



SHARDA MOTOR INDUSTRIES LIMITED

SUSTAINABILITY POLICY

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Purpose and Objective

At Sharda Motor Industries Limited (SMIL), we are committed to integrating environmental stewardship, social responsibility, and ethical governance throughout our business. Guided by global best practices, including the UN Sustainable Development Goals (SDGs), UN Global Compact (UNGC), and OECD Guidelines, and aligned with BRSR requirements, our objective is to create long-term sustainable value by minimizing environmental impacts, fostering safe and inclusive workplaces, ensuring responsible supply chains, and upholding transparency and integrity in all our operations.

Scope and Applicability

This Sustainability Policy applies to all operations and business units of SMIL. The policy covers all aspects of the Company's activities that impact the environment, social welfare, and governance practices, including production, supply chain, procurement, and stakeholder engagement. It is intended to guide decision-making, operations, and business conduct across the organization, ensuring alignment with international standards, regulatory requirements, and global best practices. All employees, contractors, and partners are expected to adhere to the principles outlined in this policy, thereby supporting SMIL's commitment to sustainable growth and responsible business practices.

Our principles

To improve our triple-bottom performance, we:

- Integrate sustainability considerations into all business decisions, functions and work processes, with the aim of creating value and contributing to sustainable development.
- Follow the standards of governance and transparency.
- Embody principles of product stewardship by enhancing environmental, health and safety impact of our products across their life cycles from design to disposal and to connect with designers, producers, value chain members, customers and recyclers are aware of their responsibilities.
- Provide safe, healthy, clean and fair working conditions to our employees, business associates and all these working on behalf of us and ensure protection of human rights in the value chain.
- Strive to be the neighbor of choice of the communities where we operate and contribute to their equitable & inclusive development and demonstrate citizenship.

Policy Commitments

We aspire to achieve global sustainability leadership in the Auto Sector. To realize this vision, SMIL commits to the following key focus areas:

1. Governance and Strategy

- Establish a robust governance structure to oversee sustainability commitments, monitor performance, and ensure accountability across all operations.
- Identify material sustainability issues and develop strategies with clearly defined goals, targets, and mitigation/adaptation plans, aligned with national and international sustainability commitments.

2. Environmental Stewardship

- Minimize environmental impact by reducing resource consumption, improving efficiency, and controlling emissions.
- Restrict unsustainable exploitation of natural resources and promote sustainable consumption, including recycling and circular economy practices.

3. Social Responsibility and Community Engagement

- Support communities surrounding our operations, especially in underdeveloped regions, by considering local concerns in our business planning and decision-making.
- Ensure appropriate resettlement and rehabilitation of communities affected by our operations, respecting their rights and livelihoods.

4. Sustainable Supply Chain

- Promote procurement from local and small producers, including vendors in surrounding communities, and enhance their capacity and capabilities to foster inclusive growth.

Implementation and Monitoring

To ensure SMIL's sustainability commitments translate into tangible actions and measurable outcomes, a structured framework for implementation and monitoring is in place. Under this framework, the roles and responsibilities are defined as follows:

Managing Director – Provides strategic oversight of ESG performance, embedding sustainability into business priorities and decision-making.

- Board of Directors – Maintains overall accountability for sustainability governance and alignment with stakeholder expectations.

- Senior Management – Implements the policy, monitors progress and integrates sustainability considerations into day-to-day operations.

- Employees and Workers – Support the policy and contribute to the Company’s sustainability goals within their roles.

At SMIL, ESG performance is tracked regularly, risks and opportunities are assessed, and updates are reported to the Board to ensure transparency, accountability, and continuous improvement.