

SCHAEFFLER INDIA LIMITED

Code of Conduct for Directors, Senior Management & Employees

Transparency, Trust and Teamwork



BACKGROUND

The Company's business practices are based on integrity, fairness and mutual respect.

In this way, the Company wants to be a reliable partner for shareholders, customers, suppliers and, of course, for its employees. The three major success factors are transparency, trust and teamwork. Transparency creates trust and trust is the basis for good teamwork.

SCHAEFFLER INDIA LIMITED (Schaeffler India or the Company) has established itself as a well governed Company with an excellent reputation amongst its customers, suppliers and in the public eye; thanks to decades of outstanding work, innovative technologies, and first-class quality. This is a precious commodity that the Company wants to protect and develop.

The Company wants to continue to grow profitably, but not at all costs. No business is so important that leads us to break applicable laws and regulations. Acting irresponsibly can lead to considerable damage. For this reason, compliance with rules and laws must be regarded as a permanent part of our corporate culture. This **Code of Conduct for Directors and Senior Management (the Code or the Code of Conduct)** provides guidance in this regard. It applies to all in the same way – the Board, Senior Management and every single employee – and is an important promise to the outside world.

Every employee must contribute to ensure a successful long-term future for the Schaeffler Group and the Company.

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Preamble

Integrity, fairness, and mutual respect are the cornerstones within the Schaeffler Group and the Company upon which our actions are based. The Company lives up to its corporate responsibility and thereby creates the prerequisites for its sustained success.

This Code of Conduct was approved by the Board of Directors of Schaeffler India with the full support of the Schaeffler Group. Now, this Code is amended in alignment with the Code of Conduct Schaeffler Group published in August 2021. The Code of Conduct emphasizes the importance that the Company places on responsible corporate conduct.

The Code of Conduct describes the values and principles of conduct whose letter and spirit must be observed by all of us – the Directors, Senior Management and all employees – and that the Company also expects its business partners to follow the same.

These values and principles of conduct represent a mandatory basis for the Company's global business activities.

The Company, therefore, expects each of the Directors and its employees to feel personally responsible for compliance with this Code of Conduct and to support everybody in adhering to it in the same manner.

1 Fundamental Principles and Rules of Conduct

1.1 Integrity

Integrity means that the Company's business practices always conform to its values and principles of conduct. The Company, its Directors and employees adhere to both the applicable laws and to internal regulations. They act according to the Company's values and follow their own inner compass in order to ensure that regulations become practiced values.

The Company, its Directors and employees maintain integrity in their dealings with others and expect integrity from business partners.

The Company only maintains business relationships with third parties whose business practices conform to the values and principles of conduct specified in this Code of Conduct and thus safeguard the Company, its Directors and employees against criminal or other forms of liability and protect the Company's good reputation.

1.2 Transparency, trust, and teamwork

Schaeffler India is a fair and reliable partner. The Company and its employees therefore act transparently towards its shareholders, business partners and each other. Transparency generates trust, and trust is the foundation of successful teamwork.

Responsible collaboration requires actions and decisions that are transparent and comprehensible. Only then will they meet the required level of acceptance. When it comes to collaboration, transparency also means that issues are addressed openly, and people deal with each other honestly.

1.3 Handling of risks

The Company cautiously takes calculated business risks in order to achieve the Company's strategic objectives and realize the expected resulting benefits. As a rule, business success requires opportunities to be seized and that the related risks identified early, assessed, and managed.

The Company defines risks as the threat that events or actions prevent the Company from achieving its objectives or successfully implementing its strategies.

Risks are actively managed with the help of the risk management system implemented within the Company. The handling of risks is enhanced at all corporate and business levels by consistently addressing risks and regularly monitoring risk-driving factors.

In this way, we ensure a continuous risk awareness at all levels of the Company and strengthen the lived risk culture. It is the responsibility of each employee to appropriately manage the business risks within their assigned area of responsibility. Individual risks that could jeopardize the continued existence of the Company are not accepted.

1.4 Respect for human rights

Regulations and customer requests on human rights become more demanding and human rights due diligence needs to cover our own business operations, business partners and all other parties affected by Schaeffler or its business partners. Respect for human rights is an integral part of Company's corporate responsibility. At Schaeffler India, seven human rights related topics are of particular importance for human rights due diligence (1.Human trafficking/modern slavery & forced labor, 2.Discrimination, non-harassment & equal opportunities, 3.Excessive working hours, 4.Freedom of association & collective bargaining, 5.Child labor, 6. Remuneration & fair wage, 7. Health and Safety). The Company is committed to the United Nations' international code of human rights, the "UN guiding principles on business and human rights", the ten principles of the "UN Global Compact", and the internationally-recognized standards of the eight core conventions of the International Labor Organization (ILO).

Accordingly, all Directors and employees respect the dignity and personal rights of all individuals as well as all parties with whom the Company is associated through its activities, business relationships, and products. The Company actively prevents infringements of human rights and eliminates these as part of a human rights due diligence process. The Company endeavors to positively influence the personal rights of all parties with whom it is associated.

1.5 Adherence to applicable law

The Company and its employees respect and adhere to all applicable local, national, and international laws and regulations. Adherence to these laws and regulations is the basis for the Company's long-term economic success. Infringements of these laws and regulations can cause significant harm and have serious consequences for the Company, employees, business partners, and other stakeholders.

1.6 Avoiding conflicts of interest

The Company expects loyalty and integrity from all its Directors and employees. This means that they all act in the Company's interest while they are employed by the Company and make business decisions in the Company's best interest. Personal interests, economic or otherwise, are not allowed to negatively interfere with or obstruct the interests of the Company.

All Directors and employees should therefore avoid situations in which personal interests or actions conflict with the interests of the Company. If conflicts of interest cannot be avoided, the Directors must disclose these to the Board and employees must disclose to their managers to find a solution that will protect the Company's interests.

1.7 Handling Company assets with due care

The Company and all its employees handle the Company's assets in a careful and responsible manner. These include both material values such as buildings, facilities, and operating materials and information technology, software, data, and intellectual property.

All employees are responsible for utilizing the resources, operating materials, and information made available to them exclusively in the Company's interests. They protect these against negative influences and keep them in proper condition.

Employees observe and adhere to the regulations and specifications regarding the use and security of the Company's assets.

1.8 Proper accounting and financial reporting

The Company always adheres to applicable principles of proper accounting. The Company uses a system of correct financial reporting based on these principles and accounting standards to establish trust among its contractual partners, shareholders, and the public.

The Company conducts its accounts, records, and documentation in a truthful, correct, complete, and up-to-date manner in accordance with the requirement for transparency. The Company keeps its relevant stakeholders informed on a regular basis by publishing its financial results, which are created in accordance with applicable financial reporting standards and requirements.

To ensure proper financial reporting, the Company established an internal control system that addresses and monitors risks through effective control activities, thereby ensuring sustainable value creation.

1.9 Proper conduct in public

The Company expects its employees to avoid making any public statements on behalf of the Company and instead to refer any questions to the Corporate Communications department. The Company takes a positive attitude towards the use of social media networks by its employees and respects their right to freely express their opinions. When expressing their opinions in public, employees observe common courtesy and maintain a respectful tone. Employees can find guidelines for proper conduct in social networks in Schaeffler's social media guideline and netiquette#.

2 Behavior Towards Business Partners and Third Parties**2.1 Fair competition**

The Company stands for fair and undistorted competition. The antitrust regulations of the markets on which the Company is active and on which the Company's economic activities may have an impact, are observed and followed by both the Company and its employees.

Virtually all countries have laws and regulations prohibiting agreements, arrangements, and coordinated actions between competitors, suppliers, consumers, and distributors that may inhibit or be intended to inhibit competition. The same applies to the misuse of market influence by unilateral action.

The Company expects its Directors and employees not to participate in practices that are in contravention of competition and antitrust law.

2.2 Anti-corruption

The Company does not tolerate corruption in any form. Any conduct – by both employees and business partners – that may give the impression of business decisions being influenced in an impermissible manner is forbidden.

The Company wants to avoid the appearance of business decisions or economic success being dependent on benefits.

Gifts and hospitality

Benefits such as gifts, invitations, or other things of value are only permissible if they are appropriate and transparent.

The offering and acceptance of benefits in any form for the purpose of influencing persons in the public or private sector is prohibited. The granting of benefits to public officials, government officials, or representatives of these persons for the purpose of unlawfully promoting business will not be tolerated. The same applies to facilitation payments and to indirect benefits, e.g. via business partners and other third parties. Facilitation payments are small, legally non-stipulated payments to government officials to encourage them to perform routine governmental actions they are already required to perform.

#This can be found on Schaeffler Group's corporate website at www.schaeffler.com.

Amended w.e.f. October 28, 2021

All employees must therefore adhere to the anti-corruption laws of the countries in which the Company conducts business activities. Additionally, the Company's guidelines for preventing corruption also apply for all employees.

Donations and sponsoring

The Company is aware of its social responsibility. The purpose of donations is to promote non-profit causes. Donations to political parties or their representatives, politicians, members of parliament, and candidates for political office as well as individual persons are not made.

Sponsoring activities are used to sustainably generate a positive public image and perception for the Company.

Caution is necessary with regard to requests and offers for donations and sponsoring, as this type of benefit can also be construed as (clandestine) bribery. Every donation and every sponsoring activity must therefore conform to the applicable laws and internal regulations and requires special approval with the involvement of the Compliance department.

2.3 Prevention of money laundering and financing of terrorism

The Company fulfills its legal responsibilities to combat money laundering and the financing of terrorism. The Company neither participates in activities connected with money laundering and the financing of terrorism, nor does it allow or tolerate the latter. Every employee is required to report all financial transactions that may give just cause to suspect money laundering and to initiate a review of these transactions by the Compliance department responsible.

2.4 Export control and sanctions law

National and international laws and directives regulate import, export, trade, brokering, and financing transactions, rendering of services, and the forwarding of goods (material goods, software, and technology). The Company ensures by means of appropriate processes that transactions and activities both with third parties and within the Schaeffler Group do not contravene export control and sanctions laws.

2.5 Taxes and customs

The Company is committed to obeying all applicable tax laws and customs regulations. It does not pursue any improper tax avoidance strategies.

The Company is aware of its social responsibility and of the need for appropriate state financing. The Company is prepared to make an appropriate contribution to tax revenue in accordance with the Company's performance capability.

The Company promotes open and respectful collaboration with the tax authorities.

2.6 Technical compliance

The Company's primary objective of product safety is to safeguard people's health and safety. Every effort is made to ensure the conformity of all processes, products, and services while observing the guidelines and regulations applicable at the time of these being put into circulation, particularly the legal product safety regulations regarding development, manufacture, use, and characteristics. In this context, the Company considers the current state of knowledge and technological state of the art as well as the end users' justified safety expectations throughout the entire lifecycle.

The Company solves the challenges of technical compliance by continuously reviewing the integrity of its products. Technical compliance at Schaeffler India impacts the seamless combination of technical and legal expertise and their systematic integration into the governance structure.

3 Handling of Information

3.1 Digitalization

The Company considers digitalization as a strategic imperative and recognizes that state-of-the-art information technologies such as the cloud, artificial intelligence, the Internet of Things, and digital twins offer a host of opportunities and potential. Digital possibilities, such as the automation of business processes, the ability to mine even more information from structured and unstructured data, and state-of-the-art forms of connectivity both in-house and with external stakeholders, open up opportunities for the Company, its employees and its customers along the entire value chain.

The Company handles data responsibly. Digital solutions are carried forward in a sustainable and value-focused manner. In all in-house and external solutions, the Company fully ensures the highest possible level of cyber security and data protection.

3.2 Protection of Company-relevant information

The Company protects information relevant to the Company against misuse, loss, destruction, and manipulation. We utilize the relevant safety standards to do this and implement appropriate confidentiality measures.

This applies not only to information proprietary to the Company but also to confidential information that is entrusted to the Company by its business partners.

Information and cyber security are a high priority for the Company, and its objective is to continuously improve the fulfillment of the following safety objectives: confidentiality, availability, and integrity. The necessary regulatory framework is provided by an information security management system.

3.3 Protection of personal data

The Company protects and observes the personal rights of its Directors, employees and business partners. Adherence to the applicable regulations and laws, particularly in the handling of personal data, is ensured by means of suitable measures.

3.4 IT security

The Company's IT systems are designed to a high standard of IT security. The corporate data, employee data, and business partner data that are processed, are protected by the technical and organizational IT security measures in an optimum and legally compliant manner.

3.5 Insider information

Insider information, i.e. specific information that, should it become publicly known, could significantly influence the price of listed securities, must be treated as strictly confidential. All employees who have such insider information at their disposal are prohibited from utilizing it for the purpose of trading with securities or other financial instruments, disclosing it to third parties, or utilizing it to make recommendations for purchasing or selling securities or other financial instruments.

The Company has a Code on Prohibition of Insider Trading in place, in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

4 Treatment of Employees and Colleagues

4.1 Fair working conditions and employee development

The Company is committed to observing the ILO's eight core labor standards, recognizes its employees' entitlement to adequate remuneration, and observes the legally guaranteed minimum wages on the respective labor markets. The Company observes applicable labor law regulations. The Company observes the relevant maximum working times and fulfills employees' entitlement to minimum vacation periods.

The Company expects its business partners (particularly HR service providers) to respect their employees' entitlement to fair remuneration and observe our values and principles of conduct with regard to their treatment of others.

At Schaeffler India, our focus is on our employees and on trusting cooperation. We regard our employees' development as an investment in the future of each individual and in the competitiveness of our Company.

We offer an extensive range of development and career options that allow us and our employees to shape the Company's future together. These give every employee the opportunity to develop according to their individual abilities and their professional and personal interests. The Company values and promotes lifelong learning, i.e. learning through experience, from one another, and through training courses in order to remain innovative and successful.

Leadership plays a central role here when it comes to reconciling the Company's interests with the needs of the individual.

4.2 Diversity and the principle of equal treatment

The Company has a long-term commitment to creating a respectful working environment that is free from prejudice and in which diversity is regarded as a success factor. Everybody should feel valued, regardless of their age, gender, gender identity, ethnic and social background, nationality, religion, world view, disabilities, and sexual orientation.

The Company values multicultural experience and diversity and considers these to be strengths in its global organization. As such, we respect each other and strive to create a working environment in which inclusion is actively practiced and that is free from discrimination, intimidation, and abuse.

4.3 Compatibility of work and family

It is of particular importance to Schaeffler India, to promote the best possible conditions for combining family and work by making family-friendly arrangements.

By taking the specific needs of families into consideration, the Company aims to increase the satisfaction and motivation of its employees and thus the Company's performance capability.

Cooperation based on trust and transparency provides the foundation for successful teamwork in the interest of both the employee and the Company.

4.4 Rejection of forced and child labor

The Company strictly rejects all forms of child labor, forced/compulsory labor, modern slavery, involuntary or exploitative prison labor, human trafficking, and other forms of exploitation in its own business activities. The Company expressly requires its business partners to do the same.

4.5 Dialog with employees and employee representatives

The Company respects its employees' right to freedom of association and grants them the right to collective bargaining for the purpose of regulating working conditions. In this context, the Company cooperates with employee representatives in a trusting and constructive manner. Irrespective of this right, the Company always allows its employees to express their interests directly.

5 Sustainability, Environment, Health, and Safety

5.1 Acting with sustainability in mind

Sustainability is firmly anchored within the Company's values and conduct. The sustainable generation of added value is based on unity between economic, ecological, and social responsibility – both with regard to our products, to their production and to the supply chain. The Company therefore understands sustainable action as a cross-sectional issue that is relevant in all areas of the Company.

Employees actively contribute to sustainability by basing their conduct on social values, helping to minimize resource consumption, and enhancing all relevant sustainability aspects through their day-to-day actions.

The Company maintains a comprehensive EHS (Environment, Health and Safety) management system at all its production facilities. The Company places great value on the protection of occupational health and safety and the observance of applicable environmental protection laws and international regulations. The Company works together with its business partners to ensure that they recognize and fulfill their responsibility to protect the environment, the climate, and occupational health and safety.

5.2 Environmental and climate protection

The protection of the environment is an integral part of the Company's corporate responsibility. This applies to the entire industrial manufacturing process, operational business before, during, and up to the completion of transport, disposal, and recycling. By implementing eco-friendly processes at the locations, the Company reduces its environmental impact to a minimum and continuously improves its environmental protection. To ensure that environmental standards are fulfilled, systems are implemented within the Company that ensure safety, control, and measurability.

Employees bear joint responsibility in all their activities, e.g. by reducing waste, energy and water consumption, and greenhouse gas emissions. The Company works according to the principle of circular economy – from the design and manufacture of the products and the extension of their operating life through to the recycling of the materials used.

The Company's product portfolio also focuses on solutions aimed at achieving zero-emission mobility. As a partner to the energy sector, the Company supports the expansion of renewable energy generation. In this way, the Company and its customers are actively helping to promote social change through the creation of technologies that protect the environment and climate.

5.3 Occupational health and safety

The Company provides a safe working environment for its employees by meeting or exceeding applicable legal requirements, regulations or Company guidelines with regard to active occupational health and safety. The Company considers work-related illnesses and work accidents to be fundamentally avoidable. The Company actively implements measures aimed at reducing the number and severity of work accidents. Additionally, the Company maintains and promotes the physical and psychological wellbeing of its employees. In particular, managers have the task of ensuring that appropriate health and safety precautions are taken.

Particular focus is placed on employees who are in particular need of protection, such as young persons, pregnant employees, and persons with physical impairments. Such persons are protected against work tasks that may be hazardous to their health or safety.

6 Reporting and Contact Persons

6.1 Reporting of misconduct

Improper behavior of any kind will be actively addressed by the Company. Both employees and external actors are encouraged to speak up freely and without fear of repressive measures. Reprisals against employees who express their concerns regarding misconduct within the Company in good faith are forbidden. This also applies to external actors who make contact with the Company.

The following contacts are available for both employees and third parties.

6.2 Contact persons

To clarify questions with regard to the Code of Conduct, employees can always contact a person in their immediate working environment, for example:

- Managers
- Compliance Officer
- Legal & Secretarial department
- HR department, Auditing department, or

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- Employee representatives

6.3 Whistle Blower System / Vigil Mechanism

Notifications about violations of the Code of Conduct, specifically illegal business practices or potential human rights violations, can be made using the Company's Whistle Blower System / Vigil Mechanism. This system is available and allows anonymous, confidential, specially encrypted, secure communication with the investigation team in Compliance department.

Whistle Blower Policy is made available on the Company's Website and can be assessed using link as follows - [Scanned Document \(schaeffler.co.in\)](#)

The Company will vigorously investigate any leads regarding misconduct in accordance with the principle of proportionality. Every lead will be followed up. Depending on the result, a comprehensible decision is made as to what consequences are suitable, necessary, and commensurate.

7. Board Diversity and Independent Directors

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's long term sustainability, success and image. The Company's Board encompasses optimum number of Independent Directors, who are additionally governed by Code of Conduct comprising their duties, role & responsibilities as is made available on link as under – http://www.schaeffler.com/remotemedien/media/shared_media/03_worldwide/02_websites_worldwide/india_2/comp_any/Schaeffler_india/ir/codes_policies/Code_of_Conduct_for_Independent_Directors.pdf