



DYNAMATIC TECHNOLOGIES LIMITED

**ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) POLICY/
BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR) POLIC**



1. Preamble

- 1.1. This policy (hereinafter referred to as the "**Policy**") shall be called "ESG Policy/BRSR Policy" of Dynamatic Technologies Limited (hereinafter referred to as "**DTL**" or the "**Company**").
- 1.2. DTL designs and builds highly engineered products for Automotive, Aeronautic, Hydraulic and Security applications. With futuristic design, engineering and manufacturing facilities in Europe and India, we are able to meet customers' exacting requirements on 6 continents.
- 1.3. Environmental, Social, and Governance (ESG) has gained significant attention, with investors and customers increasingly prioritizing sustainable and ethical business practices. ESG criteria help assess companies based on environmental impact, social responsibility, and governance standards. Investors use these non-financial indicators to align investments with personal values and evaluate long-term sustainability and corporate responsibility.
- 1.4. ESG analysis is now seen as a key component of responsible investing, going beyond traditional financial evaluation. In India, ESG aspects have been addressed in a fragmented way through requirements like board disclosures on energy conservation and technology absorption, and directors' fiduciary duties toward the environment and community. Corporate Social Responsibility (CSR) disclosures also contribute to this framework. The most direct ESG-related mandate is the Business Responsibility Report (BRR), introduced by SEBI in 2012 for the top 100 listed companies, later extended to 500. In 2020, the MCA recommended renaming it to Business Responsibility and Sustainability Reporting (BRSR) and expanding it to the top 1000 listed companies. SEBI made BRSR mandatory from FY 2022–23.
- 1.5. The company's ESG initiatives include reducing carbon emissions, promoting diversity and inclusion, and implementing rigorous governance standards. The Company's policy shall act as a guiding framework to manage the Company's environmental, social and governance impacts along with the risks as well as enable responsible financing oriented towards the long-term value creation.
- 1.6. Therefore, we consider adoption of ESG principles as imperative and not just a reporting requirement. ESG is increasingly becoming an integral part of our functioning, going beyond the realms of reporting to becoming part of the Company's culture.

2. Regulatory Framework on ESG Reporting

The Ministry of Corporate Affairs (MCA) released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs) in order to provide guidance to businesses on what constitutes responsible business conduct. In order to align the NVGs with the Sustainable Development Goals and the 'Respect' pillar of the United Nations Guiding Principles the process of revision of NVGs was started in 2015. In March 2019, the NVGs were revised and released as the National Guidelines on Responsible Business Conduct (NGRBCs).

The Companies Act, 2013 (CA 2013) read with the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), are the two important legislations that have covered the various aspects of ESG reporting in a fragmented manner.



Disclosure Framework under the CA 2013:

- The Director's Report shall include information related to steps taken by the Company towards conservation of energy, technology absorption, etc.
- The Director's Report of all companies that are required to constitute a CSR Committee is required to include Annual Report on Corporate Social Responsibility (CSR), which among other things sets out in detail the CSR initiatives of the Company.

Disclosure Framework under the Listing Regulations:

- From F.Y. 2022-23, filing of Business Responsibility and Sustainability Report (BRSR) shall be mandatory for the top 1000 listed companies (by market capitalization). The BRSR seeks disclosures from listed entities on their performance against the nine principles of the NGRBCs.

3. Objective

- 3.1. This Policy aims to integrate ESG factors into the Company's operations, manage related risks, and guide ESG initiatives. It focuses on strong governance, risk management, embedding environmental and social practices into operations, and transparent communication of ESG performance.

ESG Vision

To be an environmentally and socially responsible institution grounded in 'Assurance', creating sustainable long-term value for all stakeholders.

ESG Goals

- Deliver profitable growth with ethical and social responsibility
- Integrate ESG across business, operations, and value chain

4. Key Principles

The BRSR/ESG framework is based on nine principles aligned with the Ministry of Corporate Affairs' (MCA) 'National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business' (NVGs). These guidelines emphasize that companies should be responsible not only legally but also socially, economically, and environmentally. By following these reporting standards, businesses can better understand and drive the transformation toward more responsible operations. The NVGs were later updated, leading to the MCA's formulation of the 'National Guidelines on Responsible Business Conduct' (NGRBC). The said guidelines stipulated that the businesses should: –

Principle 1: conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable,

Principle 2: provide goods and services in a manner that is sustainable and safe,

Principle 3: respect and promote the well-being of all employees, including those in their value chains,

Principle 4: respect the interests of and be responsive to all their stakeholders,

Principle 5: respect and promote human rights,



Principle 6: respect and make efforts to protect and restore the environment,

Principle 7: when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent,

Principle 8: promote inclusive growth and equitable development, and

Principle 9: engage with and provide value to their consumers in a responsible manner.

The Company has adopted the aforementioned nine key principles of BRSR in accordance with the SEBI Regulations

5. Policies

Principle 1

5.1. Integrity, Ethics, Transparency and Accountability

- 5.1.1.** The Company is committed to value-based governance and upholding the highest ethical standards across all business activities. The Board and senior management lead by example, fostering ethical behavior internally and externally. Management strives to embed these values at every level, making ethics a core part of DTL's culture. Every employee is expected to act with professionalism, honesty, and integrity, adhering to high moral and ethical standards.
- 5.1.2.** All business decisions and transactions will be fair, transparent, and open to relevant stakeholders. DTL views transparency as clear communication of policies and actions to those it serves, ensuring maximum disclosure without compromising strategic interests. Internally, transparency means openness with employees and conducting business that withstands scrutiny. The Company believes transparency strengthens accountability and must always stand up to public examination.
- 5.1.3.** Empowerment is key to the Company's governance, granting management the freedom to drive progress. It fosters creativity and innovation by delegating decision-making to appropriate levels. The Board is accountable to shareholders and the Government, management to the Board, and every employee to their assigned responsibilities. The Company believes that empowerment combined with accountability drives performance and effective corporate governance.
- 5.1.4.** The Company supports the country's constitution and governance but does not endorse any political party or candidate. It prohibits activities that suggest favoritism toward political entities and forbids using Company funds or property for political donations or campaigns.
- 5.1.5.** Employees at all levels must prioritize national, public, and Company interests over personal interests while performing their duties and avoid any actual or perceived conflicts of interest. A conflict arises when personal interests potentially conflict with those of the Company. Examples include:
- 5.1.5.1. Related Party Transactions:** Engaging in transactions with the Company where they or their close associates have a financial or personal interest
 - 5.1.5.2. Outside Directorship:** Serving as a director in a company that competes with the Company's business.
 - 5.1.5.3. Consultancy/Business/Employment:** Participating in any external activity—consulting, business, or employment—that conflicts with Company responsibilities, or associating with



its suppliers, service providers, or customers.

5.1.5.4. Use of Official position for personal gains: Using one's position in the Company for personal benefit is strictly prohibited.

Principle 2

5.2. Safety and Sustainability of goods & services

5.2.1 The Company is engaged in the manufacture and supply of Automotive, Aeronautic, Hydraulic and Security applications. The impact of all the operations on the Environment and Society must be clearly understood by all employees responsible for these operations. The Company is committed to continuously improve its safety, sustainability and goods & services by the followings points:-

- Offering sustainable products that deliver measurable social or environmental benefits.
- Providing goods and services that conserve resources.
- Reducing water and energy use and minimizing waste throughout processes.
- Promoting environmental and safety awareness among employees, vendors, and contractors.

Principle 3

5.3. Human Resources Development and Well-being of employees

5.3.1 The present global business scenario has metamorphosed the Human Resource Management function to emerge from the erstwhile roles of control and direction to consensus and commitment. This means that the new agenda for the Human Resource Management function is to emerge as a champion for:

- Driving organizational transformation to global standards
- Building culture, mentoring, and developing employee values and personality
- Aligning people with business strategy
- Delivering world-class HR processes to build leadership and competencies
- Ensuring the wellbeing of employees at all levels

DTL is committed to continue to take steps to promote a safe and conducive work environment for its employees and will provide guidance on occupational health and safety, appropriate healthcare benefits and medical cover to all its employees.

5.3.2 HR as a Strategic Partner

Strategic HRM aligns the HR function with the organization's strategic goals to enhance performance. HR acts as a business partner, considering the Company's vision, mission, strategic priorities, stakeholder interests, business objectives, and competitive landscape.

DTL being a technology-driven company, strategies are developed by cross-functional teams from Technology and Research & Development who collaboratively address business challenges.

5.3.3 Talent Attraction & Retention

Effective talent attraction and retention depend on competitive compensation, employee engagement, career growth, and empowerment. The HR function fosters an environment that encourages self-learning through formal education—both classroom and online—and practical training in partnership with leading institutes. This approach enhances individual expertise while aligning with the Company's business goals. Ongoing training and mentoring support the growth



of technical and managerial skills, strengthening DTL as a learning organization.

Company-wide knowledge management initiatives facilitate expertise sharing across divisions, optimizing the use of HR capabilities. The integration of competency models with HR systems further enhances talent development, while competency-based job rotations increase employee satisfaction and engagement.

5.3.4 Leadership Development and Change Management

An enterprise's key competitive edge lies in developing leaders faster than its rivals. Rapid changes from globalization, customer demands, technology, and information access require the Company to focus not just on strategy and systems, but also on purpose, processes, and people. HR leads change management efforts, building a strong leadership pipeline aligned with a global outlook.

DTL has formalized Succession Planning through gap analysis, identifying critical roles and assessing successor readiness using performance data and other criteria. Inputs from Assessment Development Centers guide successor development. Critical vacancies are filled primarily from internal talent pools, with external hires considered only when necessary.

5.3.5 Equal Opportunity Policy

The Company is committed to providing equal opportunities to differently abled employees in compliance with the Rights of Persons with Disabilities Act, 2016. Customized transport arrangements are made to assist Persons with Disabilities (PwD) employees in commuting.

Principle 4

5.4. Protection of Stakeholders' Interest

- 5.4.1** DTL values its stakeholders' support and respects their interests, delivering value-based services through its employees.
- 5.4.2** DTL maintains ongoing engagement with stakeholders to understand, assess, and effectively respond to their needs
- 5.4.3** DTL acknowledges the impact of its policies, decisions, products, and operations on stakeholders and avoids actions that harm their health, safety, or welfare.
- 5.4.4** DTL shall proactively engage with and respond to those sections in the society that are disadvantaged, vulnerable and marginalized. It shall also give special attention to stakeholders in areas that are underdeveloped.
- 5.4.5** DTL commits to resolving stakeholder differences in a just, fair, and equitable manner.

Principle 5

5.5. Promoting Human Rights

- 5.5.1** The Company acknowledges that human rights are inherent, universal, indivisible, and interdependent. It commits to embedding the spirit of the Indian Constitution's Fundamental Rights and Directive Principles in all policies and systems, while adhering to the International Bill of Human Rights.
- 5.5.2** The Company shall integrate respect for human rights in management systems and ensure that all individuals impacted by the business have access to grievance redressal mechanisms.
- 5.5.3** The Company recognizes and respects the human rights of all stakeholders, including employees, communities, consumers, and vulnerable groups.



- 5.5.4** The Company shall, within its sphere of influence, promote awareness and realization of human rights across its value chain.

Principle 6

5.6. Protection of Environment

- 5.6.1** DTL is committed to sustainable development by achieving economic, ecological, and social responsibilities. As an environmentally responsible company, it manufactures Aeronautic, Automotive, Hydraulic, and Security products in an eco-friendly manner, focusing on pollution prevention, resource conservation, compliance, and continuous environmental performance improvement.
- 5.6.2** DTL is committed to optimizing and continuously reducing the use of natural resources by embracing the principles of “Reduce, Reuse, and Recycle” across all operations. The Company also focuses on using renewable resources to prevent resource depletion.
- 5.6.3** The Company will comply with all environmental laws and regulations, regularly monitor its environmental management performance, identify hazardous processes, assess risks, and implement controls to minimize environmental impact.
- 5.6.4** Environmental friendly and energy-efficient processes will be prioritized when selecting or introducing new operations, products, or services to minimize environmental impact and reduce carbon emissions.
- 5.6.5** The Company will continuously implement environmental management programs focused on cleaner technologies, hazard elimination, legal compliance, and resource conservation to minimize environmental impact.
- 5.6.6** The Company will raise customer awareness on environmental management to reduce product usage impact and encourage business partners to adopt eco-friendly processes from design to disposal. It remains committed to continually improving sustainability and environmental management through the following actions:
- Minimizing the use of electricity, chemicals, and natural resources.
 - Encouraging use of renewable/replenishable / sustainable resources.
 - Ensuring compliance with all applicable environmental regulations.
 - Preventing pollution of air, water, and land through eco-friendly chemicals and reduced hazardous materials.
 - Reducing waste generation.
 - Promotion & adoption of environmentally friendly practices.
 - Setting, maintaining, and monitoring environmental objectives and targets.

Principle 7

5.7. Public and Regulatory Policy

- 5.7.1** As a responsible corporate citizen, the Company acknowledges its duty to operate within the democratic and constitutional framework. It respects the legislative and policy guidelines set by the government and adheres to all applicable local, state, national, and international laws. The Company and its employees shall comply with all relevant policies, procedures, rules, and regulations governing its business operations.
- 5.7.2** In case of any grievance with legislative or regulatory mandates, the Company shall seek redressal through appropriate legal and policy advocacy channels, in alignment with the principles of this Code. Where necessary, it will pursue policy changes through its Administrative



Ministry or through industry bodies, trade chambers, and other collective platforms.

- 5.7.3** The Company believes that policy advocacy should serve the broader public good. It shall not support any policy change that benefits only itself or a select group in a partisan or self-serving manner.

Principle 8

5.8. Inclusive growth and equitable development

5.8.1 Vendor Development:

- a. Vendor development initiatives will be undertaken where vendor capabilities align with the requirements of manufacturing processes.
- b. A policy for fostering long-term business relationships with vendors will be developed, considering factors such as business type, technology, and product specifics.
- c. In cases where the Company's Units are situated in eco-sensitive areas, care shall be taken to ensure employment of local skills with training as required.
- d. Outsourcing of work in R&D projects shall be pursued only when it does not compromise or dilute the Company's Intellectual Property.

5.8.2 Code of conduct for Vendors/Suppliers

DTL is committed to maintaining the highest standards in all business dealings with customers by providing advanced technology, superior quality, and strategic products and services. As a listed public company, DTL acknowledges its responsibility to conduct business transparently, ethically, and with accountability to the public in financial management. Accordingly, DTL expects its Vendors, Service Providers, Subcontractors, and Contractors (hereinafter referred to as "Suppliers"), along with their directors, officers, employees, agents, representatives, and affiliates, to comply with the Company's Code of Conduct, which includes the following:

Suppliers must have controls, tools, and processes in place –

- (a) To ensure compliance with applicable laws, regulations, and the requirements set forth herein.
- (b) To ensure compliance with ISO 14001/AS 9100 requirements.
- (c) To ensure prompt detection, investigation, disclosure (to DTL and relevant authorities, as appropriate), and remediation of any violations of laws, regulations, and the standards outlined herein.
- (d) To ensure that the Supplier's directors, officers, employees, agents, representatives, and affiliates are adequately trained on applicable laws, regulations, and the expectations outlined in this Code. These expectations are not intended to conflict with the terms and conditions of contracts with DTL. In cases where contract requirements are more stringent than this Code, the Supplier must adhere to the more restrictive provisions.
- (e) To comply with all applicable labor laws and regulations, including but not limited to those concerning maximum working hours, compensation, collective bargaining, and minimum wage. DTL expects its suppliers to treat all individuals with respect and dignity, promote diversity, embrace diverse perspectives, ensure equal opportunities, and foster an inclusive and ethical workplace culture. Suppliers must strictly prohibit the use of child labor, forced labor, or any form of human trafficking in the execution of their work.
- (f) To ensure that their employees work in an environment free from physical, psychological, verbal harassment, or any other form of abusive behavior.
- (g) To provide equal employment opportunities to all employees and job applicants without



discrimination based on race, religion or belief, color, sex, gender identity, marital or civil partnership status, pregnancy, genetic information, disability (as recognized by applicable laws), or any other characteristic protected by law.

- (h) To refrain from engaging in price fixing, bid rigging, market allocation, predatory pricing, or any other illegal competitive practices. Additionally, suppliers must not share current, recent, or future pricing information with competitors in violation of applicable antitrust or competition laws.
- (i) To compete fairly based on the quality and merits of their products and services. The offering or acceptance of business courtesies must never be used to obtain an unfair competitive advantage. Suppliers must ensure that any gift or business courtesy complies with applicable laws and regulations, does not violate the recipient organization's policies, and aligns with accepted marketplace customs and practices.
- (j) Not to engage in, or facilitate others in, trading DTL's securities—or those of any other company—while in possession of material, non-public information acquired through their business relationship with DTL.
- (k) To avoid all conflicts of interest, or situations that may appear to present a potential conflict, in their dealings with DTL. Suppliers are expected to promptly notify all affected parties if an actual or potential conflict of interest arises, including any conflict involving DTL's interests.

Principle 9

5.9. Value to Customers and Consumers

5.9.1 Value for Money: Systems shall be provided such that the customer is able to utilize the products & services and realize best value for money by:

- a) Making the best products and services available to the customers.
- b) Designing products in compliance with international standards.
- c) Ensuring correct documentation is provided appropriately such that the products and services are best utilized.

5.9.2 Customer Relations Management:

Effective Systems shall be provided for:

- i. Registration of Customer complaints.
- ii. Timely redressal of customer complaints.
- iii. Making status on Customer Issues
- iv. Periodic reporting to top management / concerned authorities on the status of all customer complaints with details of analysis.
- v. Obtaining customer feedback on complaints.

5.9.3 Obsolescence Management:

Systems shall be established to effectively manage obsolescence in products supplied by the Company to its customers.

6. General:

The above policies shall be subject to review/changes by the Board as may be deemed necessary and in accordance with regulatory amendments, from time to time.
