

**United Nations
Global Compact**
Communication on Progress

2021-2022
Samvardhana Motherson
International Ltd. (SAMIL)

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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Dear Stakeholders,

I am pleased to reaffirm Motherson's commitment to the UN Global Compact's 10 Principles in the areas of human rights, labour rights, environment and anti-corruption.

People have always been at the heart of Motherson, we are one family and our goals are to create a supportive environment where all employees can thrive and we can create value in the local environments in which we operate.

Sustainability continues to build momentum within Motherson and we have come so far in just a year, having published our ambition to achieve carbon net zero across our current operations by 2040; qualifying for the Dow Jones Sustainability Index in the Emerging Markets category, and improving our transparency and accountability, widening the sustainability reporting frameworks we engage with.

With this, our first submission to the Global Compact, I confirm our continued intent to advance the principles of the UN Global Compact and to integrate them into our business model. We will ensure we continue on this trajectory of sustainable growth to become a globally preferred sustainable solutions provider.

Vivek Chaand Sehgal
Chairman, Motherson

Human Rights	Motherson approach	Reference
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	We at Motherson are committed to promoting and protecting human rights across our value chain. We are embracing diversity, creating a culture of inclusivity and supporting equal opportunity, professional development and career growth.	Human Rights Principles Statement Supplier Code of Conduct
Principle 2: Make sure that they are not complicit in human rights abuses.		

Labour	Motherson approach	Reference
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The company follows its procedures to respect and uphold the right to freedom of association and right to collective bargaining of any and all employees.	(SAMIL Annual Report 21-22, p.162)
Principle 4: The elimination of all forms of forced and compulsory labour.	We at Motherson do not tolerate child labour in any form, nor do we tolerate any form of forced, bonded or compulsory labour across our value chain.	Human Rights Principles Statement Supplier Code of Conduct
Principle 5: The effective abolition of child labour.		
Principle 6: The elimination of discrimination in respect of employment and occupation.	Motherson has a 'Zero-Tolerance' for any kind of discrimination at work and are committed to providing a safe, flexible and respectful environment for its staff and clients free from all forms of discrimination, intimidation, exploitation and harassment.	Human Rights Principles Statement Inclusion and Diversity Policy Code of conduct for Employees Prevention of Harassment Policy

Environment	Motherson approach	Reference
Principle 7: Businesses should support a precautionary approach to environmental challenges.	Motherson is making every effort to preserve Earth's future by implementing rigorous reporting and monitoring practices, adopting environmentally-friendly technologies, and evolving our business practices with guidance from the UNFCCC and the 2015 Paris Agreement. We are committed to responsible material sourcing, and all potential and current suppliers must commit to our Supplier Code of Conduct.	Climate Change Policy Supplier Code of Conduct
Principle 8: Undertake initiatives to promote greater environmental responsibility.	We at Motherson are committed to passing on a clean environment to future generations. We have published our ambition to achieve carbon net zero by 2040 in all operations where we are currently present and we are developing our climate transition plans within our business divisions and each geography we operate in.	SAMIL Annual Report 21-22 Climate Change Policy
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	Motherson is committed to improving energy efficiency in all areas, maximising access to sources of renewable energy within operations, sourcing more sustainable materials and working with our customers to evolve designs and reduce carbon emissions of products in use.	Climate Change Policy SAMIL Annual Report 21-22

Anti-Corruption	Motherson approach	Reference
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	The Motherson takes a zero-tolerance approach to any form of bribery and corruption and uphold strong business ethics across the group.	Anti-bribery, Gift, Entertainment and Meals Policy Whistle-blower policy

Our policies are reviewed periodically to ensure they are up to date with the evolving regulatory landscape.



Sustainability at Motherson.

Sustainability has a history at Motherson, as part of the vision, mission, and values that were established in 1995, we committed to “set[ting] new standards in good global citizenship” and we have since contributed annually to the local communities in which we operate through our Global Citizenship program. This Global Citizenship program is designed on the foundations of the Broader UN issues and Sustainable Development Goals. In June of 2022, we added sustainability to our vision, the first update we have made since its conception, **‘To be a globally preferred sustainable solutions provider’** publicly communicating our commitment and awareness to the challenges and opportunities our changing world presents.

We understand we have a great responsibility to help create a better planet and to cultivate social inclusion, whilst embodying the highest standards of integrity in our business, but we also recognise as a global company we have a huge opportunity to create value and drive change. Our sustainability ambitions align with those of our customers and follow the guidance of the Global Sustainability Standard Board and the UNFCCC, and as a result, we have set the ambition to become carbon net zero by 2040 across all our current global operations.

Shareholder value and stakeholder expectations have evolved to embrace a much broader spectrum of topics where all aspects categorised under Environment, Social, and Governance (ESG) are of primary importance. For Motherson, ESG is known as Planet, People, and Governance and are represented by our sustainability icon, these intrinsically linked spheres guide our assessment and approach to be an increasingly sustainable business and truly embed sustainability within the Motherson ethos and our everyday activities.

About Motherson.



Founded in 1975, Motherson is one of the world’s leading auto component makers, supplying to OEMs globally from over 300 facilities in 41 countries and employing more than 150,000 employees.

Within the automotive industry, we are one of the leading global manufacturers of exterior rearview mirrors, wiring harnesses, and polymer modules and have a diversified industry-leading portfolio of auto ancillary products and

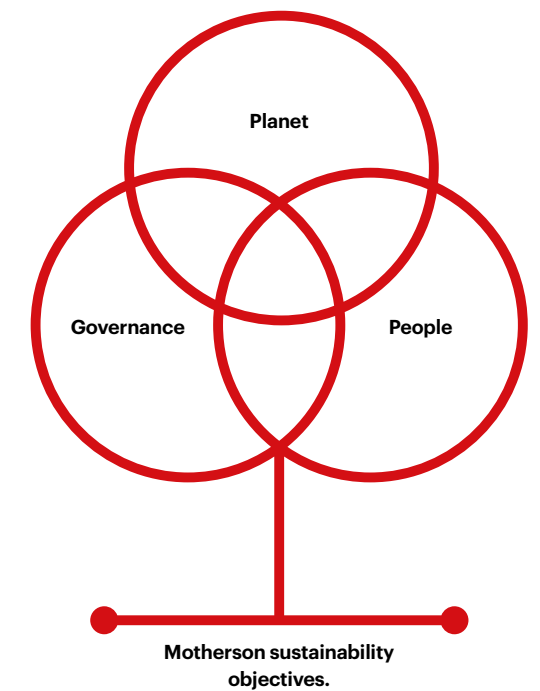
services that make it a full system solutions provider for our customers across the globe.

Driven by technology and innovation, Motherson connects these attributes with creativity, employee participation and performance excellence to create world-class products, services and solutions for its customers globally. For more information on Motherson’s profile and the context of our operation please refer to our latest annual report.

Corporate Governance.

Effective Corporate Governance practices establish the solid foundations on which successful commercial enterprises are built to last. At Motherson, compliance with all applicable laws, regulations and requirements of the societies in which we operate has always been a top priority, and as a result, has fostered our growth to date. Our corporate governance was founded on the principles of integrity,

transparency, accountability, and commitment to our values, which are necessary for a structured approach to sustainability and to enable an environment for collective action. We understand becoming a sustainable solutions provider requires a holistic and strategic decision-making approach, that effectively supports near and long-term value creation.



Planet, People, and Governance Oversight, Execution and Leadership.

In 2021 the Board of Directors established the Global Sustainability Committee, subject to overall superintendence, control, and direction of the Board. This committee oversees the effective management of ESG-related risks and

opportunities, our adherence to sustainability-related compliance obligations, and any additional voluntary frameworks to which Motherson subscribes, such as the United Nation's Global Compact.

Chairman Commitment and Leadership.

Our Chairman and Vice Chairman proudly communicate Motherson's progress within sustainability and our Global Citizenship initiatives to all our stakeholders. Their direct involvement in sustainability initiatives demonstrates a commitment to leadership, building momentum within the group and underlining the importance of sustainability for Motherson.

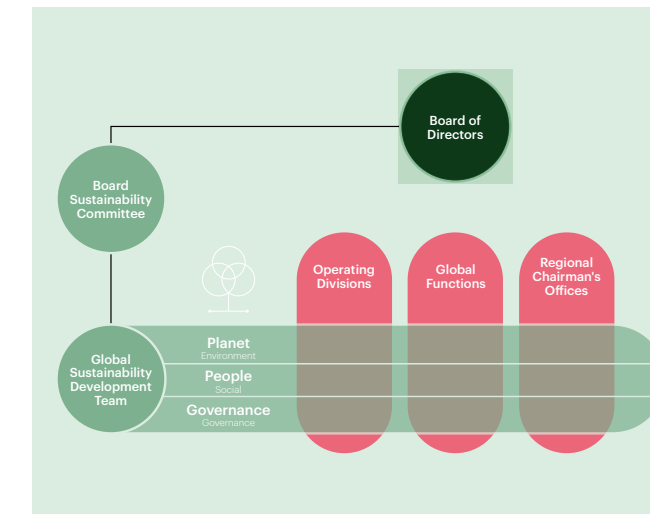
Motherson Structure, oversight and deployment of sustainability objectives.

The structure of the group currently consists of 11 Operating Divisions (containing multiple manufacturing units), Global Functions, and the Regional Chairman's Offices (RCOs), all of which are located across various geographies and provide support to the operating divisions.

A Global Executive Team consisting of interdisciplinary professionals from all areas of the group provides direction and leadership, and are responsible for the deployment of all strategies and initiatives relating to sustainability across the entire business. One such global function is the Sustainability Development Team, who are responsible for establishing common strategies, standards, and direction for the whole group, ensuring there is a consistent approach and understanding of the actions taken in all dimensions of Planet, People,

and Governance. The Sustainability Development Team are accountable and report to the Sustainability sub-committee of the Board at regular intervals to ensure oversight and direction from the board is maintained.

To coordinate the dissemination of sustainability-related strategies, information, and initiatives, the Sustainability Development Team is supported by a network of Sustainability Champions within the operating business divisions, RCOs, and other Global Functions spanning our operating geographies. Our Sustainability Champions are the responsible figures who cascade information and common objectives within the wider Motherson workforce, as well as gather sustainability-related



information and report on objective deployment collaboratively with the Sustainability Development Team. Our Sustainability Champions work in a matrix structure with aligned leadership from the Sustainability Development Team and their respective Operating Divisions, RCOs and Global Functions. Progress in all areas is enabled through various initiatives such as monthly virtual update meetings, knowledge sharing, understanding of best practices, topic focussed open-dialogue sessions, skills training, and networking between champions.

A Sustainability Intelligence System (SIS) has been developed within the group, which is designed to be the hub for all sustainability-related material and to automatically harmonise the collation of sustainability metrics from other Motherson data recording systems. SIS can be accessed by all approved users making the availability of all sustainability-related material easily accessible across our global footprint.

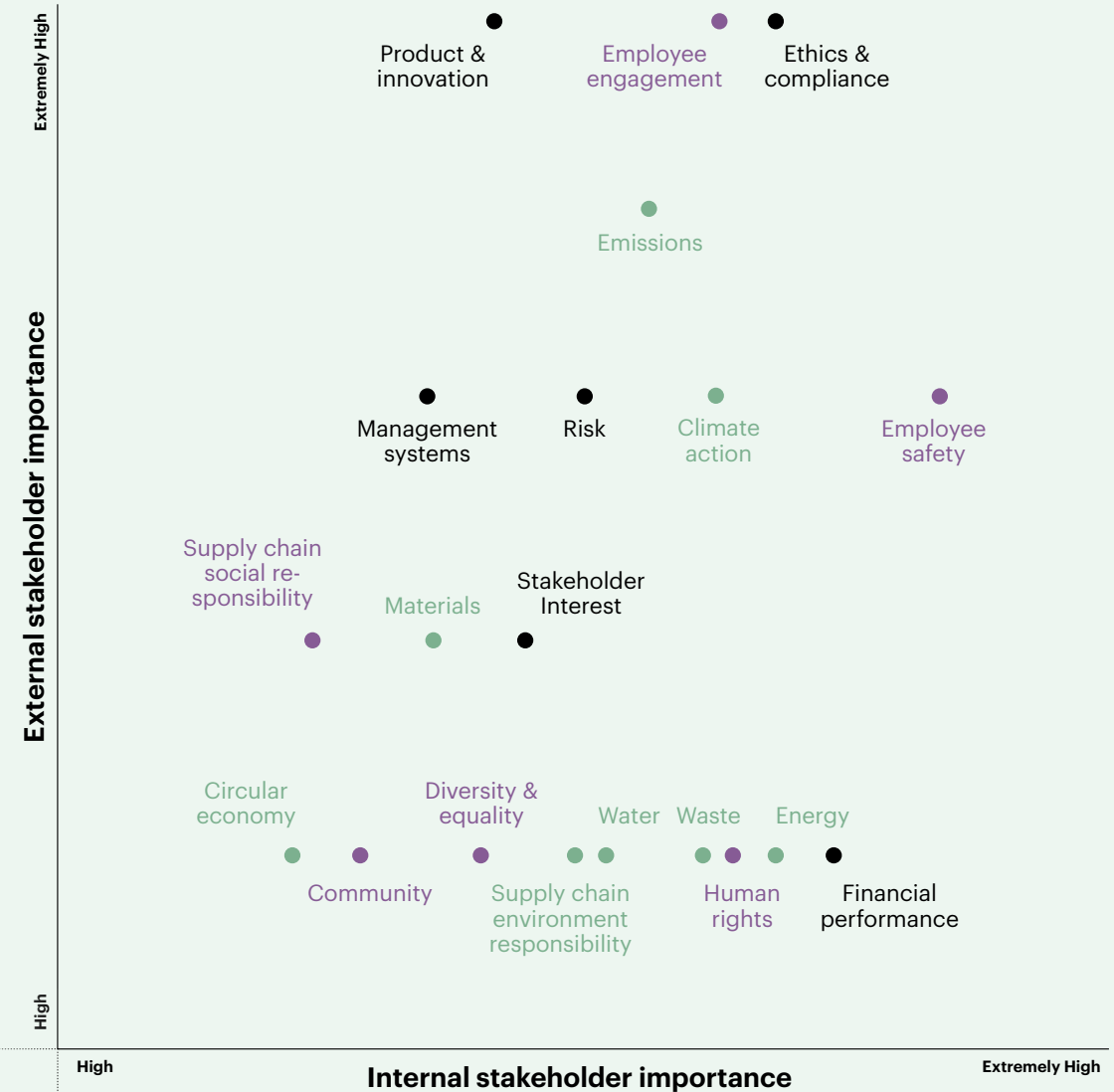
Risk and Materiality.

All Motherson policies related to the dimensions of sustainability are deployed internally and communicated externally in the public domain. The company is exposed to various risks within each of its business segments and products; ESG-related risk assessments have been integrated within existing risk assessment systems and assessed in alignment to the TCFD (Task Force on Climate-Related Financial Disclosures) framework. Our internal control and management of ESG-related risks is key to maintaining performance and securing the long-term future of the group.

In FY2021-22 we conducted a materiality assessment process which identified and confirmed the most salient issues for the group and was published in our annual report. The process included canvassing the views of our key stakeholders across all our Business Divisions, to identify the material issues from all perspectives. Our materiality matrix has created a bespoke blueprint to inform and prioritise Motherson's sustainability development strategies and objective setting.

Materiality Matrix

- Planet
- People
- Governance



Our planet.

At Motherson, we acknowledge that we have a responsibility to preserve and protect our planet. Our global operational presence necessitates a systemic approach to the management of environmental impacts and any mitigation actions taken. Our Climate Change Policy sets out the standards and expectations for all companies within the Motherson and, our Supplier Code of Conduct mirrors these expectations for all contracted suppliers to Motherson.



Improving the environmental impact of our operations and supply chain is central for Motherson's ambition for a more sustainable future. We are committed to reducing our carbon footprint across global operations and aligning environmental initiatives with the 2015 Paris Agreement, to limit global warming well below 20C. We have established our carbon baseline for Scope 1 & 2 emissions and have set the ambition to achieve carbon net zero by 2040

in all operations where we are currently present.

For Motherson, the most significant contributor to our Scope 2 emissions is the consumption of electricity. Across our operating footprint, the group's manufacturing facilities have embarked upon a program to improve energy efficiency and switch to renewable sources of electricity wherever possible. This is underpinned by a commitment to attaining ISO50001 for all operating units by 2030, several sites have already achieved this, and plans are under development for the remaining Operating Divisions to do the same. Although we operate in 41 countries across the world, the majority of our electricity needs are concentrated in 5 major geographies, these areas have become the primary focus for exploring opportunities in renewable energy alternatives, such as onsite and offsite solar and wind power generation.

Consistent with many other manufacturing businesses, the majority of our carbon footprint is within Scope 3 emissions and the sub-categories of materials and logistics. Motherson's key raw materials include copper, for the production and assembly of wire harnesses, and high-performance thermoplastics – which have taken many years to develop. To improve our environmental responsibility, we are actively engaging with our customers to identify lower carbon alternatives in the replacement of these materials and also their potential to

create economic circularity, exploring their end-of-life treatment, methods of recycling, and solutions for re-use in the production of new vehicles.

Another key environmental consideration is water. As stated by the UNGC, water scarcity, pollution, climate change, and other problematic global water trends pose major challenges to businesses now and will continue to do so in the years ahead. Water is not part of Motherson's product solutions, but is used during the manufacturing process. We have therefore set up a program to monitor and reduce our water usage, and to implement rain water harvesting where appropriate. Until recently this has been largely prioritised in our operating areas that are recognised to have relatively high levels of water stress, such as India, however this is now being considered a global issue.

In order to coordinate our environmental initiatives across the whole group, communication and training are fundamental tools. Our Business Division Sustainability Champions and our operating unit's site-specific Energy Champions are responsible for disseminating environmental improvement initiatives and training to the wider Motherson workforce. We are in the process of rolling out a system to record key environmental metrics for each manufacturing unit, with the ambition to monitor progress and improve across the business.

Our people.

At Motherson, our success stems from the success of our people. As a company founded by a Mother and Son there is a kindred undertone rooted within Motherson and all our employees are referred to as the Motherson family. We invest our time in our workforce and the local environments which we operate in, for Motherson the development of our people their capabilities and opportunity for career progression is part of our philosophy.

The Motherson Human Rights Principles Statement and Diversity and Inclusion policy are based on the Universal Declaration of Human Rights and the International Labour Organisation. Adopted by our Board of Directors and our Global Executive Team the

Principles represent our group commitment to uphold and respect human and labour rights. All Motherson companies and suppliers are expected to respect internationally recognised human and labour rights and adhere to all applicable local laws. Motherson suppliers must adhere to our supplier code of conduct which reflects our position on human rights, labour rights, anti-corruption and environment standards.

Human and Labour rights due diligence and complaints redressal processes are being consolidated within existing assessment mechanisms via our Regional Chairman's Offices to ensure transparency and consistency across all operations. This approach supports the ability to incorporate new qualitative and quantitative

metrics for Motherson operations and their respective suppliers. In addition to the inclusion of human rights and labour rights measurables, internal and external communications with stakeholders further enriches the transparency within our upstream value chain and prioritises salient human right issues by geographic regions, this in turn will contribute to the Motherson's coordination of outreach initiatives as part of our sustainability strategy.

As an ongoing process the Sustainability Development Team together with the Sustainability Champions in our Human Resources positions across the group are responsible for the monitoring and assessment of actual and potential human and labour rights impacts. Internally Motherson HR heads coordinate awareness training for employees to cascade information, ensuring the learning process is continuous and in keeping with external expectations and standards. This internal training is conducted through various methodologies which support tracking of their deployment in the group.

Motherson is committed to adhering to the highest standards of ethical, moral and legal conduct of business operations and we operate with a zero-tolerance policy on bribery, extortion and corruption. We ensure we meet the requirements of all relevant anti-corruption laws, including the implementation of procedures to monitor any changes. To maintain high standards, Motherson companies encourage any persons who have concerns about suspected misconduct, to come forward in confidence without fear of punishment or unfair treatment. Motherson has established internal channels and procedures with employees to ensure appropriate management of any such claims, such as the whistle-blower lines situated within our RCOs.



Mission Statement:

'To set new standards in good corporate citizenship by helping to improve the livelihood of the communities we are a part of and society at large, focusing on their prosperity and well-being to ensure inclusive, long-term development for all.'

Motherson Global Citizenship and the Sustainable Development Goals.

Our Company goal is to create a more inclusive and sustainable environment. Our Global Citizenship mission statement addresses the ambition to set new standards, with a focus on the some of the issues highlighted by the Sustainable Development Goals, including to promote well-being (SDG 3).

Our commitment to corporate social responsibility (CSR) emanates from our business mission that guides us to set new standards in good corporate citizenship. We publish an annual Global Citizenship Report detailing our outreach initiatives pertaining to the UN Sustainable Development Goals and the

contributions through Swarn Lata Motherson Trust in India, amongst others.

Motherson has four key principal focus areas established by the link between our activities and the United Nation's Sustainable Development Goals. These focus areas are the foundations for Motherson's citizenship initiatives and our CSR Committee, containing our Chairman and Vice Chairman, who set policy and oversee our progress.

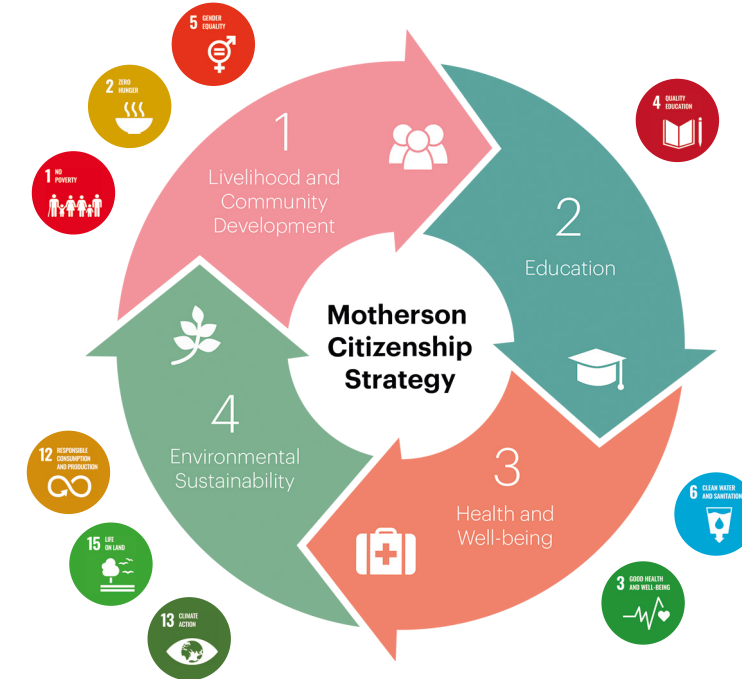


Figure 1: Foundations of our Global Citizenship Strategy and UN's SDGs

We understand that our employees know best when it comes to identifying the significant challenges in the areas in which they live and work. At all our operating sites employees and teams from each region coordinate citizenship initiatives at the local level. Although the projects are diverse in nature, there is a common thread that binds them; they are all connected to our principal focus areas: livelihood and community development, education, health and well-being, and environmental sustainability. A developing aspect of Motherson and our Global Citizenship efforts are our partnerships with public or private organisations that extend our positive impact within our value chain. Currently we have several partnerships on the local scale, these partnerships are all unique by geography and culture; Motherson champion this individuality, with each case study representing the individual sense of place and identity that make up our global workforce and community outreach.

Verification and Transparency.

Motherson embodies the highest standards of governance and holds a long-standing commitment to communicate transparently to our stakeholders. Our publicly disclosed documents and our sustainability publications are aligned with the relevant legislation and, where possible, in accordance with the Global Reporting Initiative guidance.

All Motherson operations have implemented management systems, the majority of which are aligned to ISO accreditation standards, with every facility having already been awarded ISO certification 14001 and working towards ISO 45001, and several facilities already accredited with additional standards such as ISO50001.

Our operating unit leaders are in collaboration with the Sustainability Development Team to launch individual plans to achieve these additional third-party accreditations for every facility. Our external assurance roadmap is also moving forward with the ambition to achieve third-party assessment and assurance for group level carbon footprint reporting.

For information on Motherson's company profile, please see SAMIL Annual Report FY21-22.



For more information on **referenced documents** in this report:



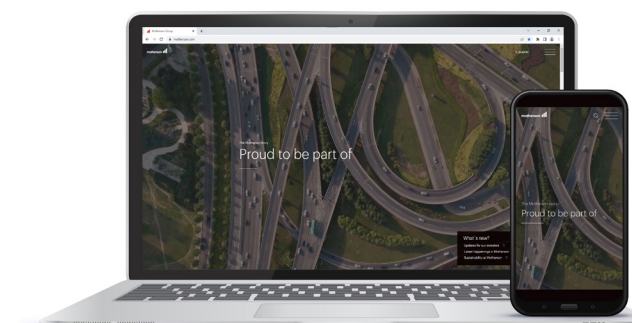
Annual Report 2021-2022
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Global Citizenship Report 2021-2022
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Motherson Sustainability.