workers. Our Remuneration Policy for Directors, Key Managerial Personnel and Other Employees sets out criteria to pay equitable remuneration and to harmonise the aspirations of human resources with the goals of the Company.



Learning and development

Employee training and development programs are essential to the success of our business. Learning enhances the employee productivity and improves the Company culture. During the pandemic we leveraged learning engagements through virtual and digital platforms like THORS and Future Prime Skill portals and through different industry forums of automotive & forging bodies organised trainings i.e., eACMA, CII, AIFIA, ASM, FICCI, ITMA, GLEASON, ISQ etc., for learning engagement.

Individual and organisational learning is essential for Sona Comstar and we have conducted capacity building for all our employees including BoDs and KMPs. We encourage targeted development based on core competencies with the aim of helping employees develop core technical competencies, behavioral abilities, and compliance culture related to their duties and positions within the Company. This is achieved through a variety of solutions, including internal and external learning programs and key work experiences.

Training courses were conducted on orientation session on SEBI (Prohibition of Insider Trading) Regulations, 2015, FCPA Refresher training & Code of Conducts of the Company for BoD and KMPs. However, around 72 topics were covered during trainings provided to employees and workers. The training spread across three categories, Technical, Compliance, Behavioral, e.g., in technical – GD&T, Gear Design, 5 Core Tools – Advanced Product Quality Planning (APQP), Failure Mode and Effects Analysis (FMEA), Measurement Systems Analysis (MSA), Statistical Process

Control (SPC), Product Part Approval Process (PPAP), Product Safety and Conformity Representative, Die wear simulation in Forging, Steel Basic, Metallurgy, CQI9&10, VSME, 7QC tool, Soldering, ASPICE, Code Beamer, Design of High Voltage Electric Motors and Inverters, Nachi Robots-Advanced Programming. All standard related trainings on IATF-16949, ISO14001, ISO 45001, EMS 50001 were also delivered. Safety related trainings covering HIRA, Electrical Safety, Emergency Preparedness, First Aider, Fire Fighter, Hazardous waste management and disposal. Considering the work life balance programs, labour laws latest updates, awareness on critical policies – Code of Conduct, Whistle Blower Policy, Anti-Corruption, POSH compliance etc.

We ensure that all our workers undergo the Fresher DOJO 8 Steps training. This covers the Safety, 5S, 5 Senses relevance while working on shopfloor, Specific Process Operations Module on Forging, Heat Treatment, Quality Inspection, Packaging, Forklifted, Trolley Movement, Maintenance Modules in the shopfloor all OJT topics are being given by individual line supervisors.

Skill upgradation

We ensure the development of our employees throughout their professional journey with us. Employee skill development helps workforce to meet organisational standards, cuts down replacement costs and improves workplace performance. Various programmes are designed specifically for roles that require upgraded skills and will result in better employee retention and overall increase in productivity. During current FY 2021-22, we conducted 1,279 skill training sessions and empowered over 2,900 employees with knowledge covering topics across three major heads:

- Technical and Functional Training: advances in forging technology, Artificial Intelligence, Basis of Steel, and Die wear prediction by simulation, Advanced Tools and Techniques for EV Motors and Controllers
- Compliance Training: Safety- HIRA, Product safety & conformity representative, EnMS 50001:2018, & Abnormality Handling Module
- Behavioural/ Soft Skill Training: Problem solving approach, Strengthening GEMBA, Safety awareness, and presentation skills, Leadership Programs, Personality Development Programs



People-centric approach

SKILL DEVELOPMENT TRAINING

	FY 2021-22	FY 2020-21	FY 2019-20
Number of training sessions	1279	1310	1218
Number of employee & workers participated	2970	2690	1943
Average training man hours	35	40	27

Performance and career development review

We undertake periodic performance and career development reviews for all our employees on a regular basis. Our remuneration policy guides to conduct individual performance reviews for KMPs and other employees based on the standard appraisal matrix, and after considering the appraisal score card and other factors determined by management, recommend the annual increment and

performance incentive to the Nomination and Remuneration Committee (NRC) for review and approval. Permanent employees are part of the performance and career development reviews where 100% on-roll employees were reviewed

We have a very robust mechanism of Performance, Promotions and increments are decided basis the performance of Business and individual employees. Permanent employees have also got a variable pay, which is linked to business performance and individual KRAs.

Permanent workers are under Collective Bargaining scheme and the same is negotiated for a period of 4 years, and their salaries are enhanced as per the negotiated norms. Permanent workers also have a component of Variable pay, which is driven by the Performance and Quality parameters.

Employee well-being

We put a high priority on our employees' physical and mental wellness. We believe that this emphasis on employee well-being is crucial for building workplace resilience. Promoting and enhancing well-being is pivotal to our mission to champion better work and working lives since a strong workplace health programme not only benefits people but organisations, economies, and communities as well. We

believe healthy workplaces help people thrive and reach their full potential. This strategy cultivates an environment that actively encourages a happy state of mind, benefiting both employees and the Company. Investing in employee health and well-being can lead to increased resilience, higher worker engagement, reduced sick leave, and improved overall performance and productivity.



Employee engagement

Employee communication is given utmost importance. We have recently come out with an employee magazine that publishes articles on employees and their families centered around themes; in addition, several online engagement programmes for both the employees and their families were run to compensate for the lack of on-site engagement programmes due to COVID, as well as Engagement programs in office premises like Fun Friday's, games/tournaments, festival etc It has enabled the peers and colleagues to know one another better, thereby increasing departmental and organisational cohesion. Internal and external process improvement competitions (Kaizen, Pokayoke, 5S, TQM, etc.) receive a lot of support.

Employees who have completed service with us for 5, 10, 15, 20, 25, or more years are recognised with an award and a note of thanks to their family members. A long

tenure demonstrates trust and motivates the organisation to achieve its goals. In addition to regular events such as Women's Day celebrations, Birthday celebrations, Safety meetings, Quarterly meetings with the CEO, and Monthly Meetings with Leaders, we place a high value on keeping the work environment stimulating by conducting Employee Engagement activities every month.

We started numerous initiatives for appreciating and encouraging personnel, such as On the Spot Awards, Star of the Month, Star of the Year, and Suggestion Scheme; additionally, these programmes fostered a sense of ownership and improvement in their areas of work. We launched a new programme, 'ROWE Star' (Result Oriented Work Environment), to honor and support the best teams in the organisation, to reward teamwork, which is so ingrained in our work ethos.

Occupational Health and Safety (OHS)

Sona Comstar's priority is to provide a safe working environment to its employees and workers. Our commitment to our employees' safety is unwavering and is upheld by all our facilities. We are committed to creating a healthy and safe work environment for our employees, contractors, business partners, site visitors, and, most importantly, the communities touched by our operations at Sona Comstar. To fulfil the Zero Harm Vision, a strong security system is in place. These processes are well-designed, rely on real-time data, and are centered on the shared-responsibility principle. Our senior management, along with key facility workers, are responsible for implementing adequate safety policies, procedures, and measures from a corporate governance standpoint.

We have set high standards of occupational safety at all our premises and are compliant with all the required norms. We conduct assessment of health and safety practices and working conditions for all our plants and offices. The Health and Safety Policy of the Company applies to all employees, officers, subcontractors, and other third-party service providers. The objective is to achieve zero occupational incidents with primary focus on safety management system, mitigation of associated hazards and continual improvisation in the processes.

We also provide trainings related to Health and safety to all our employees and workers, during FY 2021-22, 428 health and safety training were conducted covering 2,882 employees & workers of Sona Comstar:

OCCUPATIONAL HEALTH & SAFETY

	FY 2021-22	FY 2020-21
Number of OHS Training	428	360
Men	2803	2459
Women	79	77
Total Employees & Workers trained (Nos.)	2882	2536

All our facilities are complaint with ISO 45001- occupational health and safety management system.

People-centric approach

Hazard assessment and risk management

We have designed HIRA (Hazard Identification and Risk Assessment) procedure for the identification of hazard, risk assessment and defined the necessary control methods as per the risk levels and damage criteria. In addition to this, the Company has prepared an Emergency Preparedness Plan, Mock Drill Record Evaluation Checklist, Aspect-Impact Register and COVID-19 - Standard Operating Procedure Manual to minimise work-related hazards to environment and human health.

Accidents and accident rates are tracked at all our locations and the reduction in health and safety incidences reflect best safety mechanism. There are defined SOPs (Standard Operating Procedures) to report accidental scenarios. We conduct emergency mock drills and safety drills and conduct training and awareness sessions to prepare our employees for actual emergency situations.

While performing work on specified machines, LOTO (Lockout Tagout) procedures have been reinforced for all maintenance staff to avoid unforeseen events and increase the workforce productivity. An action plan is prepared w.r.t any accident that happens and measures to be implemented by respective persons and further training and awareness sessions are conducted.

We also have an emergency procedure integrated into its management system to establish a process for dealing with emergency situations, minimise hazards to environment and human health. A list of potential emergency situations has been identified and the roles and responsibilities of all concerned personnel are also defined to handle the emergencies effectively. Mock drills conducted in every 3 months and Safety Drills in every 2 Months intervals or as per plan to evaluate emergency preparedness. Training and awareness sessions are conducted for the employees and emergency handling teams to prepare them for actual emergency situations.

Measures to combat COVID-19 pandemic

We took active measures to promote health and safety and social distancing efforts, including providing PPEs, masks, hand sanitisers, and gloves to employees in our manufacturing facilities and in affected areas, staggered working shifts at our manufacturing and assembly plants and working closely with health authorities for obtaining approvals to commence operations at our plants and to lay down and enforce covid safety guidelines and protocols. Throughout the year, medical check-ups and camps were held to encourage the employees' physical well-being. Through appropriate channels, our teams connected with employees and their families to help them cope with the pandemic's impact. Due to the COVID-19 epidemic, health was a major priority throughout the year. To promote COVID-19 acceptable behavior among employees, protocols were implemented in accordance with regulatory rules and best practices. COVID-19 screening camps, medical insurance, and vaccination camps were also undertaken by the Company.

In addition, as part of Company's Risk Management Policy, we developed a mobile phone-based application 'SONA

Health App' for our employees to report their health status on a daily basis and also implemented a safety SOP applicable for our employees travelling between workplace and home, inside shop safety management practices including vendor safety management and measures to check vehicles entering and leaving their premises and employees returning to the workplace after easing of lockdown. To ensure that the employees who stayed back at the manufacturing units were provided with a safe working environment, sensor based contactless taps for drinking water & sensor-based soap dispensers, separators on eating tables in the common canteen area, training on Covid safety SOP before entering plant was mandatory to have covid appropriate behavior, dry ration distribution, immunity kit distribution and vaccination drives were conducted to support our people for safe business plant operations.

Our efforts have been to ensure safety and health of our workforce. In FY 2021-22, over 3,800 employees were provided with 2nd dose of COVID-19 vaccination across our plants.

Respecting human rights

All the Company's employees are treated equally, regardless of race, caste, religion, gender, sex, sexual orientation, marital status, colour, age, nationality, or disability. The Company is committed to providing its workers and officers with equal opportunities in terms of recognition, advancement, and career path, regardless of their origin or views, and does not tolerate any form of discrimination or harassment. Derogatory remarks based on racial, ethnic, gender, age, or religion are examples, as is adopting an undesirable attitude with a sexual connotation or any category protected by applicable law, are strictly prohibited within the Company. Our induction programmes are structured to highlight awareness on Human Rights for new employees and refresher training.

Sona Comstar complies with all the required labor laws and is OHSAS 18001 certified. We also provide training to our employees at the time of induction about the code of conduct which covers human rights issues such as child labor, gender diversity, workplace discrimination. We also get background verification conducted through a third party for all the new employees. The Company strives to uphold the basic principles of human rights in all its operations. This is in alignment with its codes and policies. Our OEM customers also perform audits on human rights issues to ensure compliance with the required guidelines before entering into business with the Company.

We have a dedicated Human Resources department to conduct regular sessions/training programs on human rights issues. It expresses the Company's position on human rights, including non-discrimination, the prohibition of child and forced labor, freedom of association, and the right to engage in collective bargaining. It is supplemented by other specific policies such as occupational health and safety, the environment, anti-corruption, and so on. Addressing such Human Rights centric issues support the business in achieving sustainable and responsible growth and creates an excellent, comfortable work environment for the employees. We ensure that all our operations and our value chain partners protect, upkeep, and abide by the applicable regulations protecting human rights.

The Company also believes that all employees of the Company have the right to be treated with dignity. Sona Comstar has a "Prevention of Sexual Harassment Policy" which is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women

at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC" or "Committee") meets at regular intervals to create awareness against Sexual Harassment and to ensure prevention of Sexual Harassment at Workplace. However, in case, of any Complaint of Sexual Harassment, the ICC is expected to hold emergency meeting immediately as per its discretion but not later than 3 working days and is required to proceed further in accordance with the provisions of the Act and the Rules as it may deem fit for the proper redressal of the matter.

We also provide a vigil mechanism for our employees to report genuine concerns for any unfair and unjust incident under the ambit of law. Apart from this, a mechanism to receive and redress grievances for all categories of employees and workers is also available. HR Help Desk, Grievance Redressal Register, and e-mail id for reporting POSH related complaints and strong whistle blower mechanism are in place to address complaints or issues raised. The grievance, if any, arising out of Whistle-Blower Policy, Code of Conduct and Prevention of Sexual Harassment Policy are to be redressed by the respective committees which oversee them. No complaints related to sexual harassment, child labour, forced labour, involuntary labour, or discriminatory employment were received during the reporting year and none are pending at the end of the reporting year.

Labour relations

Workers and employers both have fundamental rights to associate and bargain collectively. The right to collective bargaining has been recognised to reflect collective interests. It has the capacity to, promote harmonious labour relations. The formation of labour unions provides consultation and advice to managers, supervisors, and employees on Human Resources issues such as performance management, corrective actions, policy and procedure interpretation. Other issues, such as arbitrations, unfair labour practice charges, and complaints to state agencies, are usually resolved quickly. However, we have not discovered any of our operations or suppliers where employee rights to freedom of association or collective bargaining have been infringed upon or are under threat during the reported period.

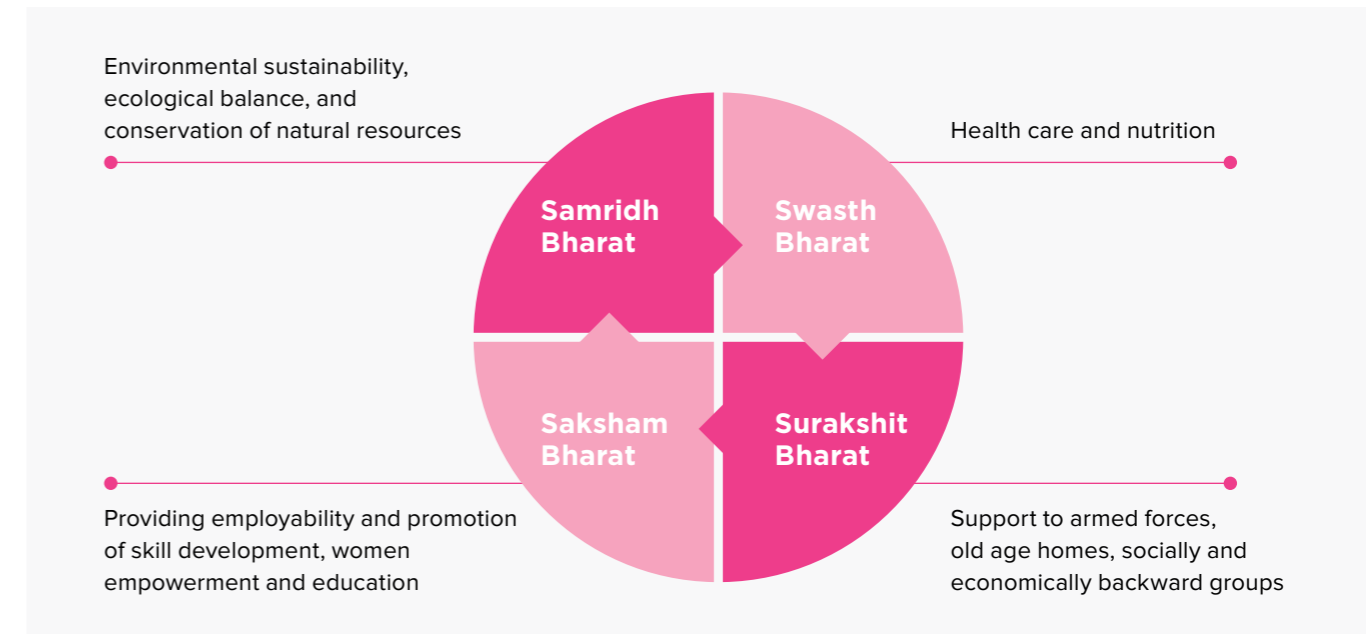


Community focus and development

Our CSR strategy focuses upon social objectives such as education, food, medicine, livelihood, training, and opportunities for the socially/economically oppressed to help them become economically self-sufficient. The CSR spending would specifically target the areas with the goal of creating a positive social impact to benefit marginalised, poor and deprived sections of society and for contributing towards environmental sustainability. In addition to the above listed focus areas, in times of natural disasters/ calamities, the Company also provides support for humanitarian and relief works.

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Our CSR interventions consists of four pillars that aim to strengthen and reinforce the nation and the society.



We have adopted a board approved CSR policy that provides a framework and directs CSR committee to not only design the right programmes but also to monitor and evaluate them in a structured way. The CSR policy aims to strengthen the system and specify the modalities of execution and implementation and monitoring process of such CSR activities and programs and the CSR Policy is available on the website of the Company at <https://sonacomstar.com/files/policy/corporate-social-responsibility-policy-policy-K6JBXy.pdf>.

The CSR Committee and the board of directors formulate an annual action plan to fulfil our CSR obligations and to specify the CSR activities and programs to be undertaken during the financial year.

We also conduct regular and critical evaluation of our CSR initiatives to ensure continuous improvement and a greater impact of the projects on society. To maximise impact, each of our CSR interventions are designed and implemented with a specific a targeted beneficiary group, although the impact would spread to larger section of the community; however, we measure the impact in terms of the difference the initiatives made to the intended beneficiaries of our programs.

Samridh Bharat Programme

Innovation Hub Construction for technology incubators at CIIE, IIM- A

We partnered with Centre for Innovation Incubation and Entrepreneurship (CIIE), Indian Institute of Management (IIM), Ahmedabad for development of an incubation floor (Dr. Surinder Kapur Innovation Floor), to incubate technology startups. The outcome of the CSR investment is envisaged to support over 6,000 innovators/ tech-entrepreneurs, support 200+ early-stage startups, and influence nearly 0.5 million startup ecosystem stakeholders.



Community focus and development

IIT- Delhi Innovation in Mobility Programme

We partnered with Foundation for Innovation Technology Transfer (FITT), an industry interface of Indian Institute of Technology, Delhi to foster, promote and sustain commercialisation of science and technology. This project contemplates conducting research in technology to promote innovations and incubations aimed at promoting sustainable development, that may have potential for commercialisation in the automotive industry. The project aims to connect incubators with venture capitalists and industry to take innovations into commercialisation. During project period, we will provide resource persons for specific activities – including serving on the expert panel with IIT-Delhi experts to scrutinise and select grantees and as mentors to grantees for the duration of the support period. In the first year of the programme, FITT in coordination with us have approved two start-ups namely: Quanteon Powertrain Private Limited and inGO Electric Private Limited.



Contribution of six oxygen concentrators to Rajmata Vijaya Raje Scindia Centre for Development: We procured 6 oxygen concentrators for deployment to Rajmata Vijaya Raje Scindia Centre for Development in the state of Madhya Pradesh, which was used to save lives of COVID-19 affected patients across the state.

Infrastructure facilities for vaccination camps: We supported the Primary Health Care in Gurgaon, Haryana, to arrange vaccination camps, which ensured safety and well-being of our employees, extended workforce, and their families.

Saksham Bharat Programme

Renovations undertaken for Government schools

We undertook the responsibility of renovating and improving the infrastructure of The Government Senior Secondary School located at Begumpur Khatola in Gurgaon, Haryana, India, which benefitted ~1,000 students.

Repairs and Renovation of Tiles and School Toilets: We renovated the school playground by covering the floor area measuring ~490 sq. mt. with tiles. Additionally, we also renovated eight urinals and two toilets to improve the hygiene and sanitation facilities.

Basic infrastructure maintenance of various government schools

We undertook construction and renovation of school buildings and toilets for various government schools across several locations, Chunampet, Nellikuppam, Vandalur, Maraimalainagar, Manampathy of Chennai. These initiatives together ensured a clean and safe environment for the students as well as enhanced their learning experience and outcomes.

~1,000

Students that benefitted from this initiative

Installation of solar panels: We installed a solar panel to ensure consistent access to electricity, without any interruption for comfortable learning experience, which resulted in enhanced enrolment and reduced absenteeism in the school.

Construction of boundary walls: We fixed the broken boundary walls around the school premises to ensure the safety of the students.



Restroom construction at Chunampet

- No. of restrooms - Two
- Total area - 1,204 sq. ft.
- Building type - RCC roof
- No. of restroom cabins - 14

Classroom renovation at Nellikuppam

- No. of renovated blocks - three blocks (18 rooms)
- Total painted area - 1,85,000 sq. ft.
- Repairing of doors, floor tiles and wall damages.

Class-room tile laying work at Manampathy

- Total tile laying area - 2100 sq ft
- Polycarbonate roofing at Vandalur and Maraimalai Nagar
- Polycarbonate roof sheet work for four existing restrooms

Painting work at Spkoil

- Restroom painting work at the Spkoil School

Swasth Bharat Programme

Distribution of dry ration packets, essentials, meals, and hygiene kits to vulnerable communities during COVID-19 pandemic

We partnered with M/s. Kaushalya Foundation to provide medical kits, hygiene kits, oxygen concentrators, masks, and other health facilities and distributed the health and hygiene items to the identified people from vulnerable communities (daily wage labourers, small and marginal farmers, and migrant workers) in different blocks and villages. During the FY 2021-22, we provided >4.5 lakhs meals across 12 states in India to support the identified beneficiaries with immediate relief for survival and sustenance.



COVID relief measures: Medical support and disaster management

We collaborated with medical institutions and government to strengthen medical support and healthcare infrastructure.

Medical Equipment for Pediatric ICU: We provided financial assistance to Aakash Healthcare Super Specialty Hospital (Aakash Healthcare Private Limited) for purchase of medical equipment for building pediatric ICU. The hospital bought various medical equipment including HFNC machines, pediatric rap around SPO2 probes, universal ventilators, multipara monitor with pediatric rap around SPO2 probes and EtCO2.

Deployment of BiPAP Machines: We partnered with Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA) for procurement of 20 units of BiPAP Machines and deployed those machines to hospitals in Delhi NCR, including Aakash Healthcare, Delhi; Moolchand Hospital, Delhi; Artemis Hospital, Delhi; Prakash Hospital, Gurgaon; Civil Hospital, Gurgaon; Vedic Hospital and Tirath Hospital, Gurgaon.

100-Bedded COVID Care Centre: We partnered with CII and Young Business Leaders Forum of ACMA in association with the District Administration, Gurugram, for setting up a 100 Bedded COVID Care Centre in Gurugram, which was inaugurated on 16 May 2021 by Hon'ble Chief Minister of Haryana. The facility remained operational for 3 months and it catered to around 230 patients from Gurugram and nearby areas during the period it was operational.

230

Patients that benefitted from this

Surakshit Bharat Programme

We contributed to Lal Bahadur Shastri foundation to support the children of the war veterans getting the desired education with the aid of scholarships under their Param Vir Chakra winners programme. Under this programme, the foundation launched a digital platform to enable corporates

connect with the families of war veterans to assist them in getting access to employment opportunities. The foundation also aim to create awareness about the Param Vir Chakra Holders of our nation through its project - 21 Salaam initiative.

Managing our environment footprint

At Sona Comstar, we have prioritised environmental stewardship as our primary objective, and we track each of our operational sites' environmental footprint separately. Our compliance to Environmental Management System 14001 guides us in this regard. Energy, emissions, water, and waste management are the key environment areas of concentration in our facilities, all of which are guided by quality, occupational health, safety, and environmental policy. Our environmental commitments are showcased by the efforts and equal involvement of our top leadership, an ESG Committee of the Board was constituted to oversee the implementation of the ESG frameworks across all its operations in India.

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Energy management

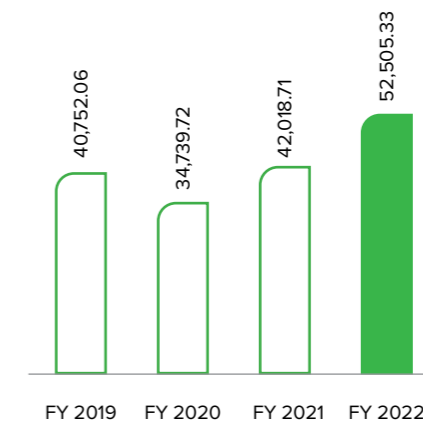
At SONA Comstar, we have implemented the Energy Management System (EMS) as per ISO 50001 across our plants and the implementation of the EMS brought out several opportunities for improvement and managing the energy in a structured manner.

We are also examining the construction of suitable infrastructure to create green electricity as part of our total energy portfolio as part of our long-term objective. Our energy policy is primarily concerned with energy efficiency, the execution of innovative projects to minimise energy demand, and the proactive use of renewable energy. Various energy-efficient processes, such as batch time optimisation, have been used to optimise the energy consumption per unit produced. We also conduct regular energy audits to enhance progress in energy efficiency. All these actions are consistent with our Energy Management Policy.

Renewable energy

We intend to increase the proportion of renewable electricity in our total energy consumption for the reduction of GHG emissions and saving energy by using electricity generated from the solar plant. To meet the energy demand through renewable power, we are consistently enhancing our renewable energy through Solar power plants and reduce our reliance on fossil fuels. The cumulative installed Solar capacity across plants & facilities is 1505.8 kWp with the annual potential of reducing the 1,113 tCO₂ emission.

TOTAL ENERGY CONSUMPTION (in MWh)



0.003

Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)

52,505 MWh

Total energy Consumption

96%

Share of energy consumption derived from grid electricity

1,505.8 kWp

Cumulative solar capacity installed across our plants

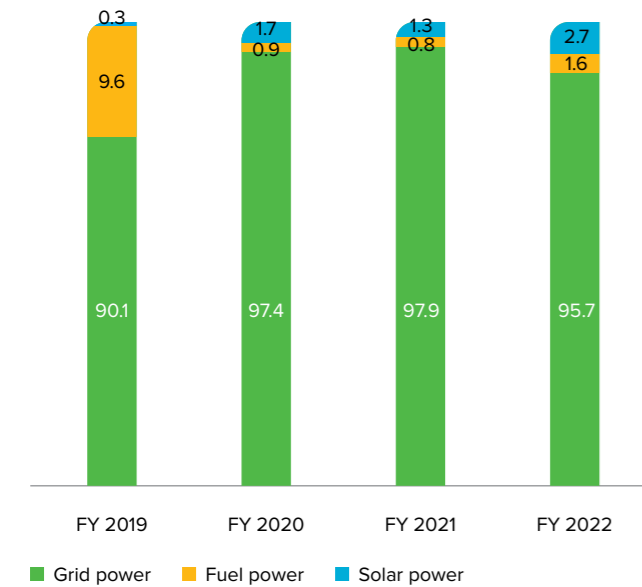
1,113 tCO₂

Potential of reducing emissions annually through solar power

Managing our environment footprint

Energy mix

SOURCE OF ENERGY (%)



Emission reduction

One of the most important solutions to climate change is reducing greenhouse gas emissions, which is why it is so important in executing our commitments for carbon management & greenhouse gas mitigation.

Parameter	Unit	FY 21-22	FY 20-21	FY 19-20	FY 18-19
Scope 1 emissions	Metric tonnes of CO ₂ equivalent	776	431	1,270	4,553
Scope 2 emissions	Metric tonnes of CO ₂ equivalent	39,623	32,400	26,648	28,958

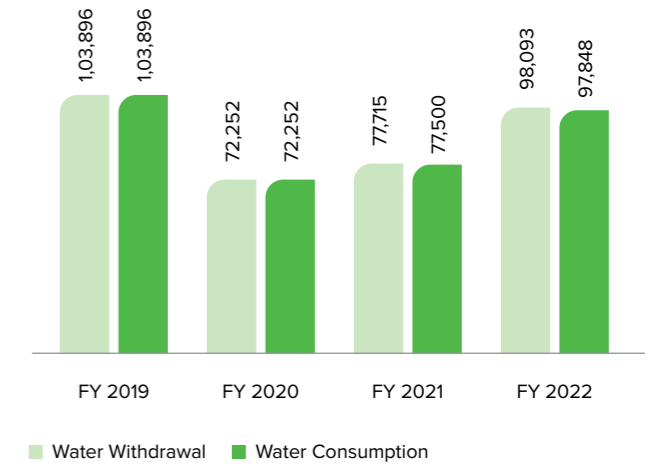
Our emission intensity is an estimate of the level of carbon efficiency for per rupee of turnover. Our GHG emissions are predominantly from Scope 2 because of consumption of electricity supplied by the grid. It is the result of a combination of efficiency gains and shift to renewable energy. We are consistently enhancing our renewable energy and improving emission intensity through Solar power plants.

We have invested in facilities for improving recycling rate of water. To minimise water discharge, we have established water treatment systems such as ETP (Effluent Treatment Plants) and Zero Liquid Discharge (ZLD) plants that enable recovery of water, at all our manufacturing location. These systems maintain our water discharge almost negligible. We also have setup an aggregate 13 water harvesting pits at various plant locations for water conservation.

Wastewater treatment

Sona Comstar has a Zero Liquid Discharge (ZLD) plant at its Gurgaon unit, having a capacity of 50 KLD (Kilo Liter per day). MBR and Conditioning Unit with High Recovery RO Membrane based Recycling System is installed in the ZLD plant to treat High TDS water. Further, all business locations have Wastewater Treatment Plant (WWTP) which is combination of Effluent treatment plant (ETP) and Sewage treatment plant (STP).

WATER WITHDRAWAL & CONSUMPTION (in KL)



Initiative: Installation of Solar Plant	Initiative: Replacing with LED lights	Installation of energy efficient IE3 motors
Solar plant of capacity 1505.8 kWp was installed in our facility, resulting in energy saving and reduction in GHG emissions	In our facilities and offices, we replaced fluorescent lights with LED lights, resulting in saving of 35,910 Kwh annually	We installed energy efficient IE3 motors, which resulted in savings of 9,763 Kwh annually

Water conservation

Our water management approach includes optimum sourcing and effective water use. A significant share of our revenue comes from products which require assembling process, where there is less requirement of water. However, we use water extensively in making parts that require material transformation at high temperatures.



Waste management

Waste management is very critical aspect for our industry. Our Management Policy on Environment directs us to implement effective and efficient waste management practices with an aim to recycle and reduce the waste generated while transforming resources into valuable products.

We have identified hazardous waste storage and disposal as one of our critical environmental risks. In our manufacturing facilities, we are always working to reduce both hazardous and non-hazardous waste. We implemented initiatives throughout the year, such as recycling waste oil through a change in disposal channel, which reduces hazardous waste load, and recycling ETP sludge, which minimises landfill disposal.

The plants have a dedicated waste management area/facility. 12 types of hazardous waste have been identified and they are recycled through authorised vendors. 100% of Hazardous & Non-Hazardous waste product are recycled through authorised recyclers. Our waste management strategy includes training of our employees towards efficient operations and waste reduction. Training and Awareness to all about 7 type of wastages and their application at the workplace. During FY 2021-22, total waste generated was 13,676 MT, of which plastic waste was 0.57%

13,676 MT

Total waste generated in FY 2021-22

0.57%

Share of Plastic Waste in FY 2021-22

Managing our environment footprint

WASTE GENERATED IN OPERATIONS (METRIC TONNES)

Parameter	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Plastic waste (A)	78.50	53.32	7.07	20.41
E-waste (B)	3.03	1.69	0.05	0.83
Bio-medical waste (C)	1.00	1.28	1.34	1.28
Construction and demolition waste (D)	-	-	-	-
Battery waste (E)	10.69	2.86	0.00	0.00
Radioactive waste (F)	-	-	-	-
Other Hazardous waste. Please specify, if any. (G)	198.68	45.83	36.97	36.39
Other Non-hazardous waste generated (H). Please specify, if any.	13,384.53	10,046.99	7,734.48	9,663.66
Total Waste Generated				
(A + B + C + D + E + F + G + H)	13,676.43	10,151.98	7,779.91	9,722.57

Waste Disposal Method	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Non-Hazardous Waste: Recycled	13,425.93	10,053.77	7,717.75	9,683.70
Non-Hazardous Waste: re-Used	46.70	52.05	43.40	8.00

WASTE DISPOSAL METHOD: HAZARDOUS WASTE

Parameter	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
Hazardous Waste: Incineration	150.12	37.09	16.64	17.63
Hazardous Waste: Landfilling	45.45	8.75	20.33	18.71
Hazardous Waste: Recycled	8.21	0.32	0.07	0.01

Other waste disposal method is through Haryana State Pollution Control Board (HSPCB), Government approved site GEPIL Haryana.

Responsible procurement

Our Code of Conduct for Vendors extends our sustainability vision while promoting responsible procurement practices with our supply chain partners (which includes suppliers, contractors, sub-contractors, services providers, and consultants).

All suppliers are expected to implement the code of conduct as agreed during placement of purchase order and to make reasonable efforts to promote the principles of the Supplier Code throughout its supply chain. Our Code of Conduct for Vendors can be found here: <https://Sonacomstar.com/files/policy/code-of-conduct-for-vendor-policy-ra1ALK.pdf>

Sona Comstar has revamped its Procurement Policy to establish procedures for the business for procurement of all goods and services and ensure that all goods and services procured are obtained at competitive prices, with required specifications and quality and are delivered in time. This will be achieved through the following process:

- Procuring quality goods and services from reliable and well-established suppliers.

- Effective negotiations with the suppliers to obtain quantity discount.
- Locating, evaluating, and developing economical and supply sources for Sona BLW Group through an elaborate vendor prequalification.
- Continuous enquiries about new suppliers and market price trends of the goods and services as per the business requirements.
- Procuring prudently by placing emphasis on competition and selection of vendors whose offers conform to the terms and conditions as well as the technical requirements and specifications stated on purchase requisitions.

- Minimising the value of stock held to avoid tying funds unnecessarily.
- Providing timely information to user department and the management on procurement status

We are dedicated to incorporating economic, social, and environmental sustainability into all our operations. Supply chain sustainability is one of the important priorities for our industry to propel us all toward a safer, greener, and more inclusive future. Our suppliers also play an important role in ensuring that our business is safe and efficient.

We have designed a Green Procurement Guideline, focusing on procuring products having lower environmental footprint throughout the lifecycle i.e., procurement, production, use, and disposal, in terms of chemical management, resource efficiency, energy saving, and prevention of environmental pollution. e.g., majority of steel consumed by the Company is through scrap recycled route with a dedicated Environment Declaration.

To eliminate high sustainability risk suppliers, we have included a well-defined metric of sustainability in our supplier selection, assessment and evaluation process. The supplier selection process comprises of 17 criteria for onboarding, of which 12 are linked are to environmental sustainability, governance, and social

obligations. A minimum of 75% of score is required for vendor qualification as a value chain partner thereby greatly reducing the possibility of high sustainability risk. In addition to this, we also carry out supplier survey, continuous risk assessments and audits to ensure accountability and the capacity to complete our projects and tasks. Material Safety Data Sheet (MSDS) compliance is part of our purchase order. MSDS sheet contains information on the potential hazards (health, fire, reactivity and environmental) and how to work safely with the chemical product.

We also conduct capacity building sessions for our suppliers such as safety related trainings as per new clauses under ISO 14000, quality improvement in the products and processes, etc. Supplier meet is also conducted once in two years to discuss vision and mission, business plan and distribute supplier awards. Sona Comstar has always promoted local suppliers for the supply of raw materials & other materials which helps the local economy to thrive. We prioritise procurement of goods and services from local suppliers who meet the standards we require. In some cases, we support local businesses and skills development to meet these standards. We also check that our suppliers comply with our Green Procurement Principle, which covers areas including human rights, labor practices and business integrity.

Material sourcing and resource conservation

One method of reducing waste is to select or identify a suitable material or manufacturing process. A material change has a greater impact on reducing environmental impact than a change in the manufacturing process when investigating the potential for reducing environmental impact by using alternative materials and alternative manufacturing processes.

We concentrate our efforts on picking the best material, lowering the amount of material utilised in operations, and then modifying or transforming the material into a finished good. Furthermore, we have implemented a circular economy by rationalising resource use and reusing materials when producing parts and subassemblies. The units are taking initiatives to reduce waste. For example, we encourage circularity through a shift towards returnable packaging and ensuring recycling of metal scrap to the steel processors. Percentage of recycled steel and casting copper/ aluminum to total material used in production is 27.7% during Financial Year 2021-22, while it was 25.8% during previous FY 2020-21.

27.7%

Share of recycled steel and casting copper/ aluminum to total material used in production in FY 2021-22

Annexure 1: Industry Associations

Sona Comstar is member to 4 trade and industry chamber/ associations as listed below:

 Confederation of Indian Industry (CII)	 Automotive Components Manufacturers Association (ACMA)	 Association of Indian Forging Industry (AIFI)	 Gurgaon Chamber of Commerce and Industries (GCCCI)
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Annexure 2: Awards

We are happy to inform that our Company has received the following recognitions/ awards during the financial year 2021-22:

2020 Vision Award League of American Communications Professionals LLC (LACP)	Best Supplier of the Year Award- 2021 Indian Tier-1 Supplier for CVs	Overall Performance Award Indian OEM of PVs
Export Excellence Award 2019-20: Highest Investment in Engineering Sector MEPZ	Export Excellence Award 2018-19: Highest Investment in Engineering Sector MEPZ	VC Circle Awards 2022 in the category, "Industrial Company of the Year" VC Circle
Best in Class Quality and Delivery Performance- Financial Year'2019 Global OEM of OHVs		

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