

# SCHAEFFLER



*Teamwork*

*Responsibility*

*Respect*

*Integrity*

*Fairness*

*Trust*

*Transparency*

Code of Conduct  
Directors and Senior Management

## Transparency, Trust and Teamwork

## BACKGROUND

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

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

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

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

Every employee must contribute to ensure a successful long-term future for the Company & Schaeffler Group. Please use this Code of Conduct and let us consistently orient our daily conduct towards each other, our business partners and the general public accordingly.

## PREAMBLE

Fairness, mutual respect and integrity are the cornerstones within the Company and the Schaeffler Group upon which our actions are based. The Company assumes its corporate responsibility and thereby creates the prerequisites for the sustained success of the company.

This Code sets out the principles and practices that must be observed in letter and spirit by all the Directors, Senior Management and employees, as the Company also expects it to be followed by our business partners.

Approved by the Board, this code demonstrates the importance FAG attaches to a responsible corporate conduct.

The Company expects each of its Directors and employees to feel personally responsible for compliance with this Code of Conduct and to encourage colleagues to abide by it as well.

## 1 BASIC BEHAVIORAL REQUIREMENTS

### 1.1 Transparency, trust and teamwork

FAG India wants to be a reliable partner. The Company therefore acts transparently towards shareholders, customers, and suppliers and also towards each other because transparency is a decisive factor for trust and successful teamwork.

Responsible collaboration requires actions and decisions that are transparent and comprehensible because only then will they be accepted.

For collaboration, transparency also means dealing with problems and errors in an open and honest manner.

### 1.2 Compliance with applicable laws

The Company respects and complies with all applicable local, national and international laws and regulations, wherever it does business. Compliance with these laws and regulations is a prerequisite for lasting corporate success. Violations can have severe consequences such as criminal convictions, fines and reputational damage.

The Company does not tolerate such violations and expects its employees and business partners to conduct business according to applicable laws and regulations. Where national legal requirements are more restrictive than the rules applying to the Company, these national legal requirements take precedence.

The basic principles described in this code constitute a minimum standard for the Company and do not affect country-specific additions that are based on relevant cultural circumstances.

### 1.3 Respect for human rights

Respect for human rights is an integral part of our corporate responsibility. The Company respects the dignity and individual rights of every employee and colleague as well as third parties with whom it does business.

### 1.4 Handling company assets with due care

The Company takes great care to protect its assets, including all physical and non-physical assets, such as computers, information systems and intellectual property. Generally, all Company assets should be used for Company purposes only.

Additionally, protected intellectual property includes any products and designs developed by the Company or Schaeffler employees for its use.

1.5 Avoidance of conflict of interests

The Company expects loyalty and integrity from all its employees. This means that all employees will act solely in the interests of the Company within the scope of their employment. Private or personal business interests must not be allowed to interfere with or obstruct the business interests of the Company.

A conflict of interest exists when actions or private interests interfere in any way - or even appear to interfere - with the interests of the company.

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## 2 BEHAVIOR TOWARDS BUSINESS PARTNERS AND THIRD PARTIES

### 2.1 Integrity

The Company and its employees act with integrity when dealing with others and also expect business partners (e.g. private or business customers, suppliers, agents and consultants) to observe relevant legal requirements.

The Company will only do business with third parties that conduct business ethically and do not subject the company to criminal or other liability or cause the Company or Schaeffler Group reputational harm.

The Company does not participate in any activities in connection with money laundering, nor will it facilitate or tolerate such activities.

### 2.2 Fair competition

The Company stands for fair and undistorted competition. The Company and its employees respect and follow the anti-trust provisions in the markets of which they are part.

In virtually all countries, laws and regulations prohibit relationships or arrangements with competitors, suppliers, distributors or dealers that may distort competition.

The Company expects its employees to refrain from taking part in agreements or concerted practices with other companies that restrict competition or breach anti-trust laws.

### 2.3 Anti-corruption

Benefits are only permitted if they are received or offered in accordance with the Anti-Bribery and Anti-Corruption Guideline. This means that they have to be appropriate and transparent.

Offering a benefit in any form to a person in either the public or private sectors with the purpose of influencing them is prohibited. The same applies for accepting a benefit. Benefits and payments of any kind or offers of benefits and payments (such as gifts, invitations or discounts) to any public or government official or to representatives of such persons in order to promote company business are not permitted. Similarly, indirect payments, e.g. by business partners, are also not permitted.

The giving or receiving of gifts, invitations or any other form of benefits can influence the independence of the Company's judgment or the judgment of its business partners.

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All employees and representatives of the Company must comply with anti-corruption laws in the countries in which Company does business. In addition, the Anti-Bribery and Anti-Corruption Guideline applies to all employees.

Care must be taken when requests or offers are made for sponsorship or donations because such payments can also be interpreted as bribery.

The Company wants to avoid even the appearance that business decisions or economic success depend on improper benefits.

#### 2.4 Trade controls

National and international laws regulate the import, export or domestic trade of goods, technology, services and the handling of specific products. The Company must ensure that adequate procedures are used to ensure that transactions with third parties do not violate economic embargoes or trade regulations, import or export controls, or regulations for preventing the financing of terrorism.

All employees, especially those involved in import, export or domestic trade of goods, technology, services and the handling of specific products must comply with applicable laws and regulations.

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### 3 HANDLING OF INFORMATION

#### 3.1 Protection of confidential information

All managers and employees must protect company's information and treat it in the strictest confidence. This does not only apply to the company's own information but also to confidential information entrusted to Schaeffler by business partners and customers.

Managers and employees with insider information, i.e. specific confidential information that could have a potential influence on the price of listed securities, are not allowed to use this information for the trading of securities or other financial instruments, nor may they pass on insider information to third parties or use it for recommending the purchase or sale of securities and other financial instruments.

#### 3.2 Compliance with data protection regulations

Schaeffler places great importance on protecting the personal data of its employees and business partners. Great care and sensitivity is shown when processing data relating to business partners or employees. Personal data is always handled according to the applicable data protection regulations. The checks and processes implemented at the Company ensure the best possible protection of all sensitive data.

## 4 TREATMENT OF EMPLOYEES AND COLLEAGUES

### 4.1 Fair working conditions and employee development

Schaeffler recognizes its employees' entitlement to adequate remuneration and observes the legally guaranteed minimum wages in the respective labor markets. The Company observes applicable labor law regulations in all of its places of business.

A great deal of importance is attached to the further development of employees, who are the most valuable asset for the future of the Company and investment in their training is important.

With this in mind, the Company provides a comprehensive training program, which offers every employee the opportunity to train according to his capabilities and professional interests, so far as these are consistent with the interests of the company.

The development of social and technical expertise is also highly valued at FAG.

### 4.2 Diversity and the principle of equal treatment

The Company works consistently to provide workplaces free of discrimination and harassment on the basis of gender, ethnic background, religion, age, disability or sexual orientation.

This diversity is promoted and respected without exception. All employees deserve mutual respect.

Every person is entitled to fair and respectful treatment. The Company is committed to a diverse working environment, in which each person's uniqueness is recognized and every individual is treated with courtesy, honesty and dignity. Harassment, bullying or intimidation is not tolerated.

### 4.3 Compatibility of work and family

The Company strives to enhance the satisfaction and motivation of its employees and hence increase the performance of the company by means of family-friendly arrangements and provisions. It works with all employees and their representatives in a trusting manner. The Company is committed to achieving a balance between the economic interests of the company and the interests of its employees. Trust is the solid foundation for successful cooperation in the interests of the company and the employees.

### 4.4 Rejection of forced and child labor

The Company does not accept any form of forced labor or child labor within the company. It condemns any form of exploitation or discrimination and strictly complies with legal regulations.



- 4.5 Dialogue with employees and employee representatives  
The Company respects its employees' right to freedom of association. Irrespective of this right, Schaeffler always allows its employees to express their interests directly.

## 5 ENVIRONMENT, HEALTH AND SAFETY

### 5.1 Acting sustainably

The protection of the environment is an integral part of the Company's corporate responsibility.

The Company is committed to continue complying with all environmental regulations and standards applicable to its operations, and using environmentally conscious practices at all its locations. Environmental pollution is to be minimized and environmental protection will be continuously improved.

The protection of people and the environment against waste, waste water and exhaust gases resulting from industrial production processes and the operating business occurring before, during or up to the completion of transportation, disposal and recycling is a corporate responsibility. To ensure that this responsibility is met, the Company has implemented systems that ensure the safety, control and measurability of all activities occurring in the areas of transportation, disposal and recycling, which could potentially have negative effects on human health and the environment.

The Company is committed to implementing systems suitable for ensuring the effective control and measurability of these activities.

Every employee bears responsibility for reducing energy and water consumption, and the emission of greenhouse gases in all their activities.

### 5.2 Safe working environment

The Company maintains a comprehensive EHS (Environment, Health and Safety) management system at all of its production facilities..

It attaches importance to complying with all applicable environmental protection laws and collaborates with business partners to ensure that they acknowledge and exercise their responsibility for the environment.

The Company provides a safe working environment for its employees by meeting or exceeding applicable legal requirements or company guidelines with regard to occupational health and safety. Managers, in particular, have the task of ensuring that appropriate health and safety precautions and measures are in place to ensure compliance with the company's requirements.

All young employees must be protected from work that could endanger their health or safety.

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## 6 BOARD DIVERSITY AND INDEPENDENT DIRECTORS

The basic philosophy behind an endeavour towards better corporate governance which is aligned with regulatory requirements is to achieve business excellence. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's long term sustainability, success and image. The Company's Board encompasses optimum number of independent directors, who are additionally governed by Code of Conduct comprising their duties, role & responsibilities as is made available on link as under;

[http://www.schaeffler.com/remotemedien/media/\\_shared\\_media/03\\_worldwide/02\\_websites\\_worldwide/india\\_2/comp-any/fag\\_india/ir/codes\\_policies/Code\\_of\\_Conduct\\_for\\_Independent\\_Directors.pdf](http://www.schaeffler.com/remotemedien/media/_shared_media/03_worldwide/02_websites_worldwide/india_2/comp-any/fag_india/ir/codes_policies/Code_of_Conduct_for_Independent_Directors.pdf)

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## 7 REPORTING AND CONTACT PERSONS

### 7.1 Reporting of misconduct

At FAG, employees always find an open door and are encouraged to speak up freely and without fear of repressive measures. Reprisals against employees who express their concerns in good faith are forbidden.

To clarify questions with regard to this Code of Conduct or address misconduct, employees can always contact a person in their immediate working environment.

### 7.2 Whistle blower system / Vigil Mechanism

Notifications about substantial violations of the Schaeffler Group Code of Conduct, specifically illegal business practices, can be made using Company's Vigil Mechanism at any time.

Whistle Blower Policy is made available on the Company's Website and can be assessed using link as follows;

[http://www.schaeffler.com/remotemedien/media/shared\\_media/03\\_worldwide/02\\_websites\\_worldwide/india\\_2/company/fag\\_india/ir/codes\\_policies/Vigil\\_Mechanism\\_OR\\_Whistle\\_Blower\\_Policy.pdf](http://www.schaeffler.com/remotemedien/media/shared_media/03_worldwide/02_websites_worldwide/india_2/company/fag_india/ir/codes_policies/Vigil_Mechanism_OR_Whistle_Blower_Policy.pdf)

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8 DISCIPLINARY ACTIONS

The matters covered in this Code of Conduct are of utmost importance to the Company and its stakeholders and are essential to the Company's ability to conduct its business in accordance with its high standards of inherited rich values. All of the Company's directors, top management team, employees, agents, contractors and consultants are expected to adhere to this Code in carrying out their respective duties for the Company. The Company will take appropriate disciplinary action against the person whose actions are found to violate this Code of Conduct.

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