

TOWARDS A SUSTAINABLE TOMORROW

SUSTAINABILITY REPORT 2016-17





James K. Kamsickas
President, CEO, and Director – Dana Incorporated



Mrs. Anjali Singh
Chairperson – ANAND Group

Spicer India Board of Directors



Deepak Chopra
Chairman



Robert Pyle
Director



Mahendra Goyal
Managing Director



Michael Bridenbaker
Director



Michael Campbell
Director



Saket Sapra
Director



Manoj Kolhatkar
Director

Spicer India is further strengthening the values of Ethics, People, Society and Environment those are inculcated by DANA Corporation and ANAND Group by publishing this sustainability report.





Towards a Sustainable Tomorrow...

The concept of sustainable development is driven by the effort to reach – as much as possible – the ideals of humanism and the harmony between man and nature, based on the respect of life. As the world is changing at a rapid pace, there is a momentous shift from consumerism to sustainability across the globe. The transformation towards sustainability goes beyond assessing and implementing current responses to global change and meeting gaps in development needs. The implementation of sustainable living has gained momentum globally and considers the fundamental and innovative long-term transformations that are needed to move towards a sustainable future.

We, at Spicer India Private Limited (SIPL or Spicer India), have embarked on a new era of sustainability by publishing our first sustainability report. The report delineates our inclination towards embedding sustainability in our operations and outlines our performance on the sustainability parameters.

Our endeavour towards making Spicer India a green industry sets a new benchmark for a more sustainable pathway of growth. This is showcased through our various initiatives which aim to place sustainable industrial development in the core of our operations with a concert of efforts including industry-wide cooperation, governmental openness and education reform and promote the shift towards sustainable future.

As we look forward to the future, there are a few subdued challenges inherent to the automobile industry. These challenges motivate us to live up to our drive and ambitions to raise expectations of our stakeholders. In a place where sustainability is the need and an intrinsic factor, this is just a beginning as the long journey awaits. With innovative planning and smart operations, we promise a sustainable tomorrow.

SUSTAINABILITY PERFORMANCE

SNAPSHOTS OF FY 2017

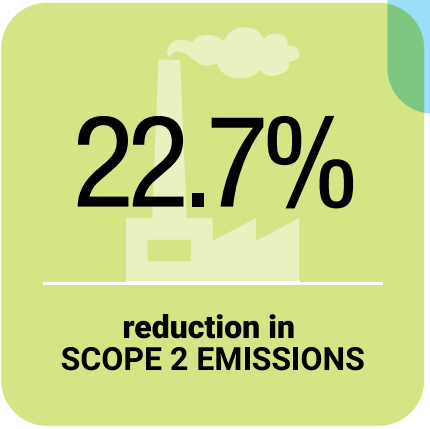
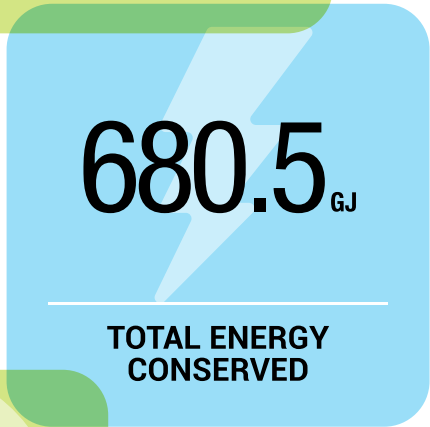
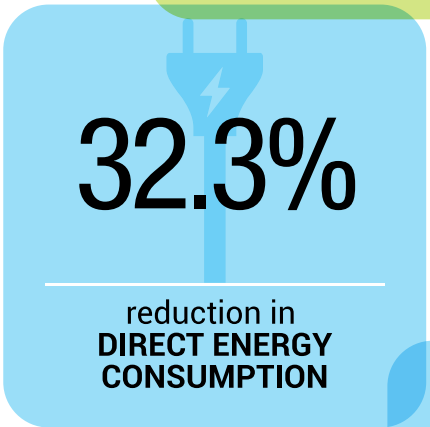


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Thoughts From Our Leaders



Message from Managing Director



Dear Fellow Stakeholders,

I am pleased to present to you the first edition of sustainability report of Spicer India Private Limited. In alignment with the sustainability goals of DANA Corporation and ANAND Group, and in the light of contemporary developments, we identify corporate responsibility as an integral part of our business strategy. Sustainability reporting can be considered synonymous with non-financial reporting; triple bottom line reporting; corporate responsibility reporting. It is also an intrinsic element of integrated reporting. In this report, we highlight our triple bottom line performance covering Economic, Environmental and Social aspects. Contents of this report are in line with the Global Reporting Initiative (GRI) framework, following the G4 guidelines.

In a world of changing expectations, a business cannot afford to sustain unless it functions in a legitimate and sustainable manner. As a country, we are consistently growing for last couple of years with approximately 7% GDP growth. In recent times, many socio-economic changes are being observed with respect to government policies related to investment, infrastructure development and environmental norms. The automobile industry is also going through changes with newer regulations such as Bharat Stage IV implementation, upcoming Bharat Stage VI, crash norms, light weight vehicles, electric vehicles, etc.

In addition to the sustainability programmes we have undertaken, such as optimising energy usage, reducing carbon footprint, water conservation initiatives, strengthening labour relations, etc., we have broken out of sustainability silo and embedded sustainability in our overall organisational strategy. Our initiatives in the domain of renewable energy have helped us in reducing energy consumption from conventional fuels. Wind energy is a part of Jodalli plant's energy requirements, whereas solar project at Chakan is also nearing completion stage. Our key focus areas also include process waste reduction, conservation of water and natural resources.

We are also responsible towards our community. Our Corporate Social Responsibility (CSR) initiatives focus on infrastructure development, education and health which are responsibly looked after by Sant Nischal Singh (SNS) Foundation, the CSR wing of ANAND Group.

In FY 2017, we were also recognised by the Great Place To Work®. This recognition endorses our commitment and determination to create an environment of association and belongingness to Spicer India. Our Spicer India family has been diligently working towards creating an ecosystem which is trust worthy, fun loving and work driven. The management has always pledged its full support to this endeavour, as a great place to work would help in achieving organisational objectives. Employing over 1,200 employees across our organisation, such recognition is a symbiosis of trust and good corporate governance.

At Spicer India, workplace safety is our top most priority. We consistently work towards maintaining and improving our safety culture. Our focused approach in capturing near misses helped us in reducing the number of incidents.

While we are proud of our progress, we are aware of the constraints of the journey. We have a long way to go but surely by adopting sustainability practices we can address such challenges. We look forward to hearing your feedback on this report.

Thank you.



Mahendra Goyal,
President and Managing Director

Message from Chief Operating Officer



Dear Stakeholders,

Since our inception, sustainability has been the key focus area of our operating business model. Recent regulations, global benchmarks, evolving customer expectations and cost driven markets in auto & auto-components industry have additionally helped us improve our triple bottom line performance – People, Planet and Profit, simultaneously working towards enhancing our overall operating efficiency.

For us, people are the most important asset which is also re-inforced through ANAND Group's and DANA's guidelines of "Business is 90% People" and "People Finding A Better Way" respectively. Our decades old Operating Engineer (OE) model is an illustration of how much we believe in developing the responsible citizens of future by giving our workforce a good work culture and growth opportunities.

We have many initiatives such as DANA Operating System (DOS), innovation culture, back to basic drive and cost optimisation drive with Supply Chain Management Group (SCMG) that help us improve processes, systems and eliminate operational waste. Such initiatives are helping us to provide safe working environment, excel our operating efficiency, increase profit margins and productivity.

In near future, our focus lies in the areas of quality enhancement, delivery and responsiveness to increase the share of our business and add new customer portfolios. At Spicer India, we drive quality through the ANAND House of Quality Culture (AHQC) and office quality, enhance competence by bringing behavioral change in people at all levels and aim to reach zero defect. As export is one of our main streams of business, new product along with reduced time span for its development will be an area to focus on.

We are focused towards maintaining and developing a safety culture across the organisation. All our plants, except Manesar, are certified with ISO/TS 16949:2009, OHSAS 18001:2007 and ISO 14001:2004 standards. We are internally working with leading matrices to measure safety performance of our organisation.

Preserving the planet has been the driving agenda for our team. Hence, we have adopted the Reduce, Reuse and Recycle model across the organisation. Our efforts of using natural light in our buildings, replacing old bulbs with LED lights and installing solar panels have helped us to optimise our energy consumption. We focus on conserving the environment, which could be evidenced from the greenery in our plants. Additionally, we also strive for water neutrality in near future. We also care for our community and continue to engage with them through our SNS Foundation. Many efforts have been made for empowering women in the underprivileged sections of the society.

Sustainability will continue to be a part of our operations and business. The reporting journey we initiated will help us benchmark and improve our sustainability performance in long run.

A handwritten signature in black ink, appearing to read 'Naresh Moily', with a long horizontal stroke extending to the right.

Naresh Moily
Vice President and Chief Operating Officer

Message from Vice President - Operational Excellence

Hello Readers,



Sustainable Developmental Goals (SDGs) set by the United Nations (UN) are guiding principles for any country aiming to develop in a sustainable manner, and contributing to global transformation. The organisations and businesses of a country have a key role to play in this regard, especially through their social and environmental performance. In India, the auto sector plays an important role by making significant contribution towards the country's GDP and employment. The sector has been growing at a rapid pace and we, at Spicer India, are proud to significantly associated and contributing towards the sector's growth.

In line with ANAND Group's and DANA's corporate responsibility initiatives, sustainability practices at Spicer India form the core of our operations. The dynamics of our sector and business are continuously changing and so are the expectations of stakeholders, especially our customers. While organisation is maturing, it is time to look beyond the requirements, compliance and near future as a strategic advantage. Keeping this in mind, we are exercising continuous effort to bring various organisational drives under the umbrella of sustainability. As a responsible organisation we have aligned the economic aspect of our business with people and planet.

To understand the needs and expectations of our stakeholders (both internal & external), we have gone through the detailed process of stakeholder engagement and materiality assessment. Aspects, wherever Spicer India are currently focusing and plans to focus on, are also considered during the materiality assessment. The issues, which are important to our stakeholders and to Spicer India are then considered for developing this report, include customer satisfaction, corporate governance, renewable energy, occupational health & safety, women empowerment, etc. In this process, we have aligned ourselves to the GRI principles of stakeholder inclusiveness and materiality.

In near future, we shall continue to focus on environmental aspects, under principles of 3R along with the people aspect and to support our growth.

We aspire and continuously endeavour towards a sustainable future, sharing the values we create with all our stakeholders. We hope our first sustainability report will provide all the necessary information required to recognise and appreciate our efforts.

A handwritten signature in black ink, appearing to read 'Prabhakar Kunte', with a horizontal line underneath.

Prabhakar Kunte

Vice President, Operational Excellence





About the report

Our first sustainability report outlines our performance on socio-economic and environmental pillars for the reporting period from April 1, 2016 to March 31, 2017. The reporting principles and methodologies are 'In accordance' – Core option of the Global Reporting Initiative (GRI) G4 guidelines. The report boundary includes information pertaining to our Indian operations - Chakan (Pune), Satara, Jodalli, Pantnagar and Manesar. Key facts and figures related to the sustainability performance of the sites have been disclosed in relevant sections of the report.

This report has been aligned to the material issues identified through the stakeholder engagement and materiality assessment exercise. This exercise involved direct consultation with our key internal and external stakeholders such as employees, senior management, community, suppliers and customers. For every material aspect identified during stakeholder engagement and materiality assessment, there is a Disclosure on Management Approach (DMA) disclosed in appropriate sections of the report.

The GRI principles for defining report content - stakeholder inclusiveness, sustainability context, materiality, completeness, and the principles for defining report quality - balance, comparability, accuracy, timeliness, clarity and reliability - have been applied while developing this report.

The report includes forward-looking statements based on certain assumptions and management plans. In the report, these statements have been identified by words such as 'intend', 'anticipate', 'believe', 'expect', 'project', 'plan', etc., as far as possible. Should they materialise, the achievement of the projections is subject to risks and uncertainties. This report is our maiden initiative and we are in process of strengthening our reporting management systems.

We welcome your valuable feedback on this report.

Kindly reach out to us at:

Ashutosh Walimbe

Sr. Manager – EHS

Spicer India Private Limited

29 Milestone, Pune- Nashik Highway, Tal Khed, Village Kuruli
District Pune - 410501, Maharashtra, India

e-mail : ashutosh.walimbe@dana.com

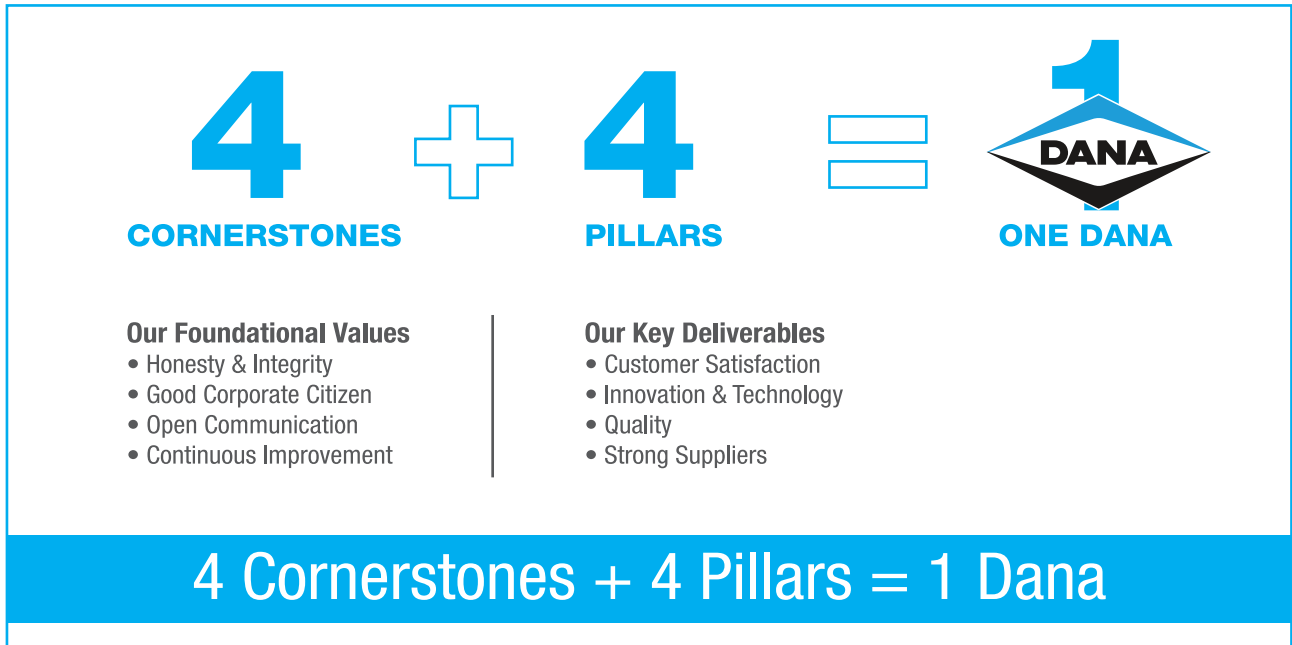
Organisational Profile



About DANA

DANA Holding Corporation, based out of Toledo, Ohio, is a global leader in the supply of axles, driveshafts, structural sealings and thermal-management products, as well as genuine service parts. DANA creates everything from advanced single components to fully integrated modular systems. DANA is renowned for providing high quality automotive product solutions in four core areas of the

vehicle – tyre management, transmissions, structural sealing, and thermal systems. The company not only offers flexibility to vehicle manufacturers but also ensures state-of-the-art technologies to its customers. The products are supplied for more than 70 million vehicles annually. DANA has more than 14 technology centers strategically located throughout the world. The company employs over 22,500 people globally in 26 countries.



About ANAND Group

ANAND Group, a provider of the widest range of solutions to the Indian automotive industry, is among India’s leading manufacturers of automotive systems and components. The group has a major presence in the Indian aftermarket with some of its major brands being market leaders. The group supplies to leading vehicle and engine manufacturers in the country. Being India’s one of the leading OEM suppliers, the group takes pride for its 23 longstanding global partnerships, 16 joint ventures, 7 technical collaborations and 19 companies operating across 62 locations and 11 states of the country. The total workforce of the group is approximately 16,000.



The ANAND Way

- We drive ANAND as a unified corporate entity
- We aspire to be a world-class organisation
- We encourage organisational transparency
- We value integrity
- We encourage innovation
- We nurture talent
- We support continuous education
- We build trust and empower people
- We practice open and honest communication
- We recognise and reward achievement
- We are an equal opportunity employer
- We are committed to social responsibility

About Spicer India

Spicer India Private Limited is a joint venture between DANA Holding Corporation, USA and ANAND Group, India. We are leading supplier of axles, driveshafts and drivetrain products as well as genuine service parts to automotive bellwethers.



SPICER India Shared VISION & MISSION

CREATE EXCEPTIONAL VALUES
TO SHAREHOLDERS BY PROVIDING
SUPERIOR DRIVE TRAIN SOLUTIONS
TO OUR CUSTOMERS.

First in the
mind of
customer

No.1
supplier to
OEMs and
aftermarket
in India

Centre of
manufacturing
excellence
for global
component
organisation

Marketing &
innovation
led
organisation

Great place
to work



SPICER India CORE VALUES

- We are a part of a larger society
- We will respect people and preserve the dignity of fellow human beings
- We will be focussed in creating value for our customers
- We will display a high performance culture and strive for excellence
 - We value team work
 - We will own up
 - We will excel in problem solving and experimentations
 - We will find innovative solutions
 - We will embrace change
- We will consider suppliers as partners in business



Recent Recognitions



GPTW® Award for 2016 - Spicer achieved 52nd position in the country



GPTW® Award for 2017 - Spicer achieved 26th position in the country



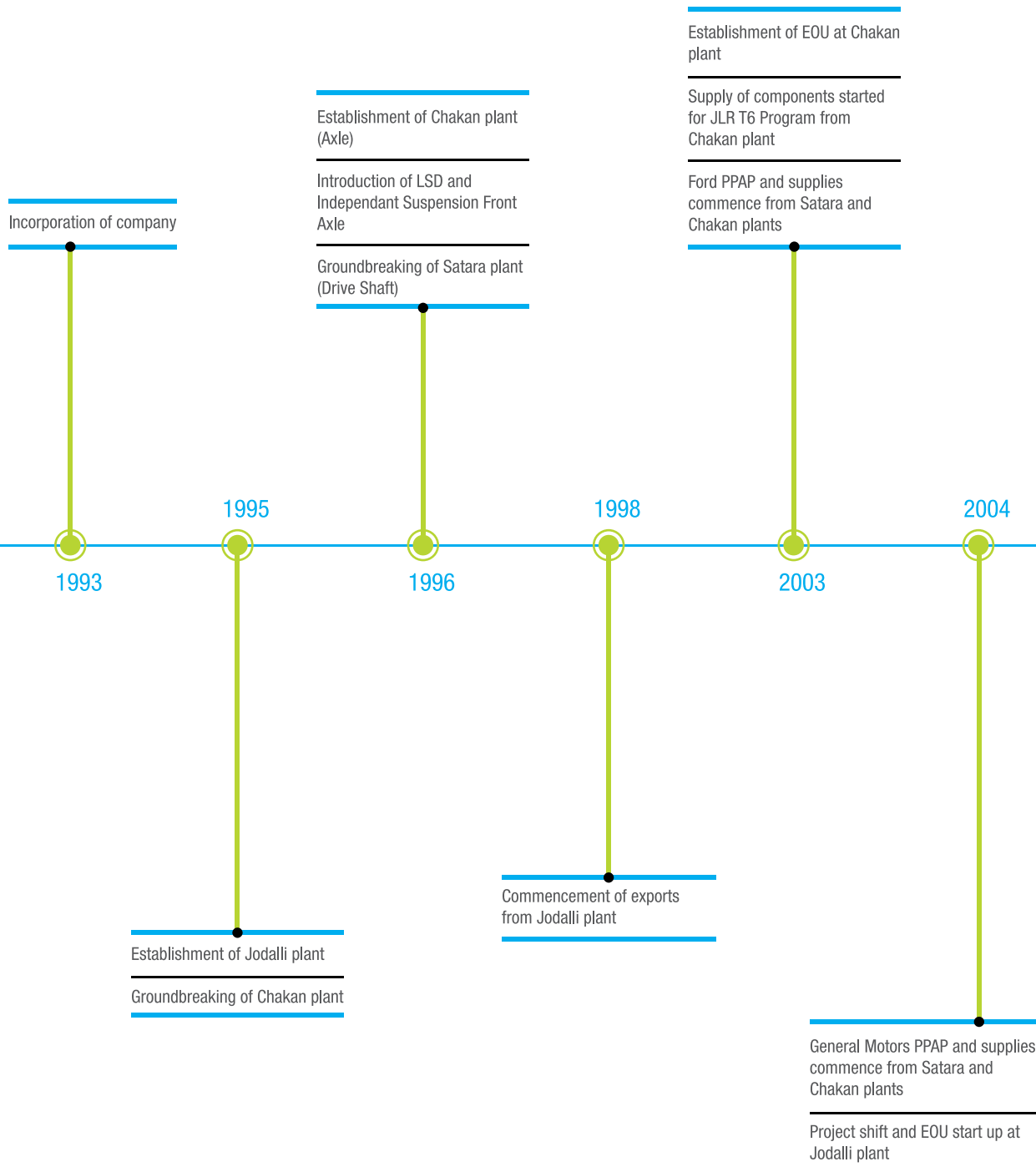
Spicer India was awarded a Gold trophy in the field of supplier development from ACMA

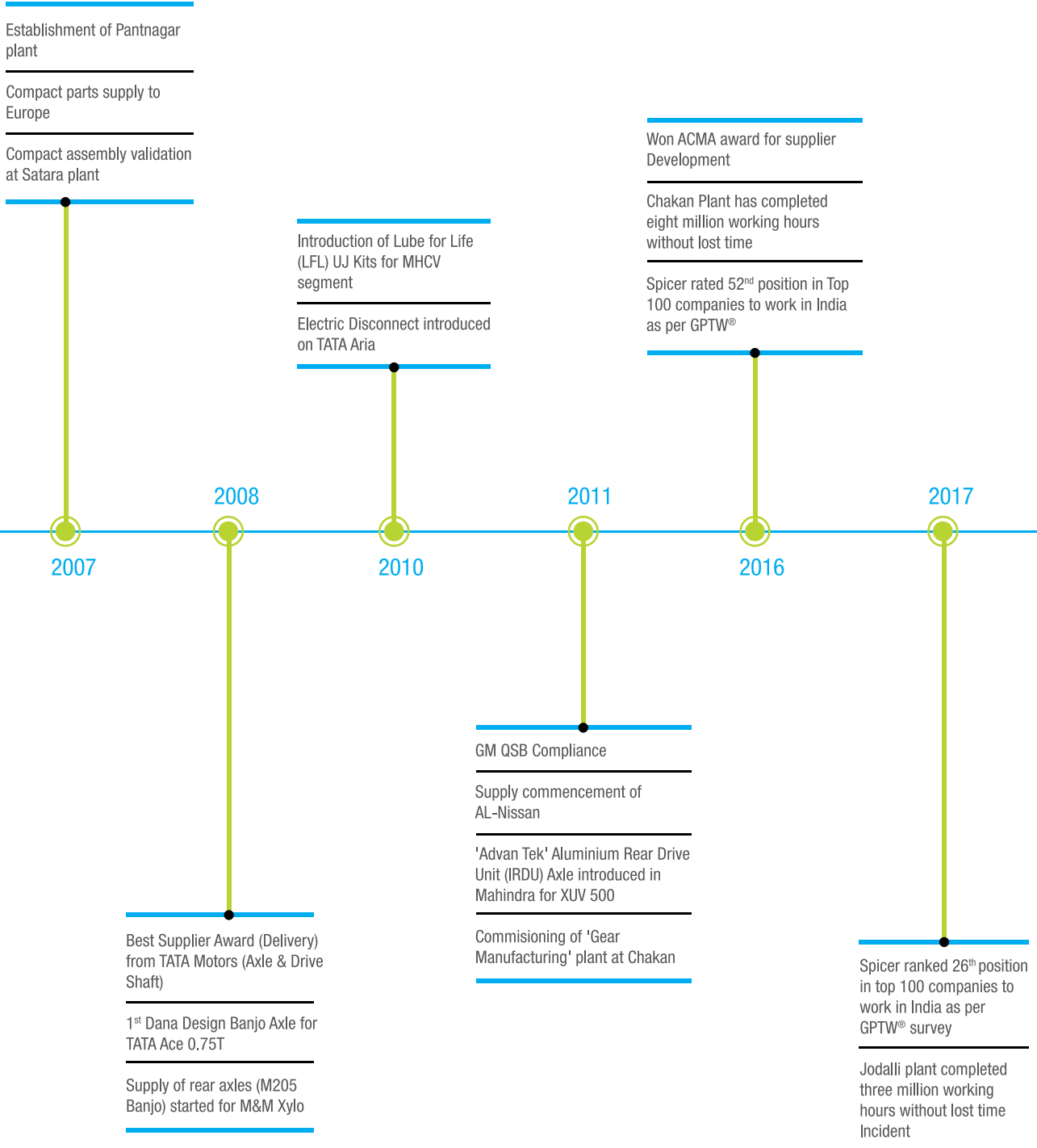


Award to Spicer Jodalli (Dharwad) Plant for 4-star rating in EHS and second place in automatable sector in CII southern Region for EHS

Our Milestones

Since its establishment in 1993, Spicer India has chartered a highly successful path to growth and leadership in the drivetrain industry. The below milestones exhibit the company's product and manufacturing achievements over the years.







Corporate Governance

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Corporate governance forms the core of Spicer India, it lays down a roadmap for a strong and balanced growth of the organisation and ensures that interests of all stakeholders are safeguarded. Our commitment towards adapting good governance practices is validated by our code of conduct that sets high ethical standards for conducting business.

In order to identify key business risks, we have an effective risk identification framework in place that assists us in establishing, assessing and mitigating potential risks that could significantly affect our business and value delivered to our shareholders.

Board of Directors

Deep C. Anand
Chairman Emeritus

Deepak Chopra
Chairman

Robert Pyle
Director

Mahendra Goyal
Managing Director

Michael Bridenbaker
Director

Michael Campbell
Director

Manoj Kolhatkar
Director

Saket Sapra
Director

Board Level Committee

CSR Committee

Deepak Chopra
Chairman

Robert Pyle
Member

Michael Bridenbaker
Member

Mahendra Goyal
Member

Manoj Kolhatkar
Member

Audit Committee

Deepak Chopra
Chairman

Robert Pyle
Member

Michael Bridenbaker
Member

Manoj Kolhatkar
Member

Executive Leadership - Spicer Management Committee

Mahendra Goyal
President and Managing Director

Naresh Moily
Chief Operating Officer and Head - Human Resources

Kawal Jaggi
Sr. Vice President - Finance, Costing, SCMG, IT

Narayan Vakil
Sr. Vice President - Strategic Projects

Raghu Muttige
Vice President - Application and Manufacturing Engineering

For Spicer India, adhering with the principles of sustainability and delivering on strategic goals is of utmost importance. We have embedded robust systems and have committed ourselves to the values of DANA and ANAND Group. Our executive leadership promotes healthy and sound corporate governance and strives to provide quality leadership to fulfill our stakeholders' promises. Our management approach is reinforced by our commitment to deliver economic, social and environmental benefits which ultimately leads to our operational and strategic success.

Code of Conduct

Our business is guided by our purpose and values which reflect our capabilities and aspirations. These values ensure ethics and integrity and also are the main drivers for our business decisions. At Spicer India, in line with DANA, we have adopted the ANAND Code of Conduct (CoC) which reinforces our commitment of institutionalising good governance practices and defines the effort to support and live the ANAND Way in our day to day work. High ethical standards begin at the top. The senior management is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities. The Code is applicable to all employees and delineates the following 13 conduct clauses.

During the reporting period, all our employees, including our senior management, have confirmed their adherence to the below conduct clauses.



Risk Management

Identification of risk and effective risk management helps us enhance our company's pliability and thereby grow shareholder value sustainably. Risk management is not only about understanding what impends our business; it is also about finding out what can strengthen it.

Management Structure

During the last few years, we have been successful in enhancing our capability to anticipate risks and respond with agility and confidence

in managing them. We have a robust risk management structure and framework that ensures holistic risk analysis and identification of significant and existential risks. The senior management continues to seek opportunities through consistent monitoring of business activities for identification, assessment and mitigation of potential internal and external risks.

Risk Management Approach

Being a responsible company, we lay concerted efforts to ingrain sustainability across our units and operations. We not only understand our customers' needs and market demand, but also ensure minimum impact on our environment and community.

Risk Management Process



We have outlined a dedicated process for identification of risks material to our company. The identification is done by taking into consideration the potential aspects such as health, safety, environmental, social, reputational, legal and financial. The severity is assessed based on the degree of harm, injury or loss from the impact associated with a specific risk. The effectiveness and functional capability of the deployed systems are reviewed periodically. Further, risk minimisation, reduction and mitigation measures are developed and implemented.

Regulatory Compliance

We are committed to abide by all the laws, regulations and standards that are applicable to our organisation. Failing to uphold norms can have huge negative impacts on the long term success of a business while maintaining regulatory compliance brings several benefits such as reduced legal obligations, improved operations, better stakeholder relations and higher employee retention. Our legal department is responsible for making internal checks, contributing in legal awareness and advising top management for enhanced decision making. It works in coordination with other departments in order to

achieve organisation's objective and ensure that our activities are in conformity to all the applicable laws and regulations.

Zero Tolerance for Corruption and Bribery

Our code of conduct conforms with all applicable laws and regulations. All our employees are made aware of what embodies corruption and how to act in such situations. During the reporting year, there were no incidents of corruption reported.

Anti-Competitive Behaviour

We stand against business practices, in any form, limit or prevent free and fair competition. We are in compliance with all the laws that encourage and protect fair market competition. During the reporting year, there were no legal actions for anti-competitive behaviour, anti-trust and monopoly practices, and no monetary fines were imposed for non-compliance with laws and regulations.


Whistle Blower Mechanism

In alignment with our commitment to ensure and respect professionalism, integrity and ethical behaviour, we have put in place a whistle blower mechanism for reporting any genuine concerns regarding any violations of our Code of Conduct, without fear of any unfair treatment. All our employees are made available with an ethics helpline to report any form of unethical activity.


Collective Bargaining

In line with ANAND Group belief and business philosophy "Business is 90% people" we treat our employees as most valuable asset. We value direct relationship with employees. Our approach is to create a work environment in such a way that employee's needs and expectations are considered.

All employees have right to approach management through various platforms available like Monthly TownHalls, Employee Relationship Management (ERM), Various Employee Surveys (GPTW®, Dana Engagement Survey, Smile Index), Plan Head/ MD's Box, Ethics Helpline etc. which creates environment of trust. Our approach is to maintain and have a cordial relationship with employees. We do not have employee association which also indicates our sincere efforts to take care of our employees and satisfy their expectations and DANA Corporations theme line "People finding a better way"



SPICER INDIA PRIVATE LTD - ETHICS HELPLINE
NEUTRAL . IMPARTIAL . INDEPENDANT . CONFIDENTIAL . INFORMAL . ANONYMOUS



REPORT UNETHICAL ACTIVITY

ANAND Group	DANA
<div style="display: flex; align-items: center; border: 1px solid #0070C0; border-radius: 5px; margin-bottom: 5px;"> Phone: 1800 102 2100 </div> <div style="display: flex; align-items: center; border: 1px solid #0070C0; border-radius: 5px; margin-bottom: 5px;"> anandgroup@ethicshelpline.in </div> <div style="display: flex; align-items: center; border: 1px solid #0070C0; border-radius: 5px; margin-bottom: 5px;"> 1800 102 2100 & Option 2 on IVR </div> <div style="display: flex; align-items: center; border: 1px solid #0070C0; border-radius: 5px; margin-bottom: 5px;"> Post box No. 71, DLF Ph 1, Quthub Enclave, Gurgaon-122002 </div>	<div style="display: flex; align-items: center; border: 1px solid #0070C0; border-radius: 5px; margin-bottom: 5px;"> <div style="padding: 5px;"> <p>Phone: 000 800 001 6112 or 000 800 100 1071 (ITFS)</p> </div> </div>

Stakeholder Engagement and Materiality Assessment



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We believe that engaging with stakeholders in a transparent manner helps in understanding societal needs and expectations, leading to sustainable decision making and shareholder value creation. In this regard, the first step was to prioritise our stakeholders, for this purpose, we adopted a well-defined approach that takes into account parameters such as impact and influence of stakeholders on Spicer India. Once stakeholders have been prioritised, the next step was to identify the material issues to be included in the sustainability report. We conducted an extensive materiality assessment and finalised our material issues on the basis of inputs received from stakeholders and senior management discussions.

Stakeholder Engagement

Stakeholder engagement is a process of identifying parties that cause an impact or may be impacted by the activities of the company. We believe that engaging with stakeholders is a continuous process that helps us in fostering long term relationships with them. These interactions provide us a platform to understand their expectations, communicate our efforts and seek stakeholder feedback.

We have conducted a separate stakeholder engagement exercise for our sustainability report. This exercise has also assisted us in identifying emerging issues that are important to our stakeholders and to our business for ensuring organisational sustainability. We have developed a robust stakeholder engagement approach that is based on trust, accountability and transparency.

Prioritisation of Stakeholders

We have adopted the following approach for prioritising our stakeholders:

- List down all our stakeholders
- Identify the extent of impacts of stakeholders on Spicer India and vice versa
- Identify the ability of the stakeholders to influence the decision of Spicer India and vice versa
- Based on the impact and influence, stakeholders were prioritised

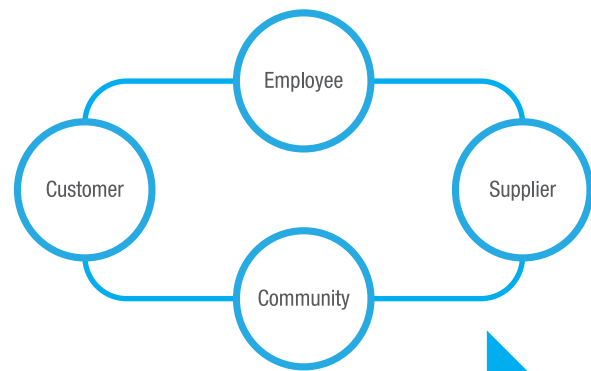


One of our key focus areas is stakeholder engagement as it helps us in identifying and embedding views of our various stakeholders into overall organisational strategy. We believe that this process will strengthen our internal processes and speed up the journey to next level

Narayan Vakil

Sr. Vice President, Strategic Projects

As an outcome of this process, following are the stakeholders identified for materiality assessment:



Stakeholder	Frequency			Key Concerns / Priorities	Spicer India Response
	Annual	Periodic	Need Based		
Customers	Customer meeting	Online communication, Customer feedback	Customer meeting	<ul style="list-style-type: none"> • Competitive pricing • Grievance redressal • Quality and quantity of product • Quality of service 	<ul style="list-style-type: none"> • Process innovations • Adoption of green technologies • Quality products and services
Communities and NGO's	-	Project reviews are undertaken periodically	Interaction with community focus groups	<ul style="list-style-type: none"> • Local employment • Training and inclusive growth • Long term engagement with NGO's 	<ul style="list-style-type: none"> • CSR Programmes implemented to foster community development • Skills training to improve livelihood opportunities
Employees	Performance appraisal, satisfaction survey	Training, Wellness Programmes, online communication, skip level meeting	-	<ul style="list-style-type: none"> • Career progression • Wellness and benefits 	<ul style="list-style-type: none"> • Safe and healthy work environment • Encourage a culture of continuous learning • Prompt grievance redressal • Continuous focus on GPTW®

Stakeholder	Frequency			Key Concerns / Priorities	Spicer India Response
	Annual	Periodic	Need Based		
Government and Regulators	-	-	Meetings for new policy developments and ministry directives	<ul style="list-style-type: none"> Target vs. achievement as per legal obligations 	<ul style="list-style-type: none"> Create systems and processes to comply with legal obligations
Shareholders and Investors	Meetings	Quarterly reports	-	<ul style="list-style-type: none"> Compliance Governance Ethical operations Economic performance Operations review 	<ul style="list-style-type: none"> Growth and profitability Sustainable development practices
Suppliers and Contractors	Vendor meets	Inspection visit to facility, emails and phone calls	-	<ul style="list-style-type: none"> Training and capacity building Transparency in bidding process Timely payment of dues 	<ul style="list-style-type: none"> Training sessions Supply chain advisory Note time to time Operational and system improvement

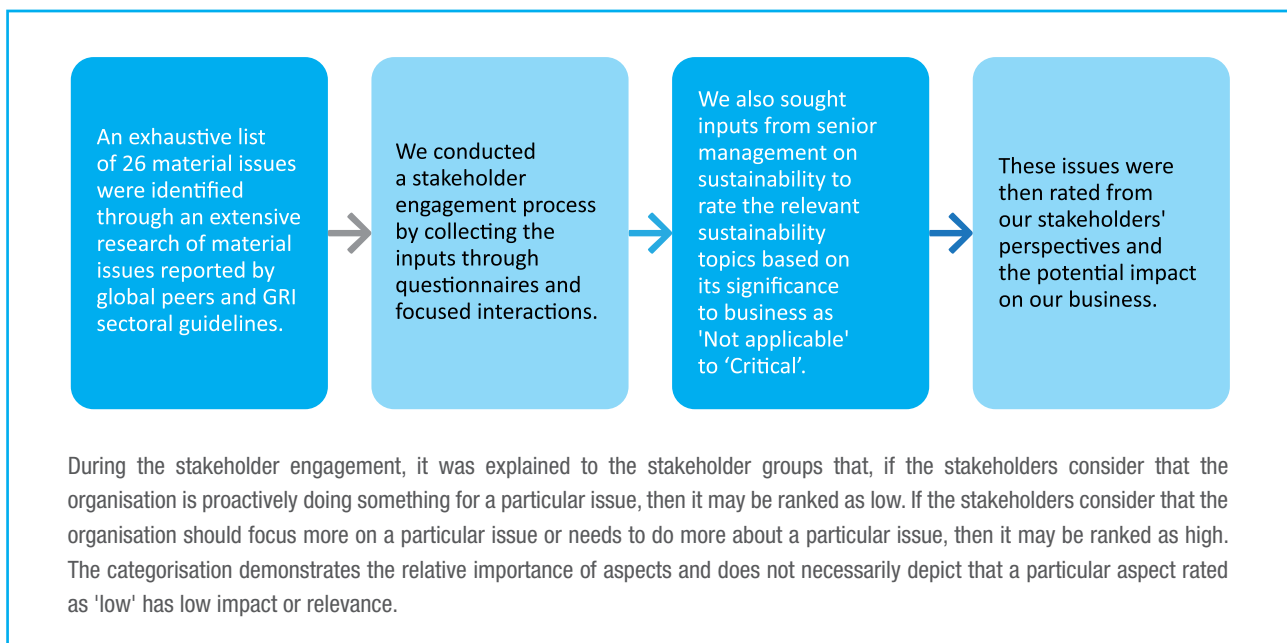


Materiality Assessment

The materiality assessment exercise assists an organisation in identifying sustainability focus areas that are significant to its business. This assessment has helped us to understand material topics to be included in the sustainability report on the basis of our discussion with key internal and external stakeholders. Our sustainability report is based on these material topics and reflects our vision, action plans and progress made towards the mitigation of key sustainability challenges faced by us.

The materiality assessment has been carried as per Global Reporting Initiative (GRI) G4 principles and the issues have been defined in the report accordingly. Material issues outlined in the materiality matrix have been finalised through inputs from stakeholders and discussions with the company leadership.

We have implemented the following procedure for materiality assessment:



The assessment of the inputs for a particular material issue from the various stakeholders and senior management was carried out, these criteria were then measured on a criticality scale (as shown in the materiality matrix) which helped us to prioritise the key material issues. The issues were then reviewed by the sustainability core team and reassessed during the preparation of this report.

Following is the list of material issues identified, further to which the issues were ranked on the basis of stakeholder engagement and senior management interactions.

Material issues	Where does the impact occur (internal / external / internal and external)
1. Product safety	Internal and external
2. New product development	Internal and external
3. Sustainable supply chain	Internal and external
4. Product and service quality	Internal and external
5. Recruitment and talent management	Internal
6. Human rights	Internal and external
7. Occupational health and safety	Internal and external
8. Customer satisfaction	Internal and external
9. Skill development	Internal and external
10. Employee engagement and well-being	Internal
11. Employee productivity	Internal
12. Regulatory compliance	Internal and external
13. Women empowerment	Internal and external
14. Energy efficiency	Internal and external
15. Water management	Internal and external
16. Renewable energy	Internal and external
17. Greenhouse gas emissions	Internal and external
18. Emissions to air (VOCs) in production and products	Internal and external
19. Biodiversity	Internal and external
20. Waste management	Internal and external
21. Resource optimisation	Internal and external
22. Environmental compliance	Internal and external
23. Business growth and profitability	Internal
24. Corporate governance	Internal
25. Cost control efficiency	Internal and external
26. Market / product competition	External

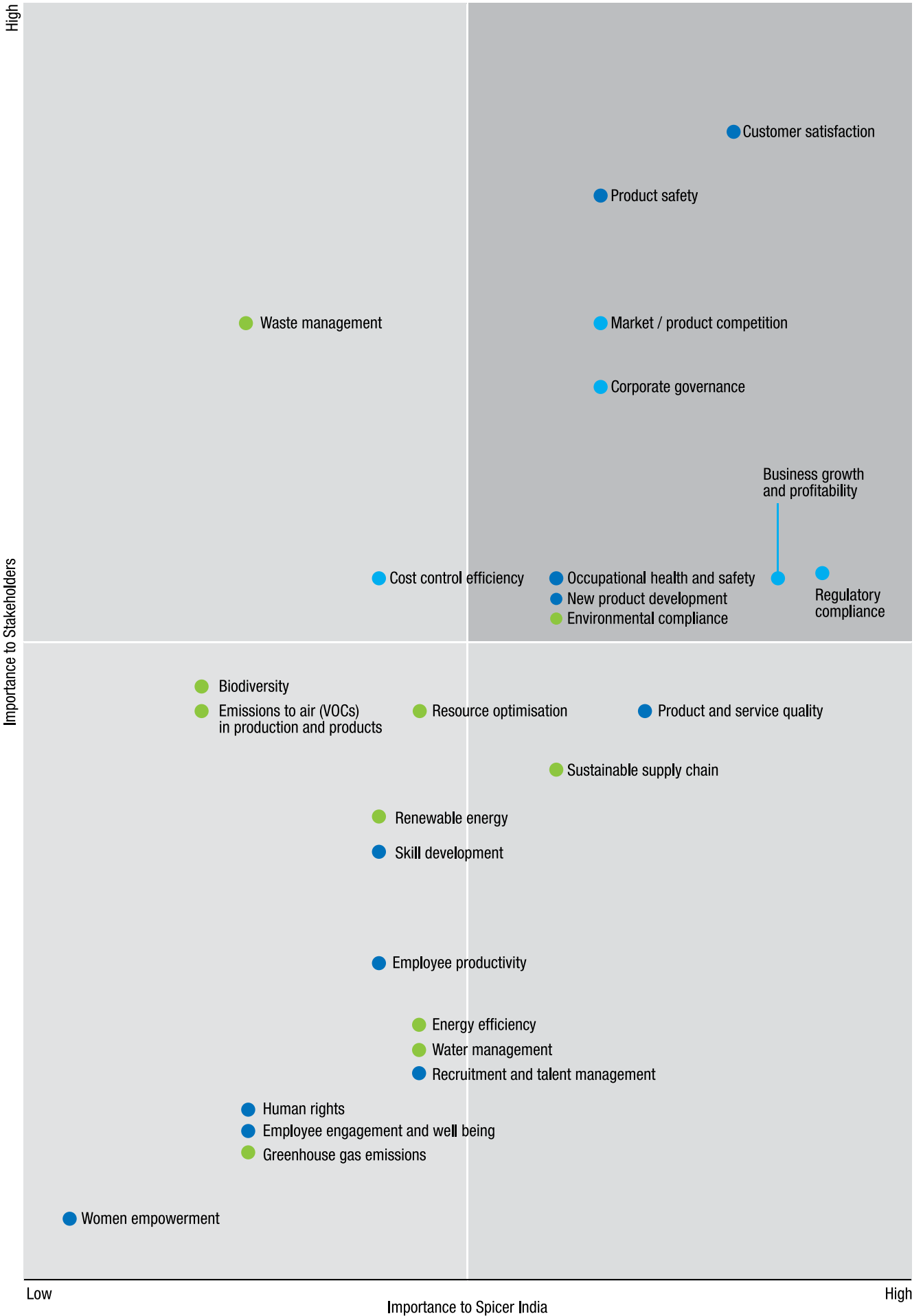


In context with the outcome of the above materiality matrix, our senior management have prioritised the following material topics to be covered in this report.

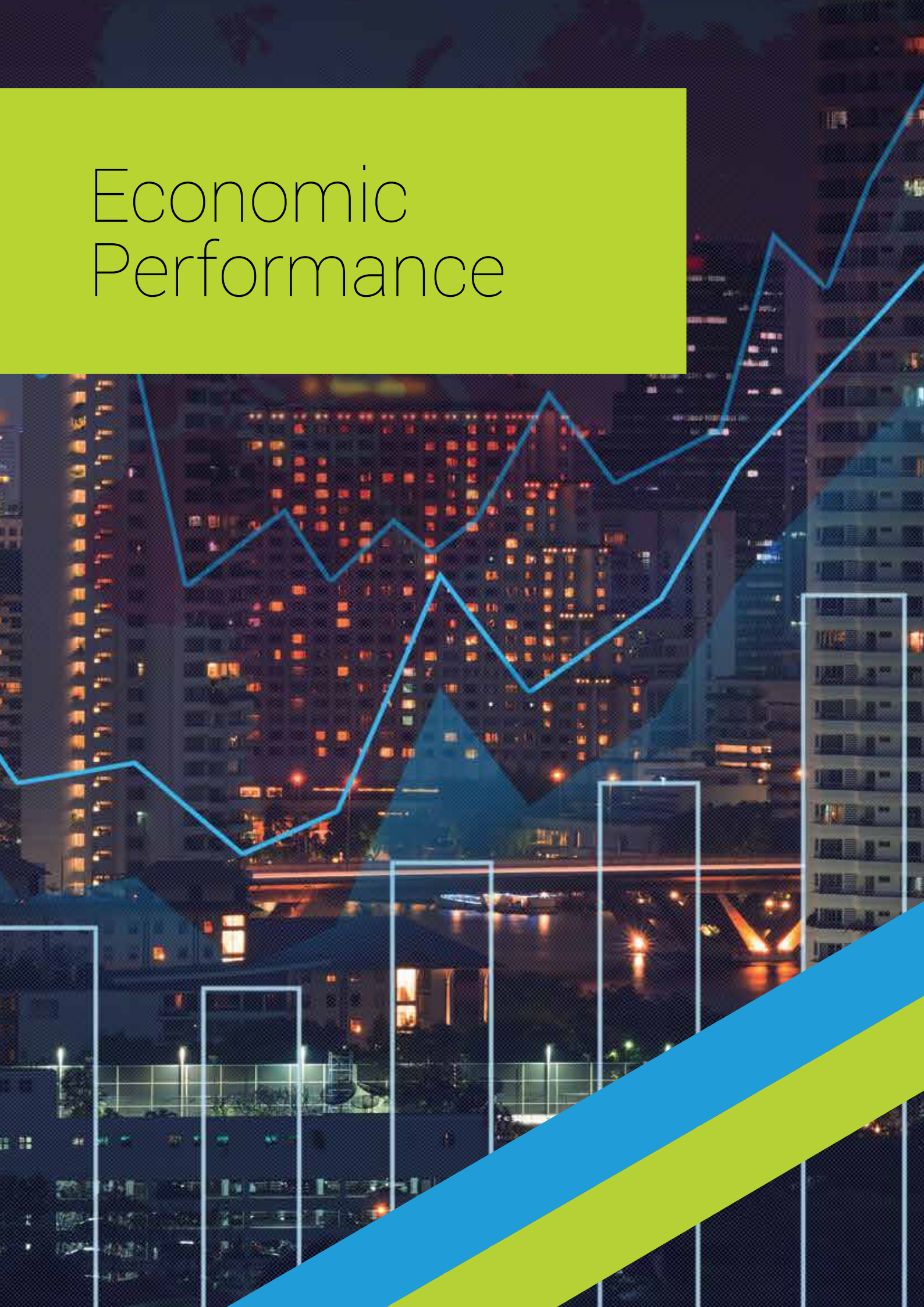
S. No	Material issues	Disclosure
1	Customer satisfaction	Customer centricity ●
2	Corporate governance	Corporate governance ●
3	Energy - Renewable energy, Energy efficiency	Environmental excellence ●
4	Occupational health and safety	Workforce management ●
5	Regulatory compliance	Corporate governance ●
6	Water management	Environmental excellence ●
7	Woman empowerment	Workforce management ●
8	Waste management	Environmental excellence ●
9	Employee engagement and well being	Workforce management ●

● Economic ● Environment ● Social

Materiality Matrix



Economic Performance



Economic performance	30
Indirect economic impacts	30

During the reporting year, we attained a revenue growth of 8.14% over the previous year. This is the result of our continuous efforts towards delivering high quality goods and value to our stakeholders. In order to maintain our continuous growth, we also take in to account indirect economic impacts such as climate change and seek measures to mitigate their impact on the business. We continuously assess our performance and ensure that we are in compliance with all the applicable regulatory norms.

Being a tier 1 auto components manufacturing company, we, at Spicer India, are rooted to innovation and engineering. We have a vision to create exceptional values to stakeholders by providing superior solutions to our customers and a mission to be the number one supplier in the market. Being a subsidiary of DANA and ANAND Group, we have ingrained the values of our parent companies and are cognizant that maintaining sustainable economic performance is essential for our sustainable growth.

India is becoming one of the leading economies of the world and the auto sector significantly contributes towards India's growth. At Spicer India, we have achieved Rs 10,797 million of sales in FY 2017. This has been possible due to better customer services, innovation, sound strategy and comprehensive efforts of our management, employees and supply chain partners. To evaluate our performance on a regular basis, projects are monitored by management and leadership periodically. We adhere to all applicable national and international laws and undergo various internal and external audits, benchmarking and stakeholder feedback for continuous improvement.

Economic Performance

In spite of the challenging environment and focusing on various initiative we were able to grow revenues by 8.14% over previous financial year. This was possible due to our strategic transformation and commitment towards delivering high quality and value to our stakeholders. We have recorded a revenue of Rs 11,201.44 million and our profit before tax stood at Rs 1,369 million for the reporting year. We have achieved an EBITDA of Rs 1,605 million in FY 2017 which is 22.1% more than FY 2016. The net value added is then distributed to employees (7.9%), providers of capitals (6.05%) and payments to Government (4%). The proportion of value distributed in FY 2017 was 7.96% higher than the previous year.

Our CSR efforts are another way to showcase our purpose beyond the boundaries. In FY 2017, we have spent Rs 18.65 million on CSR

initiatives which consists of combined activities through various foundations and volunteer led Programmes.

Innovation is one of our major focus areas and therefore we invest our time and funds to develop new products and improve productivity of our current portfolio. In the reporting year, we have invested Rs 65 million in R&D activities which is 9% more than FY 2016. The investment is 0.6% of our total turnover and significant portion is dedicated in developing advanced parts and new models.

In FY 2017, we received Rs 303 million from government as financial assistance that includes tax relief, R&D deduction and export incentive.

Indirect Economic Impacts

Effects of climate change are now noticeable and scientific evidence for warming of climate systems are unequivocal. Manufacturing sector is not immune to the implications of climate change and are significantly impacted by its effects. At Spicer India, we strictly emphasise and adhere to statutory and regulatory requirements with regards to climate change. We have gone beyond regulatory



A. Economic Value Generated	FY 2015	FY 2016	FY 2017
Net Sales	9,310	10,168	10,797
Revenue from financial investments includes cash received as interest on financial loans, as dividends from shareholdings, as royalties, and as direct income generated from assets (such as property rental)	190	188	393
Revenues from sale of assets include physical assets (such as property, infrastructure, and equipment) and intangibles (such as intellectual property rights, designs, and brand names)	7.56	2.01	11.44
B. Economic Value Distributed	FY 2015	FY 2016	FY 2017
Operating Cost (Raw Material & Other Costs)	7,588	8,337	8,748
Employee Wages and Benefits	750	757	846
Payments to Providers of Capital	463	470	648
Payments to Governments	304	334	428
Exchange Loss	3	3	20
CSR Initiatives	18.23	18.54	18.65
Economic Value Retained (A-B)	381.33	438.47	492.79

Values in Rs million



compliance by producing lightweight auto parts that helps to reduce vehicular fuel consumption. At our operations we have adopted renewable sources to optimise energy consumption.

We consider sustainable development as an essential element for long term success with added value for society. We make significant contribution towards economic development of our society, improving the quality of life of people.

We do not discriminate entry level wages based on any criteria and increment is on the basis of performance. We hire 100% of senior management locally¹ to promote local employment.

We, at Spicer India, regularly contribute to the expansion of local infrastructure. We take into consideration the needs of local communities when setting up a new plant or during the expansion of our existing facilities.

Our success is not only driven by our products and manufacturing process, but is a result of contribution and performance of various stakeholders. We ensure that economic activity across our operation and value chain generate local employment opportunities and contributes towards their growth. In FY 2017, we have spent 92.34% of our material cost on sourcing with local suppliers. Environment, health and safety practices are one of the criterion for selection of our suppliers. They have to abide by our standards of business conduct that includes policies requiring adherence to specific environmental, human rights and labour practices criteria.

¹ Local means India



We believe that along with economic performance, non-financial parameters also play an important role in maintaining organisation performance in long run and therefore, non-financial parameters are an integral part of our business strategy.

Achieving economic balance through optimising cost at sourcing stage is one of our key drivers. SCMG cost optimisation continues to be our key focus area, other important aspects of our operations and governance include internal efficiency through systems like ERP and internal checks & balances. Sustainability reporting will help us in the identification and mitigation of non-financial risks impacting the organisation.

Kawal Jaggi
Sr. VP – Finance, Costing, SCMG, IT

Customer Centricity

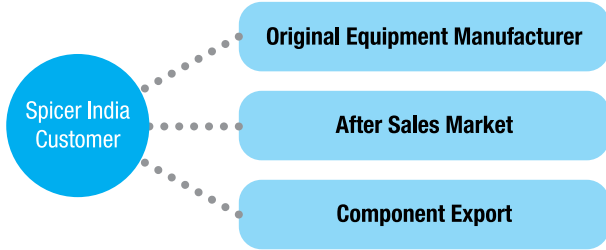


Customer health and safety	34
Product responsibility	35
Product labelling and marketing communication.....	35

Identifying our customers' needs and expectations is of utmost importance. Our various initiatives such as LSIP, customer satisfaction survey, tech days, strategy meets and quarterly visits help us in capturing the voice of our customers and acting on their inputs from the design stage itself.

Innovation is one of our prime focus areas, our research and development centre provides us with state-of-the-art technology to continuously improve our product planning and development, leading to reduced environmental impacts across product life cycle.

We believe that customer satisfaction is key to long term success of a business. It is not just a metric to measure customer loyalty and retention but also helps businesses to address customers' concerns and reduce customers' losses. In today's competitive market place where customer demands and expectations are continuously evolving, customer satisfaction should be central to the business strategy of every successful organisation.



With a constant strive to uplift our customer relations, underpinned by our theme 'Great Supplier To Work With (GSTW²)', we introduced in house developed mobile application – 'Smart Catalog' for our aftermarket customers. The application is highly appreciated by the customers across the trade and is used by our abroad customers as well. We pride ourselves in Indian automotive component manufacturing sector to switch to digital India. The application is not just a digital catalog of our products and solutions but also an enquiry generator. This

added feature makes it easier for our customers to remain associated with us. The smart catalog link can be shared through Whatsapp, Bluetooth, Share-It and many other mobile applications.



At Spicer India, positive customer experience is our topmost priority. We have different forums to reach out to our customers. It not only helps us from business perspectives but by gaining competitive advantage, acting as a catalyser for us to become sector leader. We strive to exceed customer expectations, targeting to achieve zero complaints in near future.

Puneet Gupta

VP – Pantnagar, Lucknow and Manesar

Online Customer Complaint Portal

(<https://spicer.freshdesk.com/helpdesk>)

In line with our vision of creating exceptional customer value, we strive to exceed their expectations by providing quality products and solutions. The first step towards this is listening to the voice of customers and identifying their priorities.

- The online customer complaint portal launched by us in Indian aftermarket is one of its kind. The tool was introduced with an aim of bringing in transparency amongst our customers w.r.t. any concern which they may have. All the communication is managed as log book and tracking of any complaint is done through mobile & computers.
- This has assisted us in reducing our response time to customer complaints and optimise the duration for complaint resolution. Moreover, we continuously monitor and analyse our portal data to improve customer service.

Customer Health and Safety

Health and safety of our customers are important to us. We have processes and systems in place to ensure that all our products are in compliance with the prevailing health and safety standards. We identify and assess health and safety factors across the four stages of procurement, design, manufacturing and delivery in order to implement requisite control measures. During the reporting year, there were no incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services and breaches of customer privacy.

Product Responsibility

As an automotive component manufacturer, our products form an integral part of automotive that people rely on for day-to-day activities. Leading automobile companies form the majority of our customer portfolio. Increasing market competition, evolving customer



Driving more Value with Customised Solutions

Fuel Efficiency

The automotive industry is challenged with the task of improving fuel economy based on evolving requirements around the world while maintaining performance, reducing emissions, and improving system design. At Spicer India, our engineers meet and exceed these standards by working collaboratively with customers. Together, we customise a complete drivetrain system that fully integrates product technologies to provide the optimal level of fuel economy based on a given duty cycle. Our highest fuel saving technologies include:

- Spicer® AdvanTEK® high-efficiency axles.
- Spicer® AdvanTEK® high-efficiency axles.
- Spicer® SPL & Compact range of shafts **Lightweighting**

Automotive industry leaders are making significant progress by investing in light weighting methods to further improve on fuel economy and emissions. Spicer India has engineered weight-reducing technologies and materials into driveline products.

Systems Integration

Through decades of relationships with our OEM customers, Spicer India is uniquely positioned to understand the data and variables that impact each vehicle's dynamics. In fact, we collaborate at an early stage with customers to test and validate not only the efficiency of our products, but also how they interact with and impact the complete powertrain.

Lowering NVH for a smoother ride and drive

Lowering Noise, Vibration, and Harshness (NVH) levels is key to achieving a smoother, quieter ride and drive, and every small variation during manufacturing can affect those levels. But through extensive research, design, and rigorous product testing, Spicer India has effectively integrated unique technologies throughout many powertrain components to achieve significantly lower NVH levels than competitor products.

Case Study: Industry's most fuel-efficient axle

Our AdvanTEK axles not only deliver high fuel efficiency but also enhance vehicle performance, and provide maximum durability for the complete spectrum of light vehicles. Furthermore, these compactly designed axles provide greater power density in comparison to the similar offerings while reducing driveline weight with lighter, higher strength materials and advanced gearing.

needs and stringent regulatory norms require an organisation to bring innovation into the process and continuously improve the quality of its products. We believe that our responsibility does not end with just the product delivery but extends to its use and end of life cycle. That is why we continuously develop the most innovative products that solve challenges like fuel efficiency, emissions reduction, light weighting, engine downsizing, and more.

Product Labelling and Marketing Communication

We follow all the relevant codes regarding product labelling, all our products come with a service manual containing complete information about the products. For marketing communications, our legal department does stringent internal checks. We strictly adhere to Advertising Standards Council of India (ASCI) code. During the reporting year, there were no incidents of non-compliance to regulations/ voluntary codes concerning product information and labelling and marketing communications.



Striving for sustainable products and processes are the only way to survive not only in business but also on the planet. Every new design, process and feature of product gives a tremendous opportunity to move in this direction. Less consumption of resources like oil, paint, improving the efficiency or less releasing heat are not only improving product features but also creates value to customers and for organisation.

Raghu Muttige

Vice President, Application and Manufacturing Engineering



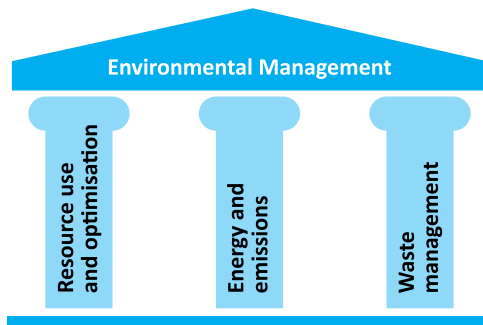
Environmental Excellence

Resource use and optimisation	38
Water management	38
Biodiversity	39
Energy and emissions	41
Waste management	43
Environment expenditure and compliance	43

We strive to minimise our environmental footprints of our supply chain and operations. As we manufacture auto components in large numbers, energy, water management and waste management have been identified as our material issues and we have undertaken various initiatives to reduce per component consumption of energy and water.

We, at Spicer India, being an integral part of the DANA and ANAND Group, endeavour to understand the intrinsic linkage between strong financial performance and uprisng environmental sustainability. We are strongly committed to developing a sense of responsibility and making continuous improvements on the environmental impacts thereby embedding sustainability principles in our operations.

We aim to generate new value, optimise cost and increase operational stability by focusing on three broad environmental management areas: resource use and optimisation, energy and emissions and waste management.



Resource Use and Optimisation

We provide the widest range of drivetrain products and are one of the major suppliers to leading vehicle manufacturers in India. Belonging to an automotive component manufacturing industry, we consume materials and natural resources in many ways. Resource sustainability has been a growing concern as rapid growth in emerging markets has eventually caused a dramatic increase in the demand for resources. Our major challenging issues with respect to resource utilisation are raw material consumption and energy management.

We adopt a basic approach of considering resources as limited, believing that they should be used cautiously minimising the environmental impact. We consistently evaluate resource conservation opportunities and ensure resource consumption as efficient as possible. Through effective use of resources, we thrive to offer the rich benefits of mobility.

Raw Materials

Our raw material consumption primarily entails the use of metal in the form of castings and forgings, steel in different forms, paints and thinners, oil and lubricants and other composite materials. Moreover, our internal production processes include lubricants, welding consumables, etc.

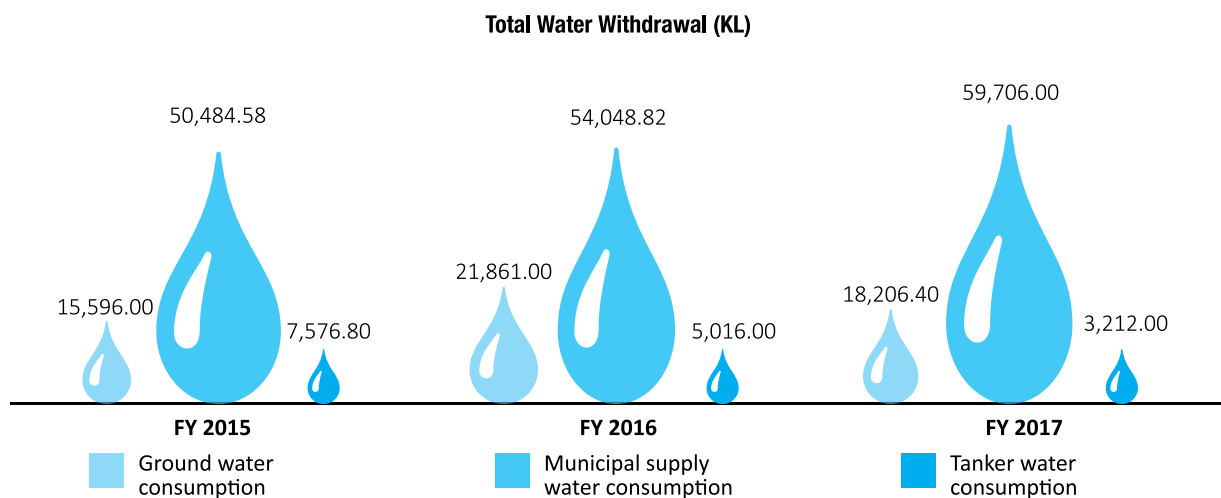
Materials Consumed	Units	FY 2017
Castings & Forgings	MT	31,881.19
Steel	MT	13,027.99
Chemicals	KL	23,474.87
Fasteners	MT	357.74
Miscellaneous	MT	1,247.65

In alignment to the future plans for sustainability at DANA and ANAND Group, reduction in the weight of our products is an ongoing goal that we are constantly working towards. We intend to enhance our material efficiency by fostering our material resources and optimising the consumption of these resources. A continuous concerted push is being given into studies and innovation in this direction.

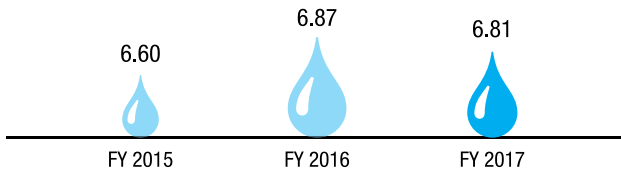
Water Management

Water scarcity is currently a complex global issue which has made industries focus on the effective management of water. Water quality, water security and access to water and sanitation also impact the supply chain and the business, affecting everything from the availability of raw materials to the health and wellbeing of communities.

At Spicer India, water management is one of our key sustainable issues. In our operations, water consumption is mainly due to water intensive processes such as pretreatment, painting and phosphating. Additionally, a significant amount of water is consumed for non-industrial activities. Our water requirement is mainly sufficed by the municipal water supply. Apart from this, our manufacturing locations source water from ground and tankers. During the reporting period, our total water withdrawal was 81,124.40 KL.




Water Intensity
(Water consumed in litres/product & component produced)




Keeping in view the importance of water, we continue to monitor our water consumption. We have undertaken various initiatives at our sites with an aim to augment our approach towards water stewardship. We put concerted efforts to conserve water by creating a high degree of awareness at every level of our operations.


Water Conservation Initiatives




Awareness among employees for water conservation through display boards, campaigns, circulars etc.



Installation of sensor based auto closing taps across our operating units



Periodic monitoring of water consumption pattern



Reuse of treated wastewater for gardening purpose

Biodiversity

We believe that preserving biodiversity and ensuring the sustainable and fair use of biological resources is an important and shared responsibility. We operate in a diverse ecosystem and acknowledge the importance of a balanced ecosystem. We are continuously working to minimise our impact on the natural habitat and restore natural resources by undertaking several initiatives and setting targets for our plant specific environmental protection Programmes. Our plants lie in geographies with low biodiversity and in non-eco sensitive zone.



Japanese concept "MIYAWAKI" is adopted for creating a self-sustainable forest amidst the company facility



Bee Keeping - Bees play a vital role in the pollination of many flowering plants, thus, increasing the yield of crops around the bee hives

At Spicer India, we focus on increasing our green belt by undertaking plantation drives, which is a focused initiative from ANAND Group. We

not only plant trees and distribute saplings but also pay due attention to its nourishment and development. During the year, 2,494 number of saplings were planted.



Developed and sustained a natural pond of 4 lac liters, capacity, from the collection of rain water





Economy and environment go hand in hand. If we cannot sustain our environment, we cannot sustain our existence. Therefore, reducing environmental footprints has always been our topmost priority since inception.

Reducing waste generation, maximising renewable energy (both wind & solar) usage, increasing green cover, have been some of our primary focus areas across Spicer India.

Manish Korde
Plant Head, Chakan Plant

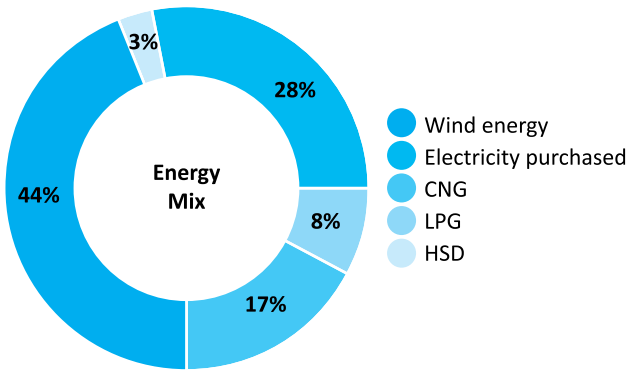


Energy and Emissions

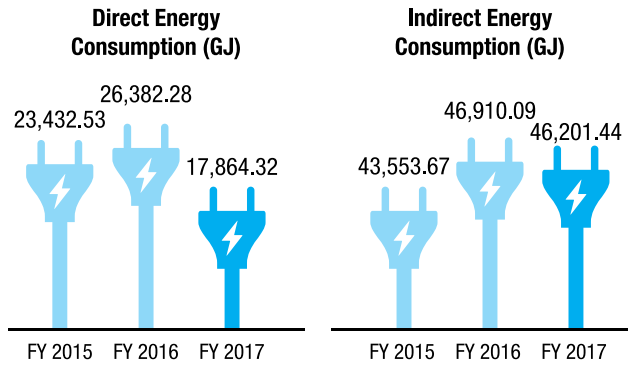
The improvements in reducing environmental impacts have been outweighed by the enormous growth of vehicular demand. Energy conservation and emission reduction are need of the hour and we strive continuously to optimise our energy usage, thereby reducing our emission intensity. We integrate environmental concerns into our core business decisions, adopting a holistic approach to develop innovative technology rendering more efficient and cleaner operations.

Energy Management

We drive and seize the opportunity to reduce our dependency on fossil fuels and efficiently ingrain the use of non-conventional and renewable sources of energy. We make efforts to manage our energy needs in a responsible manner by optimising our energy demand. Our energy needs are sufficed by a mix of renewable and non-renewable sources of energy. The renewable source includes wind energy, while the conventional fuels used to meet the energy needs are High-Speed Diesel (HSD), Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG).



For FY 2017, total direct energy consumption (conventional fuels) was 17,864.32 GJ and total indirect energy consumption was 46,201.44 GJ.



Eliminate the Air wastage of machines during running & Idle Condition

Challenge: There were various challenges with respect to energy consumption for compressed air. The compressed air was provided to machines continuously even when the machine was in idle condition. A separate reciprocating compressor of 7.5 kW was used for CMM machines for maintaining 6 bar air pressure. We also detected leaks in the compressed air line.

Implementation: During idle condition the air input supply valve for 12 machines were shut off. Also, we analysed that the existing compressed line with air booster can meet the requirements of CMM machines of maintaining the pressure of 6 bar. Leakage monitoring and control was also initiated.

Benefit: We achieved an overall monthly energy savings of 5,252 units resulting in 24% reduction of energy.

“Change” the process equipment with latest technology to avoid the Energy wastage

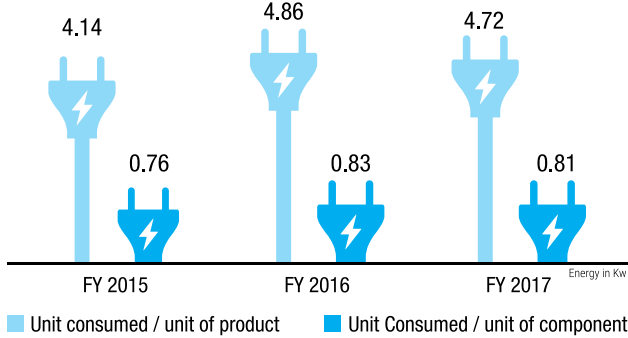
Challenge: For tube machine to operate, hydraulic motor of 37 kW needs to run continuously till the machine is ON. The motor was running per shift and due to presence of DOL starter it was taking full load during starting. The energy consumption due to overall activity was 2,664 units/machine.

Implementation: We replaced the DOL starter with SOFT starter that switched the idea of motor running per shift to motor running per cycle time. This also helped in starting motor smoothly and reducing energy consumption to 673 units/machine. We have implemented the system in 11 machines.

Benefit: We achieved monthly power units saving of 1,991 units/machine resulting in 75% of energy saving.



Energy Intensity



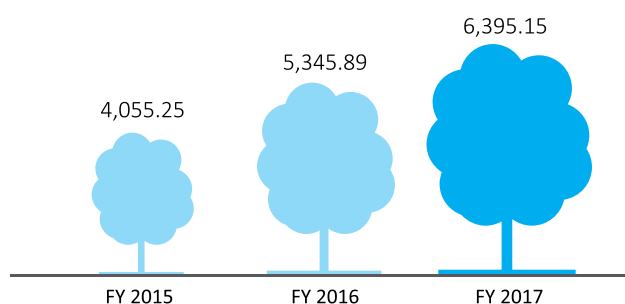
During the year, we successfully conserved 680.5 GJ of energy through our various energy reduction and green initiatives.

Description of some of the major energy saving initiative (FY 2017)	Energy Saved (GJ)
Installed soft starters at salisbury & banjo hydraulic press m/c	64.86
Installed soft starter at tube press machine	80
As per the requirement, optimised start/stop conveyor motor at various lines	152.90
Arrested leakage of compressed air from the operations	30.68
Linked hydraulic power pack ON/OFF with clamp/declamp function	61.62
Savings from air close looping	68.40
Installation of LED in the office lighting	
Reduction of compressor capacity from 200cfm to 100 cfm	
Reduction of air pressure from 6.5 to 5.5 bar	
Installation of air receiver tank	
LED Lighting installation at shop floor	90
VFD Installation for WD oven	45

Emission Reduction

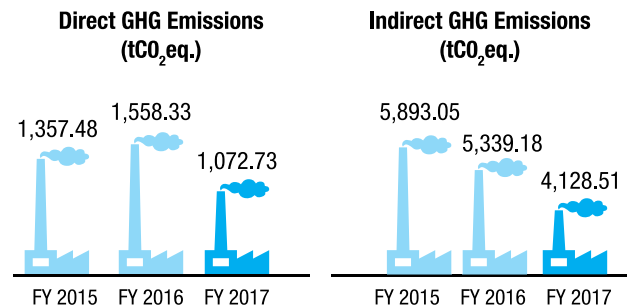
Greenhouse gases are a major contributor to climate change and have a tremendous impact on the global environment. By scaling down our energy requirements, we cut down on emissions which indirectly help in optimising the cost. We not only aim but strain to minimise our Greenhouse Gas (GHG) emissions footprint. As part of our continued efforts to reduce carbon footprint at Spicer India, we have decided to source considerable portion of our energy requirement from renewable sources.

Tonnes of GHG emissions avoided due to the use of renewable energy

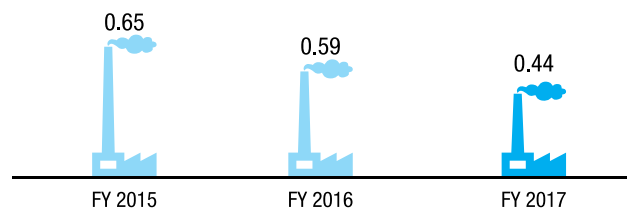


Direct (Scope 1) and Indirect (Scope 2) GHG emissions

The use of conventional fuels and electricity lead to GHG emissions. In our operations, heat treatment, pretreatment, painting and phosphating activities generate process emissions. The quantum of these emissions is directly proportional to the manufacturing activity. Our overall emissions in FY 2017 were 5,201.24 tCO₂eq of which 20.62% were Scope 1 emissions² while 79.38% were Scope 2 emissions³.



Emission Intensity (Kg of CO₂ produced/product and component produced)



We aspire to reduce our carbon footprint and continually work towards lowering these emissions through the use of clean technologies and implementing green initiatives. In FY 2017, we reduced our total GHG emissions by 24.5% as compared to FY 2016.

Air Emissions

Apart from the GHG emissions; Particulate Matter (PM), oxides of nitrogen (NO_x) and oxides of sulphur (SO_x) constitute other air emissions arising due to the use of alternative power from DG sets.

Type of Emissions	Unit	Value
Suspended Particulate Matter (SPM)	Kg	8.07
Oxides of Nitrogen (NO _x)	Kg	125.05
Oxides of Sulphur (SO _x)	Kg	52.32
Hydrocarbon (HC)	Kg	4.61
Carbon Monoxide	Kg	16.90

Remarks

1. HC considered for two sites
2. Manesar not considered for air emission calculations as data of DG running hours not available

Ambient air at all locations are well within the limits as prescribed by National Ambient Air Quality Standards (NAAQS) 2009.

²Scope 1 emissions - Direct GHG emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc., ODS emissions, CO₂ from Fire Extinguishers etc.

³Scope 2 emissions - Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by a company.

Waste Management

We practice consistent waste management as it forms an integral component of the organisation-wide environmental management system. We have adopted a structured waste management process and place prominence on reducing waste generation, material/energy recovery and disposal of waste in an environmentally sound manner. We comply with the recently amended Hazardous and Other Waste Management Rules, 2016.

Environmental Expenditure	
Expenditure Head	Expenditure in Million Rs
AMC-ETP/STP	1.10
Treatment (ETP) chemicals	0.84
Environmental monitoring charges	2.61
Hazardous waste disposal cost	7.01
Gardening consultation	3.26

Hazardous Waste	Type	Disposal Method	Unit	FY 2015	FY 2016	FY 2017
Used/Spent oil	Solid	Authorised Recycler	MT	5.48	4,210.47	18,872.62
Grinding muck/Sludge	Solid	Authorised Incinerator	MT	8,064.11	6,373.94	1,481.03
ETP sludge	Solid	Landfill	MT	17,830.78	3,252.31	16,928.66
Discarded containers	Solid	Authorised Recycler	Nos	4,951	5,600	4,890
Used paint/Thinner waste	Liquid	Authorised Incinerator	KL	0.52	0.28	0.87
Oil soaked cotton waste & Gloves	Solid	Authorised Incinerator / Landfill	MT	39.91	58.98	109.94
Glide coat powder +Glide coat shaving chips	Solid	Authorised Incinerator	MT	3.54	19.27	14.24
Waste glide coat powder / Primer	Solid	Authorised Incinerator	MT	1.6	0.74	0.73
Paint sludge	Liquid	Authorised Incinerator / Landfill	MT	23,273.26	12,460.7	15,95.34
Filter & filter material contaminants with organic liquids	Solid	Authorised Incinerator	MT	8.33	9.39	4.7
Phosphate sludge from paint shop	Solid	Authorised Incinerator / Landfill	MT	318.53	985.22	422.65
Sludge from treatment of waste water arising out of cleaning/disposal of barrels/containers	Solid	Landfill	MT	4.27	7.41	7.4
Sludge from scrubber	Solid	Landfill	MT	0	0.18	8.57
Oil & grease skimming residue	Liquid	Landfill	KL	0	0	0.3
Bio-medical waste	Solid	Authorised Incinerator	Gm	914	2011	4220
E-waste	Solid	Authorised Recycler	MT	0.72	0	0

Non-Hazardous Waste	Type	Disposal Method	Units	FY 2015	FY 2016	FY 2017
Forge steel (SG boring scrap)	Solid	Recycler	MT	817.8	741.9	745.7
Turning scrap and MS solid scrap	Solid	Recycler	MT	299.54	408.31	483.28
Wooden, boxes	Solid	Recycler	MT	212.17	359.42	300.21
Paper, garbage, cardboard, plastic	Solid	Recycler	MT	136.78	222.67	205.26
STP sludge	Solid	Recycler	MT	40.92	35.88	40.91

Environmental Expenditure and Compliance

For FY 2017, our total environmental expenditure amounted to Rs 14.8 million which included environmental management expenses and expenditure on treatment & disposal of waste and maintenance & operation of pollution prevention and control equipment. We also invested in installation of cleaner technologies and treatment of emissions.

With respect to the environmental compliance, we ensure that our operations are fully compliant with all applicable environmental laws and regulations that are imposed by Ministry of Environment and Forest & Climate Change (MoEF&CC) and Central/State Pollution Control Boards. During the reporting year, no monetary fines or forms of non-monetary sanctions were levied upon us for any non-compliance with environmental laws and regulations.

Workforce Management



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Large Scale Interaction Process (LSIP)	52
Business ethics and human rights	52
Equal opportunities and diversity	52
Grievance mechanism	53
Occupational health and safety	53

We are committed towards building a diverse, motivated and competent workforce that works for the furtherance of the company and its stakeholders. Employee prosperity, enriching skills and employee engagement are three pillars of our workforce management that aim at providing an environment for continuous growth and development of our people.

We have been consecutively rated as Great Place to Work in India for the years 2016 and 2017 by the GPTW® Institute which is known for conducting pioneering research on the characteristics of great workplace for last 25 years. Every year the survey is conducted for around 2 million employees across 52 countries. Great Place to Work helps companies in:

1. Recognising the best workplaces across the world
2. Transforming the organisation to create and sustain a great work culture
3. Sharing best people practices within and across industries

GPTW Dimensions



Credibility



Respect



Fairness



Pride



Camaraderie



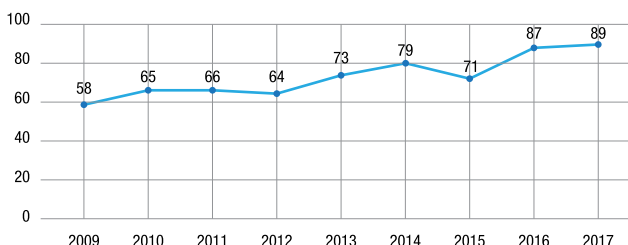
Trust

The GPTW® institute measures how well an organisation is engaging its employees and examines the existing HR practices. Spicer India scored well across all the five tenets of credibility, respect, fairness, pride and camaraderie. Our total score for FY 2017 was 89, which is 2% point higher as compared to previous year's score of 87.

We started our GPTW® journey in 2009, driven by the unrest among

employees post 2008 recession. Since then we have redefined ourselves as a Great Place to Work and are continuously evolving to become the employer of choice.

GPTW Score



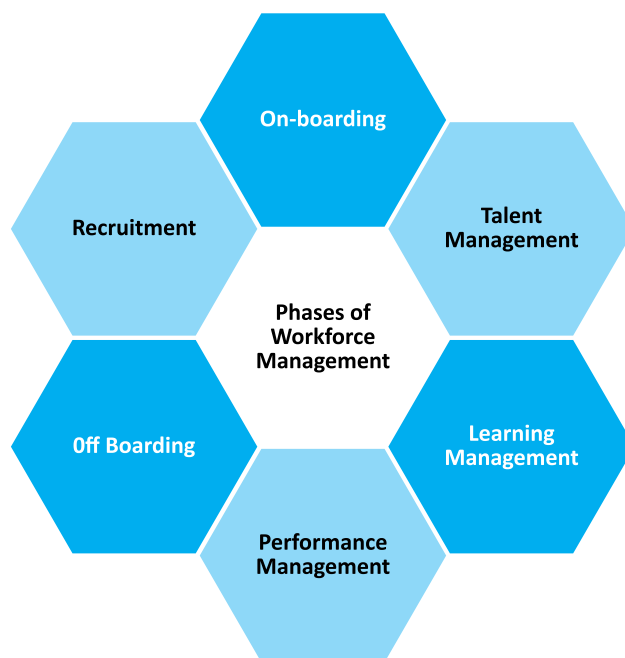
Some of our key achievements include:

- 2014: Rank 3rd in Auto-component Industry
- 2016: Rank 1st in Auto-component Industry and Rank 52nd across India
- 2017: Rank 26th across India (confirmation received in june 2017)



A tenet of our Way is “People finding a better way” and “Business is 90% people” enforced through DANA and ANAND Group guidelines. The ability of our organisation to initiate and implement changes, think out-of-the-box and empower people at all levels has been instrumental in shaping our culture. We truly believe in developing our employees of today into leaders of tomorrow. We are delighted to be recognised as one of the Great Place to Work and are committed to work continuously for the betterment of our people.

We believe that human capital is the most important asset of an organisation. It is a critical factor for an organisation’s success and gets reflected through employee retention, enhanced productivity and state-of-the-art innovations. Hence, our prime focus is to develop and retain talent. Our three pillars- Employee Prosperity, Enriching Skills and Employee Engagement aim at providing a work environment that promotes continuous development and employees’ welfare. We engage our employees through various phases of workforce management.



Diverse workplaces have the highest level of employee engagement and commitment. Therefore, at Spicer India, we are committed towards developing a diverse workforce that promotes gender & cultural diversity with equal opportunities for all.

Sangram Singh Pardeshi
Plant Head – Satara

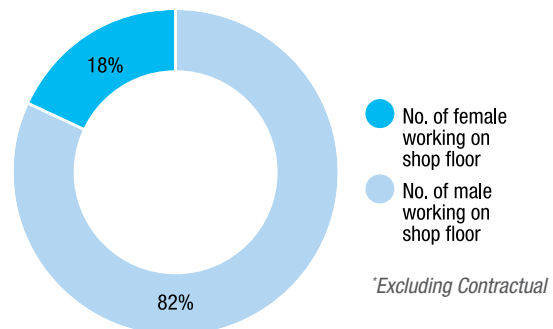
Our Initiatives across the three pillars		
Employee Prosperity	Enriching Skills	Employee Engagement
<ul style="list-style-type: none"> • Work life balance • Infrastructure (hostels) • Transportation (car, bus) • Health (annual check-ups) • Insurance (GPA & parents enrolment) • Internal transfers • Safe workplace • School kit distribution for employee children • Stress management training • Safety training for employee spouse 	<ul style="list-style-type: none"> • ANAND scholar scheme for higher education • Experimental learning • ANAND U - home corporate university • CNC and spoken english • On Job trainings • CST training • Leadership grid, star, disha • Training on applicable standards • Astep, values 2 vigour workshop • Learning diary adherence • Knowledge sharing sessions • E-learning modules • Training programme on time management • Workshop on problem solving • Jishuken workshop (PNR) • Shaft balancing training • Team leader development Programme • Dexterity learning centre • Talent management and leadership development • Need based technical and soft skill training • Human capital development • ANAND Leadership Development Programme (ALDP) • ANAND Mentor Programme (AMP) 	<ul style="list-style-type: none"> • Various forums to listen and interact with employees • Annual sports • Women centric initiatives • Annual cultural event • Birthday celebrations • Induction: young talent entering the company by sapling a plant • Celebrating various occasion like engineers day, quality week, teacher's day, diwali (slogan & poster making, diya decoration competition), employee birthday, women's day, etc. • Rewards and recognition: for e.g. best OET for the month-best ideas for the month, best cell for the month, most improved cell for the month, best performers, employee spotlight etc. • Speaking-monthly communication meeting, ANAND code of conduct, employee spotlight • Listening-skip level meeting, employee relations meet. • Monthly communication from MD and COO

Workforce Details ⁴					
Category	Male	Female	Less than 30	Between 30 and 50	More than 50
Senior Management	30	0	0	25	5
Middle Management	202	28	49	176	5
Junior Management	75	14	53	35	1
Operating Engineer and Trainees	708	156	820	31	13
Total	1015	198	922	267	24
Contractual					525



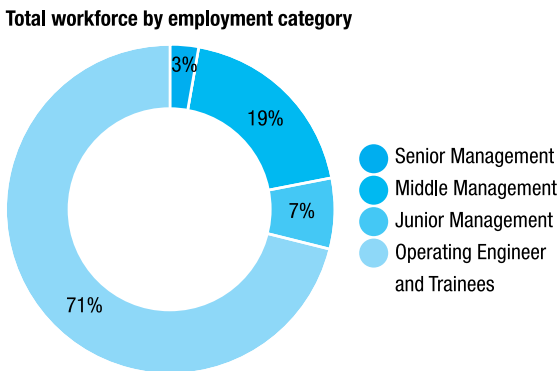
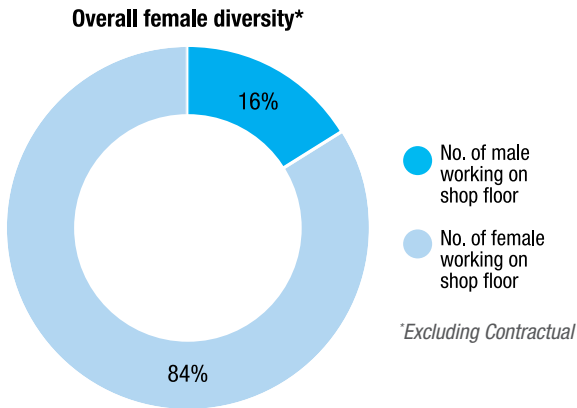
Female diversity on shopfloor (excluding contractual)	
No. of female working on shop floor	156
No. of male working on shop floor	708
Total people working on shop floor	864
% of female in Shop floor	18%

Female diversity on shopfloor*



⁴Local means India. All our workforce is based out of India

Overall female diversity (excluding contractual)	
No. of female employees	198
No. of male employees	1015
Total workforce	1213
% of female employees	16%



Category	Gender Wise		Age Wise		
	Male	Female	Less than 30	Between 30 and 50	More than 50
Senior Management	1	0	0	0	1
Middle Management	13	2	10	5	0
Junior Management	7	2	6	3	0
Operating Engineers and Trainees	196	78	273	1	0
Total	217	82	289	9	1



Category	Gender Wise		Age Wise		
	Male	Female	Less than 30	Between 30 and 50	More than 50
Senior Management	0	0	0	0	0
Middle Management	2	2	1	3	0
Junior Management	5	1	4	2	0
Operating Engineers and Trainees	112	37	144	4	1
Total	119	40	149	9	1

Employee Retention after Parental Leave*							
Number of employees entitled to parental leave		Number of employees who took parental leave in FY 2017		Number of employees who returned to work after parental leave ended in FY 2017		Number of employees who returned to work after parental leave ended and were still employed for 12 months after their return	
Male	Female	Male	Female	Male	Female	Male	Female
1,015	198	6	5	6	4	NA	NA

*Launched in Jan 2017

Training and Development

Talent management is one of the crucial management functions and is integral to modern business. It plays a major role in enhancing individual and group productivity enabling an organisation to effectively compete in a dynamic environment to achieve sustainable growth. Our focus has always been to build a talent pool comprising of talented people to meet the future needs. Our training Programmes offer a learning environment for the employees providing an opportunity to develop and discover their potential edge.



Average hours of training per year per employee by gender and by employee category		
Category	Male	Female
Senior Management	42.25	0 (No female employee)
Middle Management	57.14	51.96
Junior Management	47.79	39.14
Operating Engineers + Trainees	82.67	73.96
Average training hours for Spicer India	73.82	68.38

Employee training is one of the important pillars that plays a crucial role in establishing high performance, optimum results and company success. Trained employees have a high performance value and show consistency in outputs, they are more engaged and satisfied in the work.

We strongly believe that an organisation's performance is completely dependent on the individual performance of its employees and therefore, developing a strong learning culture is very important.

We plan and implement various effective employee training Programmes to help our employees reach their highest potential.

Our training Programmes focus on developing skills of our employees. Some of our training initiatives are as highlighted below:

ANAND scholar scheme for higher education	ANAND leadership development Programme
ANAND U - home corporate university	CNC and spoken English
Leadership grid, Star, Disha	Training on applicable standards
Internal Auditor Training (OHSAS & EMS)	Team leader development Programme
Dexterity learning centre	Human capital development
Talent management and leadership development Programme	Training on PPE, Firefighting, De-addiction, road safety, 5S
Astep, Umang, Value workshop	ANAND mentor Programme

ANAND U

The 'ANAND U' is the Corporate University that was instituted to cover the diverse needs of companies within the ANAND fold. The ANAND U is focused on four major areas of people development - Operational Excellence, Talent Development, Technical Interventions and the Development of the large force of Operating Engineers across the group. Training and development at Spicer is key focus area.

Spicer has leverage of ANAND Group corporate university, ANAND U on its Training and Development programmes. Our training and development programmes are based on the ANAND U training and development spectrum.

ANAND U - RADAR (Linkage to AU Mission)		ANAND		
Senior Management	<ul style="list-style-type: none"> ALDP, Oxford-based programs MIT-Based programs Coach Certification 	<ul style="list-style-type: none"> Visionary Leadership for Manufacturing 	<ul style="list-style-type: none"> Senior Speak 	
	<ul style="list-style-type: none"> AMP ATA Transition programs 	<ul style="list-style-type: none"> Functional Certification programs KIP Six Sigma Certifications 	<ul style="list-style-type: none"> e-Learning programs Human Capital programs (Technical & Behavioral) 	
	<ul style="list-style-type: none"> Conversions programs 	<ul style="list-style-type: none"> Higher Education (ASG) 	<ul style="list-style-type: none"> OE Program (ASTE, CST, OEI) 	
Customer/Academy	Leadership Academy	Operational Academy	Developmental Academy	

In order to identify specific training gaps and requirements of our employees, we regularly conduct training need analysis. This is done by understanding the improvement areas, identifying the challenges in routine operations and finally developing a training plan keeping the key matrices in mind. Every eligible employee undergoes a performance review and sets targets for the coming year. We also conduct talent assessment for senior management to evaluate their ability to perform and make lasting impact in their leadership role.

Innovation at Spicer

For organisations to sustain in today's continuously changing business environment, it is important to seek and act upon the opportunities for change by developing an agile innovation culture. Innovation can bring several benefits to business such as achieving business growth goals, improving triple bottom line performance and increased business value, making it attractive to shareholders and investors. Our innovation journey began in FY 2011 with the strategic goal of embedding a culture of innovation by empowering people to take on "challenges beyond normal". In FY 2011, the journey was aligned to the initiative, structured at ANAND Group by adopting the strategy and strategic goals.

Strategy for innovation: Rising from continuous improvements to breakthrough levels we need to change thinking process of individuals and teams, learn, understand, and adopt systematic process of thinking & engaging and Identify challenges that can generate significant outcomes.

Strategic goal of INNOVATION@ANAND: Embedding a culture of innovation across Spicer India plants by inspiring and empowering people to take on challenges beyond normal in a systematic manner to create quantum impact in areas of influence, developing innovation champions and create breakthrough results.

Innovation vision: Inculcate innovation culture.

Defining what is innovation in our context: Creating value for customer by Inspiring employees and profit for organisation, through successful creation and delivery, & having new and improved product and service.

Learning systematic diffusible methodology: For the Innovation, Erehwon's orbit-shifting innovation methodology was adopted. Some of the key working philosophies with which we worked with Erehwon-leveraging core value of the group, developing new thinking capabilities, demonstrating results beyond continuous improvements, instilling discipline, and touch all aspects of the business, and not just products.

Enabling and embedding the culture of innovation: The stages of creating "A Critical Mass" which in turn enables "Diffusing into a Culture" across masses are critical. Hence the steering group at the company level created a guidelines working with other companies in the ANAND Group to evolve a set of principles, practices and techniques which would ensure sustaining the breakthrough in demonstrating application of a scientific and systematic methodology of Out of Box Thinking in different context.

Architecture of Innovation was created which serves as a reference document for the Innovation that provided the guidelines on various techniques, practices and insights drawn from past innovation programmes. The Architecture of Innovation helped individual plants, to foster, sustain and fission a culture of Innovations. It was formally launched in Feb 2014, with the intent of enabling and empowering plant heads in individual plants to drive the journey.

The journey of innovation has been launched at four locations out of seven. We have now inventory of over 300 Innovators who with a new transformed mindset have the skill of applying systematic technique of chasing aspirational challenges aligned to company's strategy which are beyond current capability.

OPERATING ENGINEER DEVELOPMENT MODEL



ON BOARDING
01 YEAR

SKILL TRAINING
02 YEAR

PURPOSE



EMPLOY



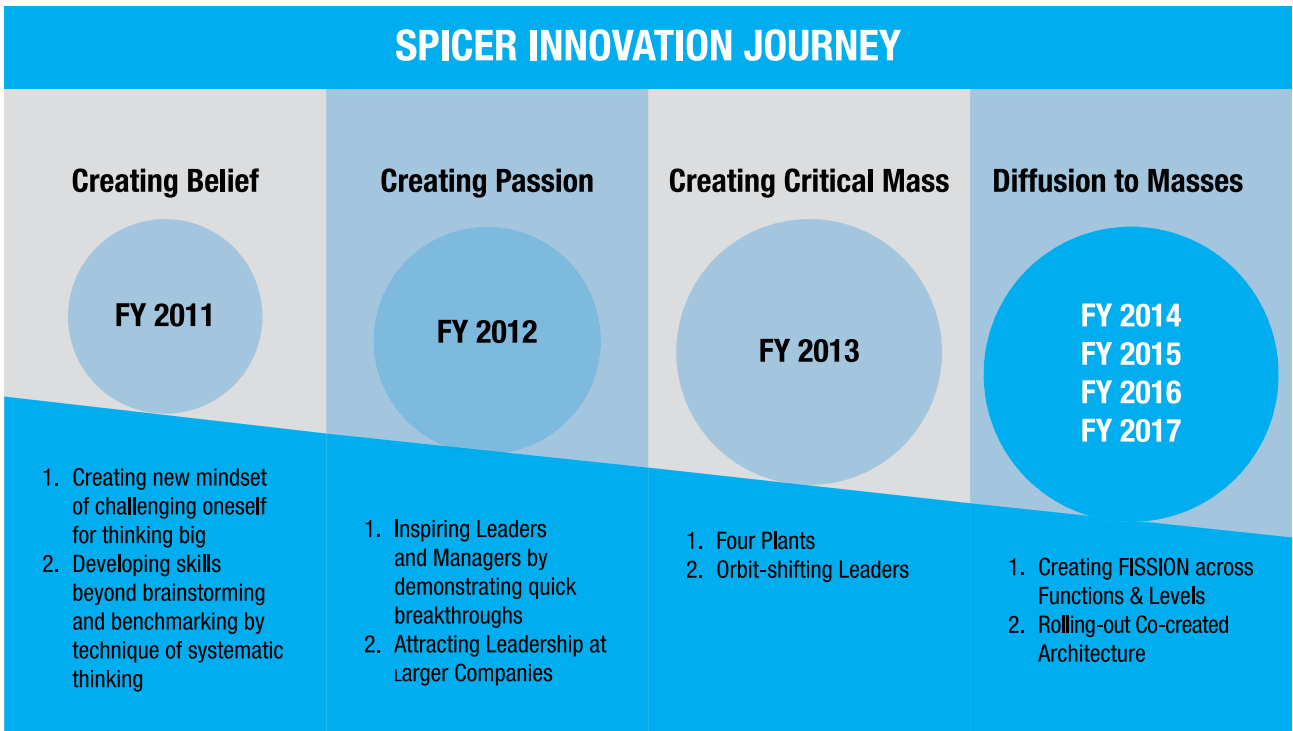
GROOM



SKILL FOR INDUSTRY



TRANSFORM SOCIETY



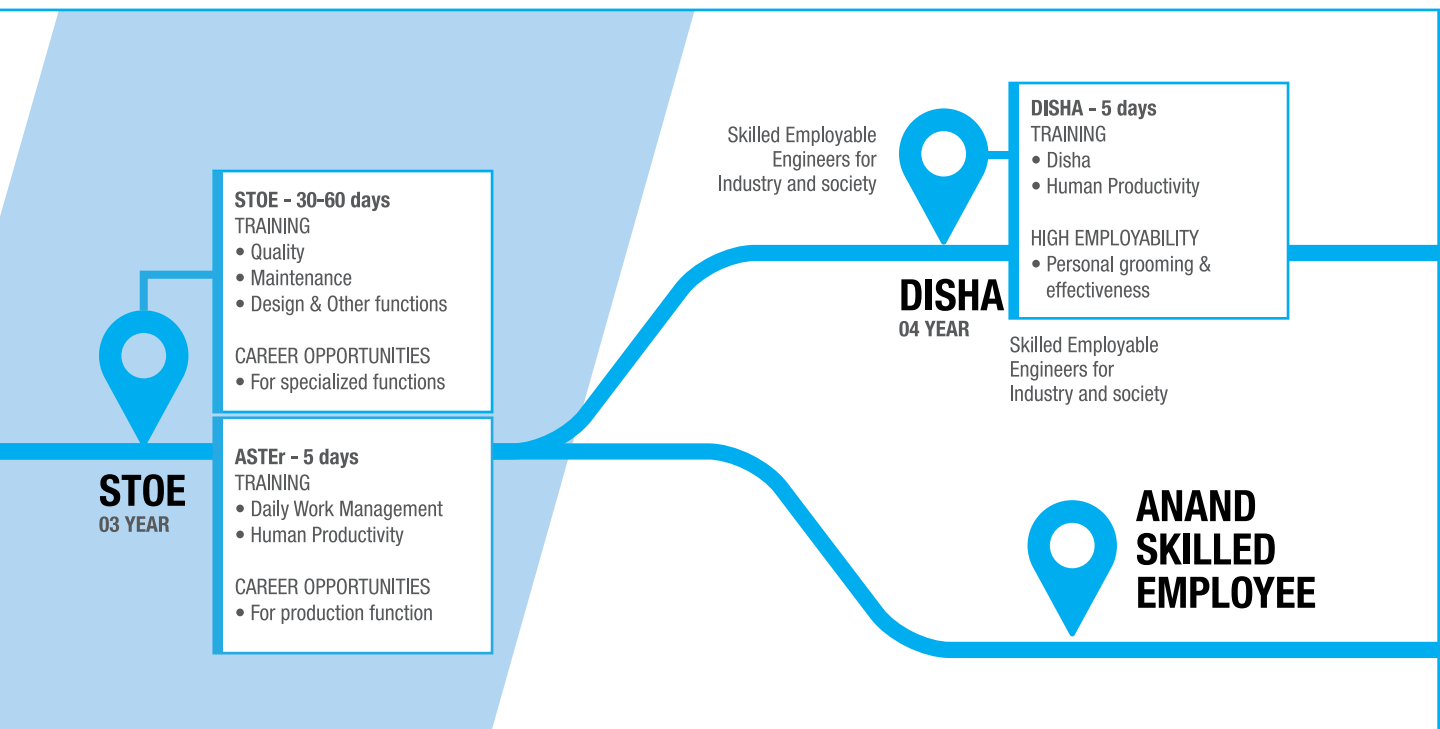
The challenges taken on deliver results in the area of growth-top and bottom line, reduced variable cost-productivity, costs related to material, energy, tooling and consumables. These challenges or projects fall into categories of “orbit-shifts” depending on degree of difficulty and extent of unknown. The “orbit-shifts” levels are designated as “industry - game changer”, “organisation - leapfrogging growth” and “function - quantumimprovement in efficiency”.

A few marquee examples are - Reduce energy cost by 30%; Reduce weight of casting and forgings by 20 gms/kg; Reduce downtime on machines by 50%; Reduce cost of axle and drive shaft by 30%

Operating Engineer model

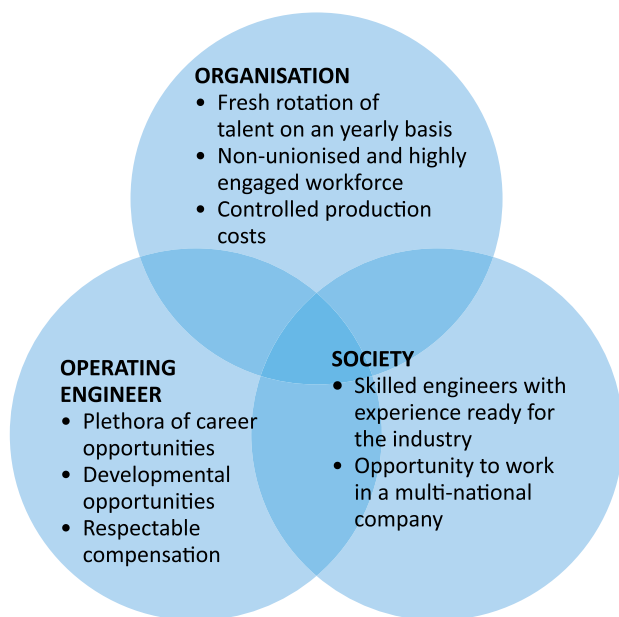
The Operating Engineer (OE) model pioneered by ANAND Group is today an Industry benchmark recognised across the board as a unique model, which has remarkably captured the essence of the concept of using “knowledge workers” in a manufacturing environment. The ‘Operating Engineers’ as they are popularly known as are a shining example of what innovative HR thinking can achieve. At Spicer India, we have adopted OE model across all our facilities.

The success of this “knowledge worker” model is clearly visible from the fact that all these plants have complete flexibility and agility to



meet the ever increasing expectations from the customers while maintaining a young and dynamic workforce in the age group of 22-24 years. These knowledge workers have a minimum educational qualification as diploma engineers.

Value From OE Model



Large Scale Interactive Process (LSIP)

Large scale interactive process (LSIP) is an Organisational Development (OD) intervention that involves impactful conversations among large number of organisation's personnel, leading to transformational changes. We use this unique methodology for our annual goal setting exercise where the shared expectations of all our stakeholders are taken into consideration in order to define goals for each of our functions. Management teams from different locations get together under one roof to decide on the key focus areas for the coming year and define goals that are aligned with the overall vision of the organisation.



For 2017, we conducted our fifth annual goal setting workshop in December 2016. With the "WHOLE SYSTEM THINKING" ideology of LSIP, we were able to capture diverse views of our multiple stakeholders namely, partners, MD, COO, customers, suppliers and employees. Every year this eventful day is followed by "LSIP Award night".

The focus of the second day was on finalising each participant's KRAs, The entire process was made easier with the help of ANAND Connect HRMS and it was ensured that 100% of the participants walked with their goals frozen in the system. This exercise is extremely helpful in laying a roadmap for the entire organisation and giving us a direction, so as how to proceed in the subsequent year.

Business Ethics and Human Rights

We understand the importance of business ethics and the role they play in building a firm's reputation that makes it more appealing to stakeholders. It is the key to attract new talent and retain the existing ones. Our code of conduct has been approved by our Board of Directors and applies to all the employees across the company.

We also provide training to our employee on different policies and procedures concerning human rights/code of Conduct.

Training Programme	No of employees covered	Manhours	% of employee trained
Human Rights/ Code of Conduct	1,213	1,213	100 %

Equal Opportunities and Diversity

In today's competitive and complex marketplace, successful organisations are the one that meet every new challenge by bringing in a diverse perspective. We believe that by being a part of the workforce, women employees can bring significant positive changes to the business and therefore, gender equality is one of our prime focuses. Their emotional intelligence, passion, optimism and helpful nature helps in building a flexible workplace that promotes effective communication and collaborative work effort.

We strive to provide equal opportunities to all our employees and all qualified applicants for employment with no discrimination to their race, caste, religion, colour, ancestry, marital status, gender, age, nationality, ethnic origin or disability. During the reporting year there were no incident related to discrimination at workplace was reported. Our focus has always been to recruit people from diverse backgrounds. Our staff represents a mixture of cultures with people coming from different parts of the country.

Our human resource policies comply with all local labour laws, while encouraging the adoption of global best practices. We maintain a work environment free of all forms of harassment, whether physical, verbal or psychological and treat every employee with dignity.

Table shows data on standard entry level wage by gender compared to local minimum wage at significant locations of operations.

Region/Location	Local Minimum Wage	Ratio	
		Male	Female
Satara	As per applicable Indian regulation	1	1
Jodali			
Manesar			
Chakan			
Pantnagar			

Grievance Mechanism

Every employee has complete freedom to reach out to his/her supervisor and management and/or third party ethics helpline in case he/she becomes aware of any actual or possible violation of the code or an event of misconduct, act of misdemeanour or act not in the company’s interest etc. Further employee can also reach out to management via Plant head or COO and MD connect boxes at locations.

Any employee can choose to make a protected disclosure under the code of conduct policy of the company. We ensure complete protection to the employee making the disclosure and any attempt to intimidate him/her is treated as a violation of the code. During reporting period one concern was reported on ethics line and same was resolved

Safety Culture at Spicer

“Safety performance should be outcome of the safety culture” is the principle of Spicer’s safety culture development programme and processes. Spicer’s executive leadership is driving the safety culture processes. Occupational health and safety (OHS) is one of the key function in Spicer’s performance criteria. Thrust is given on leading indicators focusing on safety culture. Besides the key thrust area, management has considered OHS as one of the hygiene factor for plant performance. In last couple of years’ company has made significant progress on its OHS cultural aspect, which is evident from the fact that our Chakan operations has completed 8 million working hours without Lost Time Incident in Nov 2016

Key drivers from the safety culture are

1. Drive from TOP
2. Thrust on safety culture through leading indicators
3. Proactive approach by Involvement of people
4. Continuous Learning

We believe that the employee–employer relationship depends on the employees’ perception of how safe they are. Our company wide safety policy ensures that there is complete awareness with regards to safety across all our sites. Our employees’ safety manual covers the requirement of safety training, use of Personal Protective Equipment (PPE) and general safety work practices required by the employee to work safely.

Employee Relationship Management

These meetings are conducted on monthly basis by involving Plant Head, Functional head, a representative from Human Resource team and representative from Operating Engineers (OEs). This platform is made available to OEs for addressing their concerns.

Skip Level Meetings

We have skip level meetings by involving supervisor and plant head (or relevant supervisor) by skipping their immediate supervisor wherein the employees are encouraged to ask any query to plant head which pertains to their job, relationship with CFTs, any suggestions/feedback they have in order to take organisation to the next level. This forum encourages people to express their thoughts freely.



We have always taken significant steps in order to enhance safety practices in our organisation. We have well defined roles and responsibilities for occupational health and safety which are clearly defined from plant level to supervisor level.

Occupational Health and Safety

We, at Spicer India, take safety as a mandatory obligation and not as an optional action. Our work requires high physical demands and poses challenging work environment. Therefore, developing a safe operating culture has always been one of our top priorities.

We perform hazard and risk assessment of every task and have necessary controls. The risk rating is provided for each risk identified based upon the probability and severity. Planning process identifies the significant risk of process, products and services and in operation. Documentation is in place to identify hazard planning, risk assessment criteria and new and relocated equipment procedure.

Leading and Lagging Matrix

- Safety culture within Spicer India is enhanced through leading and lagging matrix as a key performance indicator. Every plant is driving the safety culture through this matrix.
- Capturing and analysis of near miss is one of the key leading matrix at Spicer

Safety Trainings

- Safety culture training
- DOS Step 17 – identifying and minimising risk
- Behavioral based safety
- Machine guarding

Our safety committee is responsible for ensuring compliance and updating standards on Environment, Health and Safety, comprising equal number of worker and management representatives. During the reporting year, there were no fatalities within the company boundary. There were 7 recordable injuries and no cases of occupational diseases were reported.

FY 2017	Male	Female
Injuries	6	1
Lost days	3	0
Injury recordable lost time	1	0
Total recordable case rate	0.37	0.39
Recordable lost time case rate	0.05	0
Severity rate	0.16	0
Manhours worked	3,82,0306	51,3600

**Above data is combined data for permanent and contractual workforce*

Note: -

- Recordable and Lost time cases are as defined in Occupation Health & Safety Administration, USA
- Total recordable case rate = (No. of recordable cases* 200000)/ Total manhours worked
- Recordable lost times cases = (No. of lost time cases* 200000)/ Total manhours worked
- Severity rate = (No. of days lost* 200000)/Total manhours worked
- Lost time case in FY 2017 is happened out of company premise at dealer workshop in Cuttack, Odisha.





Supply Chain Management



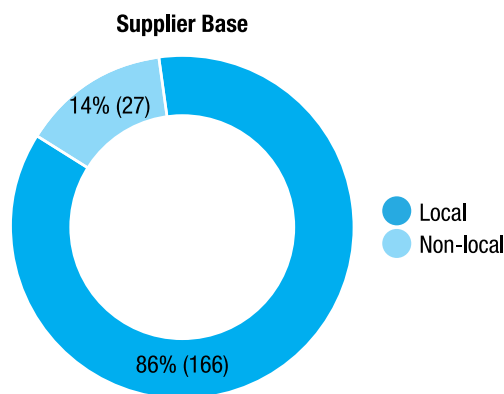
Engaging with suppliers	58
Visionary Small and Medium Enterprise (VSME) programme	58

Supply chain plays a crucial role in our overall business and we have taken various initiatives to establish strong and lasting relationships with our suppliers. Our VSME programme lays emphasis on promoting small and medium scale industries. We are vigilant towards human resource and safety practices at our suppliers' end, therefore, child and forced labour provisions are included in all our supplier agreements.

Supply chain has a crucial role to play in our overall business and we invest in numerous ways to strengthen the relationships with our suppliers. We rely on large number of suppliers to provide the materials, parts and services to run our business. We also require their commitment to help, optimise costs and improve quality. As an automobile part manufacturing company, our relationship with our supplier partners are important to us to have a 'win-win' situation. The supply chain and the supplier performance has the potential to directly impact our company's business in terms of operations, cost, quality and delivery. We work closely with our suppliers on the various aspects like the quality, cost, environment, health, safety and human right aspects.

Engaging with Suppliers

Open and transparent communication is a key component in establishing strong, lasting relationships. We have established forums like supplier meetings, quarterly update calls and participation in supplier and industry association events and foster long lasting relationships engaging with our suppliers through active engagements. All these help us to maintain smooth dialogue with our suppliers and ensure they have systems in place to mitigate potential risks and ensure continuity of supply.



We have a supplier base of 193 suppliers out of which nearly 86% of the supplier base is local⁵. We have developed a structured approach to assess the risks arising from major suppliers in order to plan actions proactively and mitigate negative impacts .

We engage with our suppliers through different modes such as annual supplier meet, Value Analysis and Value Engineering (VAVE), meetings, e-mail communications and through Visionary Small and Medium Enterprise (VSME) initiative.

Our on-boarding system is systematic and happens once the supplier has undergone a Supplier System Assessment (SSA). This consists of various evaluation criteria, including safety and environment. Presently, EHS assessment of supplier is limited to compliance level. Our agreement with a supplier also mentions about clauses on environmental and safety compliances to be adhered by the supplier. We follow DANA Code of Conduct⁶ for our suppliers. We also continually provide trainings to our suppliers which is focused on skill development and resource optimisation.

⁵ Local means India

⁶ www.dana.com/corporate-pages/standards-of-business-conduct



Visionary Small and Medium Enterprise (VSME) Programme

VSME is a Programme focused on small and medium scale industries for their better growth and competence with global benchmark. This Programme is a collaborative effort of Confederation of Indian Industries (CII), Japanese International Cooperation Agency (JICA), National Manufacturing Competitiveness Council (NMCC). With an objective to excel in productivity so as to identify the obstacles and subsequently eliminate them to stabilise the material flow, VSME has been set up. The Programme includes 9 modules viz. 5S, Workplace transformation, Quality, Maintenance, V-map, Heijunka, Standardised work, Kanban, Direct on line (DOL). Spicer India commits to support the supplier in transforming the workplace into its visionary leaders' dream.

At Spicer India, we had 38 active suppliers in VSME who graduated in past few years and are strategic partner of Spicer India and contribute to 56% of buying value.





FY 2017 Drives

We conduct community wise, zone wise sessions in order to improve the performance of our suppliers. A dedicated team works with help of our management, pan India in North, South and West zone. We evaluate the supplier and encourage them to perform well on the defined KPIs. We conduct visits every year at any supplier location, handhold the suppliers and support for their growth plan.



Community Development



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Our social welfare programmes aim at benefiting local communities and society at large and are conducted under the umbrella of SNS Foundation – CSR wing of ANAND Group. We continuously monitor the progress of our CSR projects and pay key attention on hiring competent resources to implement these projects. Most of our CSR initiatives revolve around the three pillars of infrastructure development, education and health.

Community development plays a crucial role in supporting and encouraging the autonomous voice of socially deprived and weaker sections of the society. As a socially responsible organisation, Spicer India strives to create value for the communities we operate in. We consider community development as our moral responsibility. Along with SNS Foundation, we have implemented Programmes that focus on improving the quality of life and helping people recognise and develop their abilities and potential.

The SNS Foundation, the CSR wing of ANAND Group has led the industry in a number of social initiatives over the years spanning health, education, women empowerment, sustainable livelihood and life enrichment Programmes. The Vision of the Foundation is a development process that creates a socially just and equitable, economically progressive, and environmentally sustainable society. To know more about the foundation, readers may refer the website - <http://www.snsf.org/>

CSR Aim and Objectives

- Ensure an increased commitment at all levels in the organisation to operate its business in an economically, socially & environmentally sustainable manner
- Take up such programmes, whether directly and/ or indirectly, which benefit communities and result, over a period of time, in enhancing the quality of life & economic well-being of the local population.
- Generate, through its CSR initiatives, community goodwill for company and help reinforce a positive & socially responsible image of company as a corporate entity
- Encourage alignment with Sustainable Development Goals (SDGs) related to gender sensitivity, skill enhancement, entrepreneurship development, etc.

Responsibilities of CSR Committee

- To assist the Board of Directors to formulate suitable policies and strategies to take the CSR agenda of the company forward in the desired direction
- Formulation of broad guidelines for selection of the projects, planning, execution, monitoring & evaluation.
- Selection of projects in accordance with policy framework & guidelines
- Submission of annual budgetary requirement for each project along with the targets
- Formulation of strategies for efficient implementation of projects.
- Monitoring of the progress of the work

CSR Philosophy & Focus Areas

Our CSR philosophy aligns with the activities and Programmes that contribute towards the socio-economic development of the



**Infrastructure
Development**



**Education
for all**



**Living Healthy
Life**

communities at large. In line with our philosophy, we have identified our CSR focus areas. We recognised and celebrated our efforts in FY 2017 as one of the most powerful years of community impact.

Implementation Mechanism of CSR Initiatives

Identification of Thrust Areas	<ul style="list-style-type: none"> • Need identification studies/ internal need assessment • Defined attributes for identifying CSR projects
Execution	<ul style="list-style-type: none"> • Activities undertaken by the company or through external agency as decided by the CSR committee • Submission of project status report to CSR committee
Monitoring, Evaluation & Impact Assessment	<ul style="list-style-type: none"> • CSR committee responsible for monitoring projects and quarterly report submission to board of directors • Progress report of the activities undertaken to CSR committee
Documentation & Dissemination	<ul style="list-style-type: none"> • CSR approach and quantification of impact of projects undertaken • Availability of CSR policy and disclosure of initiatives

Infrastructure Development

Through this pillar, we aim to contribute to our community by taking up infrastructural developments. In order to improve the standard of living and provide basic facilities such as drinking water, shelter and education, we have undertaken various developmental initiatives around the communities we operate in.



Flagship initiative: Societal innovation projects

There are no easy, off-the-shelf solutions for persistent societal problems, because these are caused by fundamental flaws in our



societal systems. Such systemic errors demand radical changes in thinking and actions. With this noble cause in mind, Societal Innovations were launched November 27, 2015.

The first ever societal innovation workshop was conducted at our Chakan plant where 20 operating engineers participated in the inspiring journey of learning innovation methodology to transform their family & community. We are proud to mention that one of our female operating engineers had shown the passion to take these learnings and implement in her society within a month.

Education for All

We believe that education is the pathway to a nation’s success and plays a crucial role in improving the quality of life of communities. It opens doors for people to various opportunities by equipping them with required knowledge and skills. Our Programmes and initiatives have always focused on the overall development of the communities we operate in. Recently, a group of 22 women from Jodalli and Chakan, were the first scholarship recipients. Their financial support continues until the women complete their diploma. Upon completion, we offer the potential candidates with employment opportunities. We make infrastructure improvements to enhance learning environment in local schools. In FY 2017, we collectively supported a total of 7,840 students in the 29 schools to improve their learning conditions. These children enjoy a safer learning environment after the construction/repair of classrooms, washrooms, drinking water facilities, and more.



Flagship initiative: Support for Higher Education

We have tie-ups with top B-schools and engineering colleges in India. We provide company sponsored education to young talents from reputed institutes. We have tie-up with Shoolini University to provide higher education to our young operating engineers. They offer full time B-tech programme to our young operating engineers. All expenses are sponsored by Spicer India (tuition fee for three years, accommodation, transport and stipend for expenses).

Living Healthy Life

Creating awareness on healthy lifestyle and hygiene among communities is one of our primary CSR focus areas. Our initiatives lay emphasis on helping communities live a happy & healthy life. We give special focus to align our initiatives with India’s Swachh Bharat Abhiyan programme.



Flagship initiative: Run for Pride

Every Spicerian believes in good health initiatives for balanced development, and if there is a cause to be supported with such amazing initiatives then we never shy from coming forward. We have examples of our different units using the medium of a Marathon to support societal causes such as “Run for Pride” and “Run for Clean and Safe surroundings”. We are always ready to rally for a cause not only because we are inspired by our values, but to inspire others as well and this is what differentiates Spicerians from the rest.

Our Initiatives – CSR Focus Areas		
Infrastructure Development	Education for All	Health
<ul style="list-style-type: none"> Societal innovation projects by OEs Infrastructure improvement Tree plantation Kaas plateau cleaning Building toilets and bathrooms for schools in vicinity Building classrooms, school halls Providing educational kits to students and children in vicinity Providing water to nearby community Building new roof in village schools to avoid water leakages 	<ul style="list-style-type: none"> Donation of necessary items to orphanage and schools Teachers under Spicer India’s payroll and working with SNS Foundation impart education to slow learners for fast learning. These teachers are provided with software & pen-drives with educational materials Support for higher education - Selected BPL students are provided education/ diploma with full scholarship Skill development - Tailoring classes to women in locality; imparting industrial trainings to local youths helping them to get a placement in small scale industries 	<ul style="list-style-type: none"> Blood donation Camps Medical camps – AIDS awareness sessions, Anti-Tobacco campaigns, etc. No tobacco day celebration Health awareness Programmes at villages Organising medical check-up campaigns – general, pediatric, cervical cancer

Spicerians Spreading Smiles

Spicerians believe in giving back to the society. We believe it is important to be a good human being rather than just being a good professional. We strive to become good citizens of India. Some of our practices aimed at giving back to the society are listed below. These initiatives have been completely owned by the employees themselves. By being self-motivated towards working for the community, Spicerians live the Core Value - "We are part of the larger Society"

Joy of giving: The "joy of giving week" is "India's festival of giving". Since 2009, we celebrate this festival every year, in the week including Gandhi Jayanti, i.e. October 2. We organised a number of activities where many of our employees came forward and extended their support to various people in need. Spicer has this year embraced the "Joy of Giving" initiative by celebrating an entire week where the Employees raised funds for various causes such as J&K Flood Relief, Sponsoring Education for Underprivileged children, buying groceries for the Orphanage and Donating Clothes.

Sustainability initiatives, both environmental and societal, are again an important focus at Spicer India. Our World Environment Day celebration saw our plant heads leading the event with various initiatives like tree-plantation, clean-up campaign, car-pooling etc. Other initiatives like 5S session at schools, plant visits for children from underprivileged schools to inspire them towards engineering and student scholarship for basic education aim at keeping the country's next generation of technical minds ready to deliver.

Across Spicer, we believe in helping those who are less fortunate. As a conscious effort, we include them in our various celebrations. The children from orphanages and Below Poverty Line (BPL) schools, as well as residents of old-age homes, join us in these celebrations. We welcome them all as part of our own Spicer Family and share with them bit of fun and lot of love.



Corporate Social Responsibility is integral to our business operations and agenda. Our prominence lies in the welfare of people and communities around us. In order to support and empower our local communities, we, along with our SNS foundation, conduct various social welfare drives such as skill development, women empowerment, school awareness campaigns, scholarship Programmes, etc.

Anand Joshi
Plant Head, Jodalli





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GLOSSARY

ACMA	Automotive Component Manufacturers Association	KL	Kilo Liter
AHQC	ANAND House of Quality Culture	KPIs	Key Performance Indicators
ALDP	ANAND leadership Development Programme	LED	Light Emitting Diode
AMP	ANAND Mentor Programme	LFL	Lube For Life
ASCI	Advertising Standards Council of India	LPG	Liquefied Petroleum Gas
BFW	Bharat Fritz Werner	LSD.....	Limited Slip Diffcase
BPL	Below Poverty Line	LSIP	Large Scale Interactive Process
CFM	Cubic Feet per Minute	MoEF&CC	Ministry of Environment and Forest & Climate Change
CFTs	Cross Functional Teams	MT	Metric Ton
CII	Confederation on Indian Industry	NAAQS	National Ambient Air Quality Standards
CMM.....	Coordinate Measuring Machine	NG	Natural Gas
CMM.....	Coordinate Measuring Machine	NMCC	National Manufacturing Competitiveness Council
CNC.....	Computer Numerical Control	NOx	Oxides of Nitrogen
CO2	Carbon Dioxide	NVH	Noise, Vibration and Harshness
CoC	Code of Conduct	OD	Organisational Development
CSR	Corporate Social Responsibility	ODR	Occupational Disease Rate
CST	Creative Skill Training	ODS.....	Ozone Depleting Substance
DMA	Disclosure on Management Approach	OE	Operating Engineer
DoL	Direct on Line	OEMs	Original Equipment Manufacturers
DOS	DANA Operating System	OH&S	Occupational Health & Safety
EBITDA	Earnings Before Interest, Tax, Depreciation and amortisation	OHSAS	Occupational Health and Safety Assessment Series
EMS	Environmental Management System	PM	Particulate Matter
EOU.....	Export Oriented Unit	PNG	Piped Natural Gas
ERM.....	Employee Relationship Management	PPAP	Production Part Approval Process
ETP	Effluent Treatment Plant	PPE	Personal Protective Equipment
FY	Financial Year	QSB.....	Quality system Basics
GDP	Gross Domestic Product	R&D	Research & Development
GHG	Greenhouse Gas	SCMG	Supply Chain Management Group
GJ	Giga Joule	SDGs	Sustainable Development Goals
GPOSHA	Golden Peacock Occupational Health and Safety Award	SIPL.....	Spicer India Private Limited
GPTW®.....	Great Place To Work	SNS	Sant Nischal Singh
GRI	Global Reporting Initiative	SOx	Sulphur Dioxide
GSTW2	Great Supplier to Work With	SPM	Suspended Particulate Matter
HC.....	Hydrocarbon	SSA.....	Supplier System Assessment
HR	Human Resource	SSA	Supplier System Assessment
HSD	High Speed Diesel	STP.....	Sewage Treatment Plant
INR	Indian Rupee	TS	Technical Specification
IRDU	Rear Drive Unit	UN	United Nations
ISO	International Organization of Standardization	USA	United States of America
JICA	Japanese International Cooperation Agency	VAVE	Value Analysis and Value Engineering
JLR	Jaguar Landrover	VMC	Vertical Machining Centre
Kg	Kilogram	VOC	Volatile Organic Compound
		VSME	Visionary Small and Medium Enterprise



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