# CYIENT

# DESIGNING TOMORROW TOGETHER

Sustainability Report
2020-2021

# A PROMISE TODAY FOR A **BETTER TOMORROW**

As we continue towards a greener, more resilient future, we present our maiden Sustainability Report.

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Chairman, **BVR Mohan Reddy**, receives the prestigious
**Padma Shri Award** from the President of India, **Shri Pranab Mukherjee**

*March 30, 2017*

# 30 YEARS OF OUR
# CHAIRMAN'S SUCCESS

### Celebrating a Legend

# 1. Leadership Message

## MESSAGE FROM THE
## **CHAIRMAN**

**BVR MOHAN REDDY**
Chairman

**Dear Shareholders,**

With great pride and joy, I write my last message to you in the capacity of Executive Chairman. After providing leadership for the company in executive roles for 30 years, I now step back to give way to fresh thinking, competent leadership and a future full of promise. As I pen this last note with a medley of emotions in my heart, I am reminiscent of our aspirations as a start-up, frustrations of day-to-day struggles, delight over small and big successes, and contentment over building and leaving a lasting and sustainable institution. On this note, I'm delighted to present our maiden sustainability report for the Financial Year 2021 to all our stakeholders.

Since the beginning of FY21, the Covid-19 pandemic has disrupted and challenged organizations, lives, livelihoods, and economies worldwide. As the situation unfolded, our teams

responded swiftly and ensured the safety of our associates by rapidly enabling work-from-home options to over 95% of our associates across geographies. Our associates ensured business continuity and uninterrupted services to our customers, who were highly appreciative of our actions that ensured their businesses run without interruption. I salute the agility, fighting spirit, and resilience displayed by Cyient's leadership and associates across functions. We continue to be optimistic that we will emerge stronger at the end of this pandemic.

Over the years, we have built systems and processes to deliver consistent quality solutions. We nurtured a collective mindset that embraced curiosity and innovation, which inculcates long-term competitiveness through project execution, process innovation, and

unique business models. Our obsession with satisfying clients made us attract, delight, and retain reputed global customers and win their confidence. Our associates helped us scale customer accounts, in a few cases beyond our expectations. This brought continuity into the business and lay the foundation for a sustainable organization.

This year, we celebrate 30 years of our monumental success. The average lifespan of a company listed on the S&P 500 index has decreased from 67 years in the 1920s to just about 15 years today, according to Professor Richard Foster from Yale University. Yet, Cyient lasted for 30 years successfully and continues to flourish. I always wanted to see Cyient as an institution that outlasts me, and I fulfilled that mission.

## CORPORATE GOVERNANCE

It has been our top-most priority to ensure good corporate governance. We haved laid down processes to ensure all statutory and legal compliances in all aspects of our business. We adopted a well-balanced corporate compliance program to reduce risk, improve transparency, build trust, and a positive reputation among associates, customers, shareholders, and the public. Our commitment to compliance became our competitive advantage. From the early years, we ensured we had an eminent, credible, and diverse Board. While constituting the Board, we looked for integrity, complementing skills, and influence that would help us build an enduring institution. The Board has ensured accountability and fairness to stakeholders and transparency in operations. The Board brought new perspectives to the management. Healthy board discussions and debates helped the executive team take highly effective and rational decisions. They enabled us to balance the immediate fundamentals while keeping an eye on the long-term.

We reconstitute the Board periodically to infuse fresh thinking and distinct points of view. We inducted Ramesh Abhishek,

Indian Administrative Service (retired), as an Independent Director in August 2020. Karthik Natarajan, Chief Operating Officer, and Ajay Aggarwal, Chief Financial Officer, have been placed on the Board as executive directors. With two executive directors and the managing director on the Board, we have an extremely strong team to take this company to new heights in the coming years.

## OUR ASSOCIATES

It was always my dream to create an institution and not just a profit-making enterprise. We took several steps to make it happen. First, we insisted on creating a culture driven by values – Fairness, Integrity, Respect, Sincerity, and Transparency — and propelled by a mindset of ambition, prudence, and customer-centricity. We built a team that lived by these values and perpetuated them within the organization with due attention to diversity and inclusion. We facilitated an environment devoid of politics and bureaucracy and nurtured meritocracy. We recruited associates for their competency and skill. We created an environment that allowed them to grow - through leadership development interventions, technical training, soft skill training, mentoring, and coaching – and bring out their highest potential. They gave their best and delighted our clients. I know many instances when they put commitment to work ahead of their personal needs. We did our best to be equitable to them with compensation, benefits, and rewards commensurate with individual performance. We have been creating meaningful livelihoods for thousands of professionals, several of whom are associated with us for over 25 years.

## EMPOWERING COMMUNITIES

Our commitment to society evolved into a well-established and highly appreciated CSR activity engaged in education, skill development, healthcare, disaster relief, rehabilitation, and supported by associate volunteering. Cyient Foundation initiated the "Adopt a School" program in 2007-08 to create a replicable,

scalable, conducive, and superior learning model within the framework of the existing school education. We implemented it with passion and commitment, motivated our associates to volunteer, and together made a lasting difference. We launched the program with two government schools and 850 children and scaled it to support 28 government schools with around 20,000 children across India.

During the pandemic year, Cyient ensured continuous access to quality education for underprivileged children in its adopted government schools by providing access to its digital learning centers. The move secured over 88% of student attendance for online classes during these challenging times.

Over 700,000 three-ply cotton masks were stitched by students at Cyient Urban Micro Skill Center (CUMSC) and distributed free of charge to underprivileged citizens living in and around the skill center. CUMSC stitched personal protective equipment (PPE) suits and distributed them to government health workers, sanitation, and municipal corporation staff working relentlessly in the containment zones. CUMSC also trained bedside healthcare assistants and mapped them to hospitals for Covid-19 care.

Cyient Foundation extended funding assistance to remote government district hospitals for creating Covid-19 care infrastructure for patients from rural and underserved communities. We adopted our CSR program to make lives safer and better amid the unprecedented healthcare calamity on Covid-19.

### DESIGNING A SUSTAINABLE TOMORROW

Stakeholders across the spectrum are demanding, expecting, and valuing sustainability as the imperative aspect of the organization. In the growing uncertainty, Environment, Social, and Governance (ESG) parameters are gaining a lot of traction across the globe to aid businesses in building resilience.

Building on our 30 years of progress, this year, we embark on a journey transforming ambitions to actions with a holistic Environment, Social, and Governance framework with a vision to 'Design a Sustainable Tomorrow.' The framework is based on three core pillars, Responsible – Equitable – Accountable, with 13 focus areas aiming to integrate and strengthen ESG aspects across our value chain. We have adopted ambitious goals for 2025, focusing on becoming carbon and water neutral, pursuing sustainable solutions such as design for circularity, accelerating digital industrial transformation with Industry 4.0 solutions, achieving gender balance, and empowering communities with various outreach programs. The adopted goals are in alignment with Global Goals or the UN Sustainable Development Goals (SDGs).

At Cyient, we always believe in continuous and transparent dialogue. With this intent, we present our maiden Sustainability Report to disclose our ESG framework, goals, actions, and impact created.

### CONCLUSION

Over the last 30 years, we have built a great company that has consistently created value for our shareholders. We built Cyient on the sound principles of values first. Humility and curiosity defined our actions. Being equitable to all stakeholders with commitment puts us on the firm ground of sustainable growth. While doing so, we created a brand for this nation – Engineered in India. The journey was challenging and rewarding as much as it was satisfactory. There was never a dull moment and days were full of free roller-coaster rides with excitement and challenges in ample measure. While treasuring those memories, I will continue to serve on the company's board of directors and contribute my best efforts in the future. At this outset, I am pleased to present our first Sustainability Report, demonstrating our commitment to long-term sustainability and value creation for our stakeholders.

Thank you.
**BVR Mohan Reddy**

# MESSAGE FROM
## MANAGING DIRECTOR &
## CHIEF EXECUTIVE OFFICER



**KRISHNA BODANAPU**
MD & CEO

**Dear Shareholders,**

The uncertainty posed by the Covid-19 pandemic continues uncurbed as the socio-economic impact of the crisis becomes larger. As governments worldwide continue to deal with the fallout, we are working to ensure employee safety and wellbeing while also strengthening business agility. With resilient people and advanced technologies, we are striving to minimize the effect of the pandemic on our business. In particular, we are incredibly proud to support the administration, law enforcement team, and the medical and healthcare community in their battle against the pandemic.

The safety of our associates has been the paramount priority of our organization. Our associates have successfully adapted to work-from-home options as lockdowns continue to restrict the movement of people. Furthermore, we are in the process of completely revamping the way we source, hire, train, engage and retain talent, as a 100% work-from-office scenario seems to be unlikely in the near future. I firmly believe this presents an opportunity to redefine the value proposition we can offer our associates to be their employer of choice.

To minimize the impact on associates, customers, and stakeholders, our IT, human resources, operations, facilities, and business teams worked diligently and collaboratively. Cyientists going above and beyond the call of duty to fulfill their commitments to customers represents the unwavering spirit at Cyient. Our customers reiterated their confidence in us through numerous messages, emails, and videos, appreciating the efforts of our teams. While our global crisis response team enabled a robust business continuity plan for minimal disruption for associates and customers, it was heartening to see our customers validating and appreciating our efforts.

### SAFEGUARDING THE COMMUNITY

The pandemic continues to ravage the nation, many underserved community members need support in the face of loss of livelihoods and income and children with no access to education and food. Education is among our key areas of focus for community engagement, which has been hugely affected due to the closure of

schools and the lack of access to smartphones and laptops for online classes.

The focus for our social responsibility initiatives is determined by their long-term impact on shaping the new India. To leverage synergies, optimize resources and deliver impact, our community initiatives are rooted in the philosophy of "Empowering Tomorrow Together." Today, the Cyient Foundation supports primary to high school education across several schools in four states and provides access to digital classrooms, libraries, and laboratories at all these schools. Over the past decade, more than 100,000 children from Cyient adopted schools have access to quality education. The Cyient Foundation has ensured that children have access to schooling and food with the help of our associates who have volunteered to train teachers on Information, Communication, and Technology (ICT) and children on attending online classes.

The true value of progress and its impact on our future is only realized when development is a collective whole and extends to the communities and societies we operate in. The Cyient Foundation has actively contributed to fighting the pandemic by donating 50,000 masks to the Telangana State Medical Services and Infrastructure Development Corporation and distributing over 6,00,000 face masks to communities and schools. We also actively supported CII's COVID-19 Relief and Rehabilitation initiative by distributing essential grocery kits to those in need. And while this was done at a corporate level, several of our associates contributed in their own ways to mitigate the staggering humanitarian crisis in the wake of the pandemic.

In the face of adversity, heroes emerge. From coming together to distribute water bottles and food to Indian migrant workers caught in the crosshairs of the lockdown to rallying to provide refreshments for police personnel on lockdown duty, our associates continue to contribute to the cause wholeheartedly. One of our CoEs also helped with the production of critical medical supplies for frontline workers, setting up a hub to produce assembled and kitted face shields. And for this amazing spirit that truly reflects Cyient's Values FIRST in every associate, I am grateful.

## DIVERSITY MEANS BUSINESS

Given the challenges this pandemic has posed, this is the time for businesses to introspect, think out-of-the-box, and pivot across their value chain to cement change that is progressive, scalable, and good for business and society. There is a need to push for the integration of diversity and inclusion into the social and economic lens of the business. As businesses look towards becoming more innovative and differentiating themselves in the crowded marketplace, embracing diversity provides a compelling edge. Becoming a truly inclusive organization is a natural outcome when the organization takes concrete measures.

Our Inclusion Ambassador Program leads the way with 100+ inclusion ambassadors globally. Cyient's Inclusion Ambassadors are focused on empowering teams and increasing authenticity to encourage proactive change, accelerate diversity and inclusion, and create a low-risk incubator for evaluating inclusion ideas or nudges before scaling across the business. The group has been instrumental in completing more than 30 low-cost, high-impact inclusion nudges across areas, including recruitment, leadership, unconscious bias, mental health and well-being, associate experience, connecting people, and transparency. In addition, understanding the current staff dynamics, identifying underrepresented groups, earmarking scope for improvement, and charting groups that must be included to present a diverse organization are critical steps to take as we push for a diverse and inclusive organization.

## EMBRACING SUSTAINABILITY

This year marks our 30th year in the business. Our focus has been towards sustainability and

resilience to greatly enhance our relationships with our stakeholders — customers, associates, and suppliers, as we focus on the future. We are embarking on a journey to transform our ambitions into actions with a holistic ESG framework with a vision to 'Design a Sustainable Tomorrow.' This shall be a 360-degree approach, integrating ESG aspects across the value chain with strong leadership commitment, collaborative partnership, and an empowered ecosystem that enables long-term sustainable value generation.

In Q1 FY21, we saw significant wins in both new business and existing customers that are likely to strengthen Cyient's revenue outlook in the coming quarters. Pandemics are unique events posing complex challenges. As our customers recalibrate priorities, Cyient is reimagining how we do business and redesign offerings across the value chain. This is a time to continue moving forward, build enterprise resilience, and become the epitome of the new normal. For what we achieved in these trying times with diligence and grit, I am grateful. And of the future— unflinchingly hopeful.

We have increased focus on adoption of renewable energy and low emissions technology, re-designing products, processes, and solutions to ensure optimal resource use. We have adopted a collaborative approach through continuous supplier engagement, which has helped us build a sustainable supply chain. We strongly believe that ESG factors would significantly contribute to the long-term resilience and sustainability of the organization in the years to come. At this outset, we at Cyient are glad to launch our first Sustainability report for FY21. We look forward with optimism to ensure the safety and prosperity of our stakeholders and the community. I would like to thank you, our shareholders, for showing great confidence and continued commitment to us. We will strive to strengthen our position to accelerate growth and create sustainable and strategic value for our customers, associates, suppliers, and investors.


Thank you.
**Krishna Bodanapu**

# 30 YEARS OF CYIENT

**1** Chose the road less traveled by the Indian IT industry by deciding to offer GIS mapping and digitization services in 1991

**2** Went public in 1997—listed on the National and Bombay stock exchanges

**3** Signed breakthrough contract with Analytical Surveys, Inc. in 1998 and became their exclusive offshore partner for GIS conversion services; acquired ASI's Mumbai captive in 1999

**4** Executed the first major GIS implementation project in India for Bharti Telenet (now Airtel) in 1999; won Fast Track award from technology partner, Smallworld plc, UK

**5** Established a global footprint by acquiring DataView Solutions, UK, in 1999, Advanced Graphics Software, Germany, in 2000, and VARGIS, US, in 2004

**6** Broke into the ER&D space by signing major outsourcing contracts with two of the biggest names in their respective industries: Pratt & Whitney in 2000 and Bombardier Transportation in 2002

**7** Established the Infotech (now Cyient) Foundation in 2002 that has over the years enabled high-impact CSR initiatives in education, digital literacy, community development, and social innovation

**8** Created a joint venture with United Technologies Corporation in Puerto Rico in 2003 as a near-shore facility for exportcontrolled engineering design services

**9** Infotech Enterprise acquired a new visual identity (the "digital bird") and a brand promise ("creating business impact") in 2004

**10** Acquired Tele Atlas's Noida captive in 2005, becoming their largest partner for the production of digital maps and location content

**11** Won landmark GIS contract from KPN Telecom, one of the largest singlevendor contracts awarded by the global telecom industry in 2005

**12** Strengthened presence in the hi-tech/semiconductor space in 2008 by acquiring Time to Market, Inc. with operations in San Jose and Bangalore

**13** Commenced operations in Australia (2005) and Japan (2008), creating new growth markets in the Asia-Pacific and East Asia regions

**14** Expanded US presence and engagements in the communications (AT&T, Verizon) and off-highway (Caterpillar) sectors by respectively acquiring Wellsco and Daxcon in 2010

**15** Won the first of four "Supplier of the Year" awards from The Boeing Company in 2010

**16** Infotech Enterprises changed its name to Cyient in 2014, launching a new brand globally with the distinctive brand promise of "Designing Tomorrow Together"

# The most memorable moments of designing tomorrow together

**17** Launched S3 growth strategy in 2014, articulating a Design-Build-Maintain value proposition for customers across product and networks industries

**18** Inaugurated the Cyient Innovation Hub in 2014 to encourage new ideas and entrepreneurship, laying the foundation for the New Business Accelerator

**19** Expanded capabilities in service assurance, data sciences, and test automation through the acquisitions of Softential, Invati Insights, and Certon between 2014-17

**20** Acquired Rangsons Electronics in 2015 to create a "design-led manufacturing" value proposition for customers in the aerospace, defense, industrial, medical, and telecom verticals

**21** Acquired GSE Asia, based in Singapore, from Pratt & Whitney in 2015 to grow aerospace aftermarket services in the region

**22** Established engineering center in Prague, Czech Republic, as a nearshore facility for European customers

**23** Founder and Chairman Dr. BVR Mohan Reddy awarded the Padma Shri in 2017 for contributions to trade and industry, the only recipient in the category that year

**24** Acquired AnSem, Belgium, in 2018, a well-known name in the design of analog and mixed-signal ASICs, to strengthen semiconductor and digital presence

**25** Joined India2022 business coalition enabled by advisory firm Xynteo in 2018 to lead the healthcare impact track; launched MedTechConnect to deliver healthcare innovation over the last mile

**26** Won second place in the "Company of the Year" category and was "highly commended" at the 2019 European Diversity awards; institutionalized women mentorship and other inclusion programs

**27** Won Pratt & Whitney's "Supplier Innovation Award" for the seventh consecutive year and the "Supplier Highest Productivity Award" for the fourth year in a row in 2020

**28** Attained Gold Partner status with ESRI in 2020, enhancing a 25-year relationship of developing and delivering game-changing GIS solutions for customers across multiple industries

**29** Acquired IG Partners, Australia, in 2020, to strengthen digital and consulting capabilities in the engineering and mining industries

**30** Zinnov ranked Cyient as a leader in global ER&D services for the seventh consecutive year in 2020

We continue to apply technology imaginatively to solve problems that matter.

Cyient is a global engineering and technology solutions company that brings world-class design, build, operate, and maintenance capabilities to global businesses to support their products and services. Cyient's proven expertise in engineering, manufacturing, semi-conductor, geo-spatial and digital technologies serve over 300 clients in 14 countries. Its services meet the highest standards of safety, reliability, and performance and have helped the company build and retain long-term relationships with clients spanning decades in many cases. Our core engineering capabilities, technology, innovation edge, and unwavering passion for excellence enable us to create value for leading brands globally.

At Cyient, we are committed to staying agile, thinking differently, and unlocking resilience to mitigate business risks and address customer concerns in their hour of need. It will also strengthen our foundation for a robust future. As we grow our presence across geographies, we will be better equipped to help our customers succeed across their value chain in a complex, digital, and disruptive world.

## OUR VISION AND VALUES

*'Designing Tomorrow Together'* is our vision and the basis of our brand promise. Three simple words that describe our unique approach of working with you to improve your business and the lives of your customers. In our relationships with our clients, stakeholders, and associates, we are guided by our Values FIRST - Fairness, Integrity, Respect, Sincerity and Transparency.

**Fairness –** The company offers equity and solidarity where the associates and our customers experience an unbiased environment, irrespective of their cultural backgrounds. We believe in providing an environment that motivates associates and customers to achieve their personal and organizational goals.

**Integrity –** The company cultivates the development of high professional standards and values. In all dimensions of work, we align our actions and words and deliver what we promise. The company is committed to its moral and ethical values and the laws of the land.

**Respect** – The Company believes that the most productive environment is where associates are valued and treated with respect and dignity.

**Sincerity –** We commit to present a workplace, which establishes professionalism, dedication towards quality, cost, delivery, and value systems, and speaking and acting truly about the company's vision and realistic goals. The company has always demonstrated utmost reliability and accountability for all its commitments and promises and strives for the same going ahead.

**Transparency –** An open-door policy. The company believes that fair and open communication is the key to success. The company believes in transparent billing processes and ensures the availability of relevant information required for cooperation and collective decision-making. Encouraging feedback from vendors, customers, associates help build a trustworthy company

We are focused on verticals including aerospace & defense, rail transportation, off-highway & industrial, power generation, mining, oil & gas, communications, utilities, infrastructure, geospatial and navigation, semiconductor, and medical technology & healthcare. We align closely with the business needs, goals, culture, and core values of our clients, and it reflects in the deep and long-standing relationships we share with some of the leading names in these industries.

## A BROAD SPECTRUM OF SERVICES TO HELP OUR CLIENTS STAY AHEAD

**Engineering:** Solving complex engineering challenges is core to Cyient's DNA. We have designed engines for new-generation aircrafts to reduce environmental impact. We have been part of the rolling stock engineering effort for a flagship railway program, developed a 100-ton cross-terrain truck crane in record time.

**Digital:** The convergence of Information Technology and OT is digitizing manufacturing and industrial companies. Cyient brings a unique continuum of domain knowledge, technical expertise, engineering excellence, and a deep understanding of business operations that

helps many Fortune 500 organizations optimize their digital transformation investments. INTELLICYIENT is a suite of six Digital Solutions that bring non-linear value by accelerating digital transformation with Industry 4.0 technologies for manufacturing, industrial, aerospace, utilities, mining, and natural resources players.

**Semiconductor:** Cyient brings deep expertise in analog, digital, and mixed-signal ASIC design and supply to innovate the chip to create tangible value and unique solutions for the industrial, medical, automotive, and consumer markets. We are developing a power management system for cochlear implants. Other solutions in development include a satellite transceiver to facilitate wildlife tracking, an ultra-low-power RF transmitter, and an analog front-end for aircraft vision systems.

**Geospatial:** Cyient enables customers to acquire, manage, and leverage geospatial information to garner actionable insights to make informed decisions and improve business and societal outcomes. Our solutions include urban digital models for smart cities and those that monitor and manage critical assets, and high-definition maps for autonomous vehicles. These solutions are helping automotive, and rail, energy and natural resources, communications and utilities, and governments tap the "power of location" in a connected world.

**Manufacturing:** Cyient's systems engineering and manufacturing expertise spans design-led, mechanical, electronics, and additive manufacturing. We build cutting-edge products for aerospace brands, parts and sub-systems for defense companies, and medical devices and industrial equipment. We provide design, manufacturing, testing, and certification support to make products that meet the highest
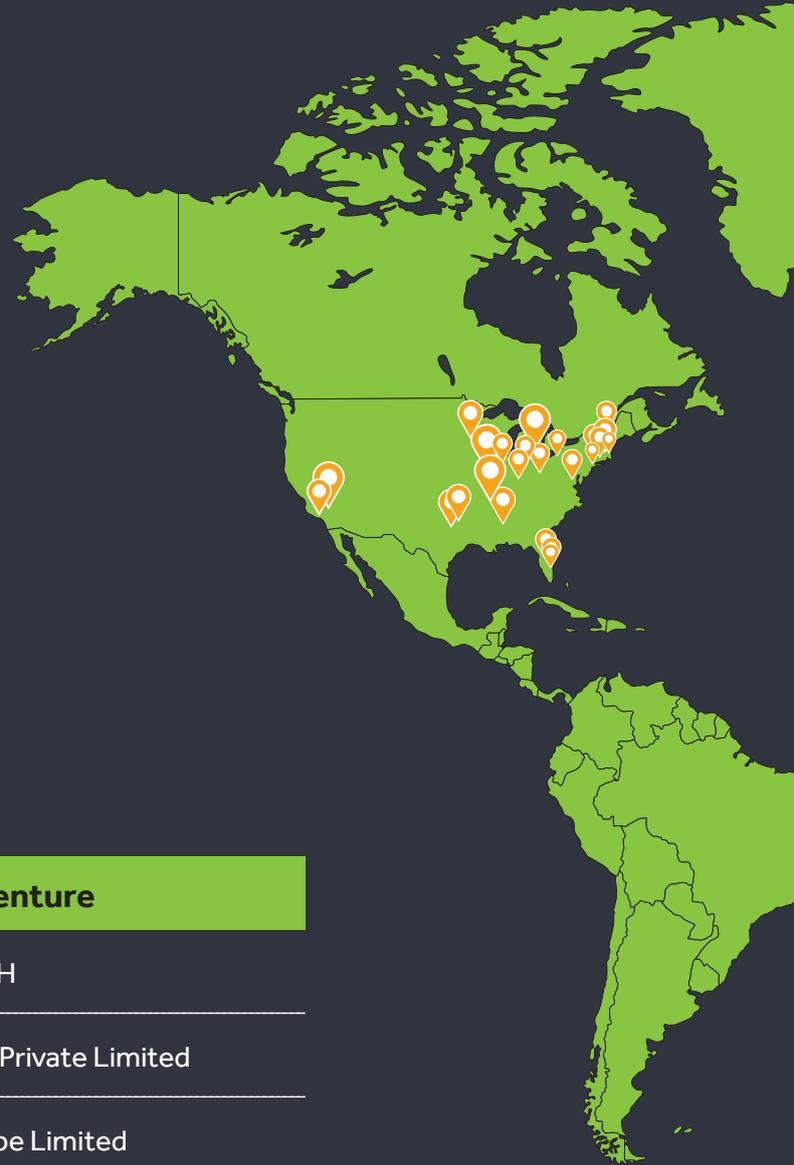
## Our subsidiaries and joint venture

| | |
|---|---|
| Cyient Inc. | Cyient GmbH |
| Cyient Australia PTY Limited | Cyient DLM Private Limited |
| Infotech HAL Limited | Cyient Europe Limited |
| Cyient KK | Cyient Singapore PTE Limited |
| Cyient Israel India Limited | Cyient Solutions and Systems Private Limited |
| Cyient Urban Micro Skill Center Foundation | Cyient Insights Private Limited |

reliability, safety, and performance standards. We are a preferred build-to-specification partner for global product companies helping them reduce time to market and costs without impacting quality. Cyient is headquartered in Hyderabad, India, with a global footprint across 14 countries and 47 locations. Powered by a diversified talent pool that thinks out of the box, we draw on our engineering and technology edge, agile framework, and responsive culture to help clients stay resilient and grow in a dynamically changing and connected world.



Global Presence

Global Headquarters

**12,000+**
EMPLOYEES

**14**
COUNTRIES

**300+**
CUSTOMERS

# 2.1.
# AWARD AND ACCOLADES
## FINANCIAL YEAR 2020-21

- Cyient received an award at the Thales Virtual Annual Supplier Conference for achieving "on-conformity delivery performance" excellence, which demonstrates Cyient's dedication and consistent commitment to delivering value to our business partners and customers

- Awarded the coveted "Inspiring People practices" award under the CSR and wellbeing category from CII Telangana, India

- Recognized as the 'Best Engineering Technology Solutions Provider' by the Electronics maker

- Received an award by the Boeing company that showcases Cyient's dedication and consistent commitment to delivering value to its business partners across the A&D value chain

- Cyient was named as an "established and expansive player" in the Zinnov Zones annual ratings for Engineering and R&D (ER&D) services as well as in the digital engineering services ratings for 2020

- Cyient Foundation Received award for Covid-19 Relief & Rehabilitation Works in Telangana State for FY21

- Cyient won the coveted "Inspiring People Practices" Award under the CSR and Wellbeing category instituted by CII Telangana NHRD Network India

- CII Telangana recognized Cyient's efforts and support to Telangana Harithaharam Program for the FY 2020-21



*Award received for Covid-19 Relief & Rehabilitation Works in Telangana State*



*Winner for the "Inspiring People Practices" Award under the CSR and Wellbeing category*



*CII Telangana recognized our efforts and support to Telangana Harithaharam Program for the FY 20-21*



*Thales award for 'on conformity delivery performance' during the 2020 Global Digital Supplier Conference*

*Winner for the Best Engineering Technology Solutions Provider*


*Awarded the coveted "Inspiring People practices" award under the CSR and wellbeing by CII*

## FINANCIAL YEAR 2019-20

- The Cyient Foundation was awarded the "Platinum Award" under Apex India CSR Excellence Award, 2019, in the Engineering and IT Services sector for its CSR projects in the field of "Social Innovations for Organizations."

- Cyient received the "Harithaharam 2019 Award" for planting more than 10,000 saplings (with an 85% survival rate) as part of the Telangana Harithaharam, a mega plantation drive.

- Cyient won the awards for the 'Best company for women in India' and 'most inclusive company' by Working Mother Media and Avtar Group.

- The Cyient Foundation received the "11th Edition of World Innovation Congress and Awards for Social Innovation Projects" to recognize its innovative healthcare initiatives for community development.

- It was the winner of the "Diversity in Rail" category in RAIL BUSINESS AWARDS 2019

- Cyient won the PRATT & WHITNEY'S SUPPLIER AWARDS: Winner in two categories, including the "Supplier Innovation Award" and "Supplier Highest Productivity Award."


*Cyient Foundation awarded with a Platinum award for CSR Excellence*


*Cyient receiving the Harithaharam 2019 Award*


*Cyient receiving the Pratt & Whitney Supplier Award*


*Award for the best company for women in India by the working mother media and Avtar Group*

## 2.2.
## MEMBERSHIPS AND ASSOCIATIONS

Cyient is a member of several industrial and business associations as a responsible business aware of addressing the non-financial impacts of business and being part of industry efforts for positive change. Our memberships and associations get reviewed annually and as needed. We are associated with the following trade and industry chambers and associations.

- Confederation of Indian Industries
- National Association of Software and Service Companies
- Global Compact Network India
- Indo-American Chamber of Commerce
- National HRD Network
- The Federation of Telangana Chambers of Commerce and Industry
- Hyderabad Management Association

Our cordial relations with prestigious bodies such as the Indian Institute of Technology, Indian School of Business, Institute of Company Secretaries of India, the Institute of Chartered Accountants of India and the Institute of Directors, besides several universities and educational institutions, broaden our horizons of business responsibility. The senior management of the company is also represented on various committees and boards constituted by the government on regulatory matters. Members of the company's senior management are part of various committees and boards constituted by the government on regulatory matters.
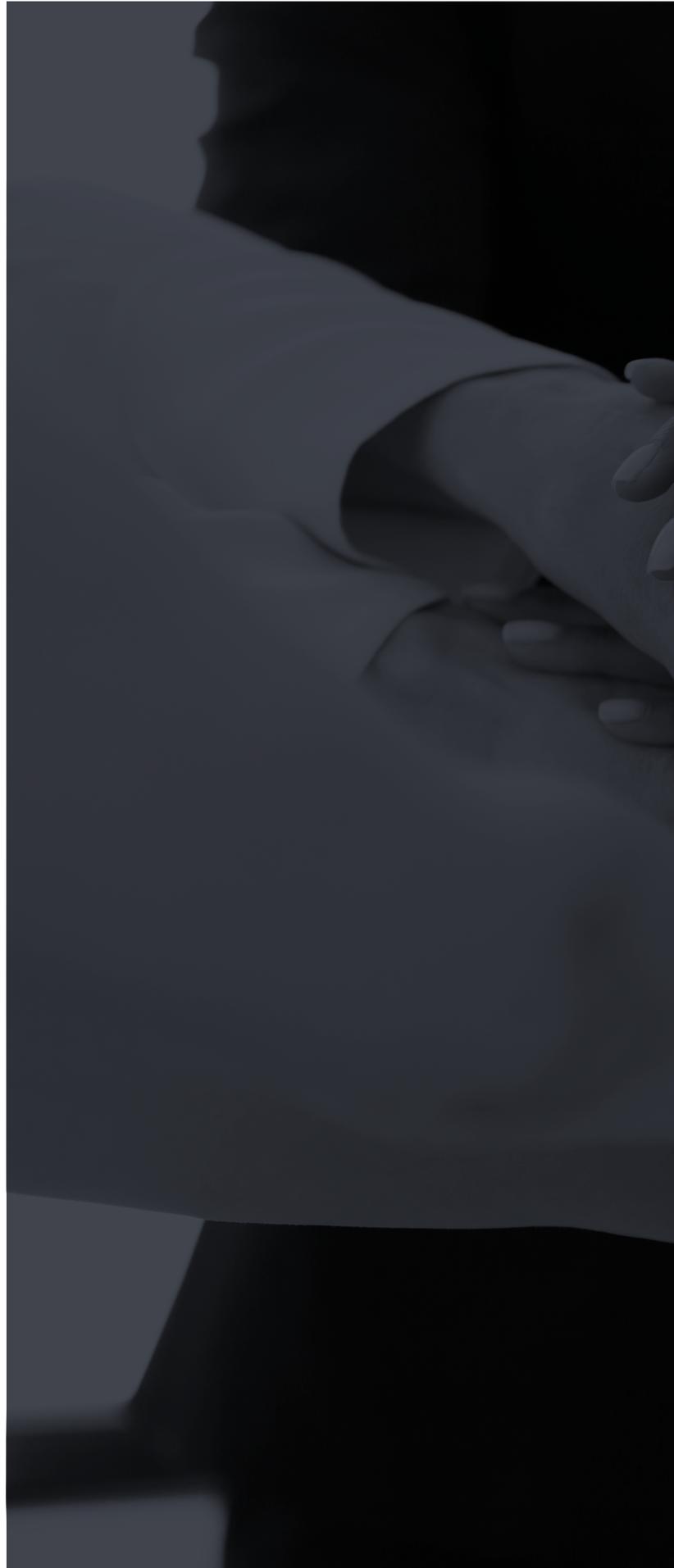
**3.** **Covid 19 —**
Rising Above Challenges

World over economies, communities, and businesses are grappling with the continued impact of the pandemic. However, the hard times have also seen many come forward to lend a helping hand to alleviate the pain of the impacted in small ways and big. The company and the Cyient Foundation extended their support to the communities in which we operate and governments and frontline Covid warriors through several initiatives through FY21. In the crisis we are facing today, it is not Corporate Social Responsibility, but it is our COLLECTIVE Social Responsibility.

## THE POINTS BELOW SHOWCASE THE SUPPORT THAT WE OFFERED DURING COVID-19 IN FY21

- The Cyient Foundation extended funding assistance of ₹ 20 million to the District Medical & Health Office in the district of Rajanna Siricilla. The funding support helped Government Hospitals located in the remote district treat Covid-19 affected patients from underserved communities. Our contribution also helped the District Health Department reach out to rural citizens to provide basic health facilities and treat patients.

- Cyient initiated its School Adoption program to develop a system that is conducive to learning. Our School adoption initiative started in 2007-08 supported two government schools with 850 children. Currently, Cyient Foundation supports 28 Government Schools, with 18,956 children across 4 States in India.

- During the Pandemic, Cyient ensured continuous access to quality education for the underprivileged children through Information and Communication Technology (ICT) and Internet of Things (IoT) solutions. We enabled more than 5,686 children without access to attend online classes during the pandemic through Cyient Digital Centers (CDCs).

- Cyient Adopted Schools, through its Digital Centers, ensured over 88% of students attended online classes during the pandemic and provided continuous access to quality education to the underprivileged children in government schools.

- Cyient Urban Micro Skill Center (CUMSC) Tailoring Students stitched and distributed 659,317 masks to the Telangana State Medical Infrastructure Development Corporation, underprivileged community members and children, teachers, and support staff of government schools.

- Cyient Skill Center Tailoring Women stitched 5,092 Personal Protective Suits for Government Health Workers, Sanitation, and Municipal Corporation staff working in the containment zones in Serilingampally Mandal, Telangana.

- We distributed over 10,850 dry ration kits to the daily wage laborers and low-income workers in the community.

- Cyient's Urban Micro Skill Center trained over 200 Bedside Care Assistants and aligned them to Hospitals for Covid19 care centers.

- In FY21, Cyient's 1,092 associate volunteers and 70 Digital Center team members spent 21,802 hours to train 5,075 Government school teachers on the ICT. During the Confederation of Indian Industries Annual Meeting, Cyient's efforts were recognized by the IT Minister of Telangana.

# **4.** About the Report

## REPORT BOUNDARY

As we grow Cyient's footprint and capabilities to meet the needs of our clients across complex engineering and technology solutions, we stay committed to our vision of 'Designing a Tomorrow Together' led by the integration of Environment, Social, and Governance aspects across our value chain.

This is our maiden Sustainability Report, showcasing our sustainability journey and focusing on our efforts to augment our accountability across the business ecosystem. Underlying this report is our belief that periodic engagement with our stakeholders will enable us to inform them about Cyient's sustainability progress and seek their inputs to refine and redefine our strategies.

The report showcases our sustainability performance for FY21 between April 1, 2020, and March 31, 2021. It has been prepared in accordance with the 'core' criteria of the Global Reporting Initiative (GRI) Standards. The GRI Content Index can be found at the end of this report.

## THE SCOPE

The sustainability performance disclosures in this report pertain to our Indian operations covering our thirteen offices located in Manikonda, Madhapur Phase 1 & Phase 2, Lanco Hills, Uppal, Warangal, Kakinada, Vizag, Pune, Electronic City, Noida, DLM Mysore, and DLM Hyderabad.
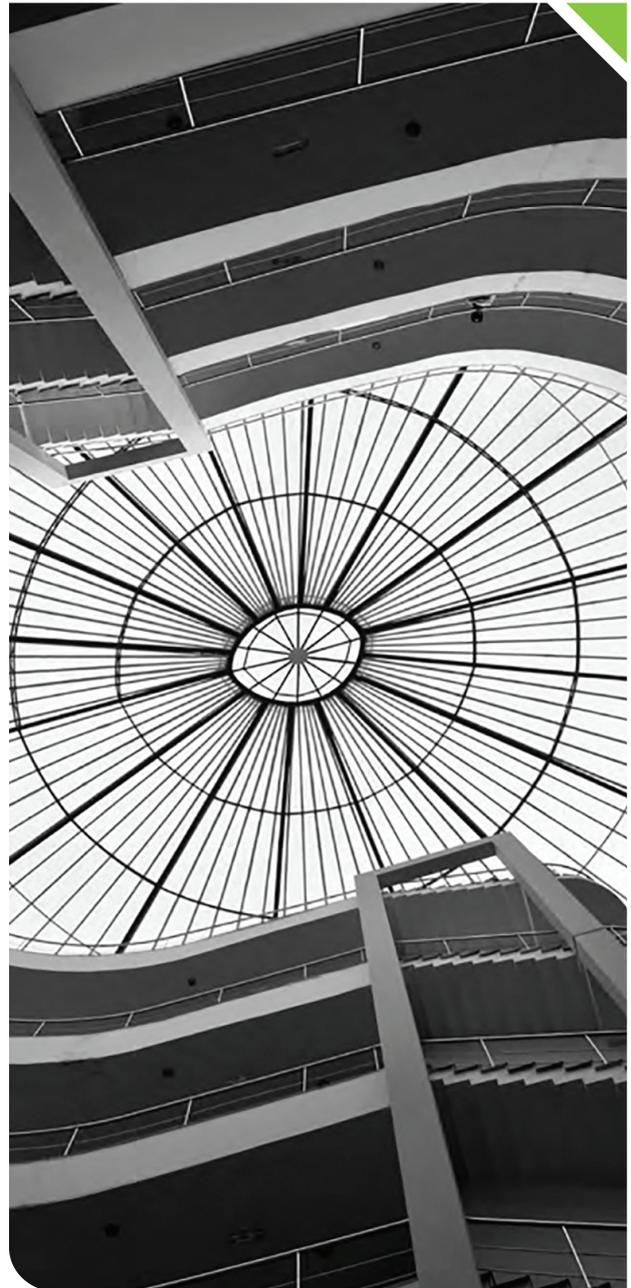
We welcome feedback from our stakeholders as it helps us improve our policies, processes, and performance. Additionally, your insights and thoughts on the report content and presentation will sharpen our efforts. Please send your comments and suggestions to:

**DR. SUDHEENDHRA PUTTY**
Associate Vice President & Company Secretary
**Cyient Limited** | www.cyient.com

**Direct:** +91 40 6764 1322 | **Board:** +91 40 6764 1000 x 1691
11, Software Units Layout, Infocity, Madhapur, Hyderabad – 500081
CIN: L72200TG1991PLC013134

# 5. Stakeholder Engagement and **Materiality Assessment**

Businesses are increasingly recognizing the growing Environmental, Social, and Governance (ESG) challenges and their impact on the long-term value creation capabilities. At Cyient, we are focused on building a purpose-led organization with ESG principles integrated at the core of its growth strategy across our business operations. We focus on the issues that impact our stakeholders most in terms of materiality to optimize our efforts. We determine these material issues through active engagement and running a materiality assessment based on the GRI framework with our stakeholders, including investors, customers, suppliers, associates, partners, leadership teams, and others. This structured and comprehensive engagement has given us a detailed view of stakeholder needs and identifies material issues and concerns. The key stakeholder list, as represented in the figure below, was drawn through careful deliberations with the Cyient Board and Management.

The exhaustive list included internal stakeholders consisting of Cyient's employees, leadership, senior management; and external stakeholders covering suppliers, investors, clients, NGOs/local communities.
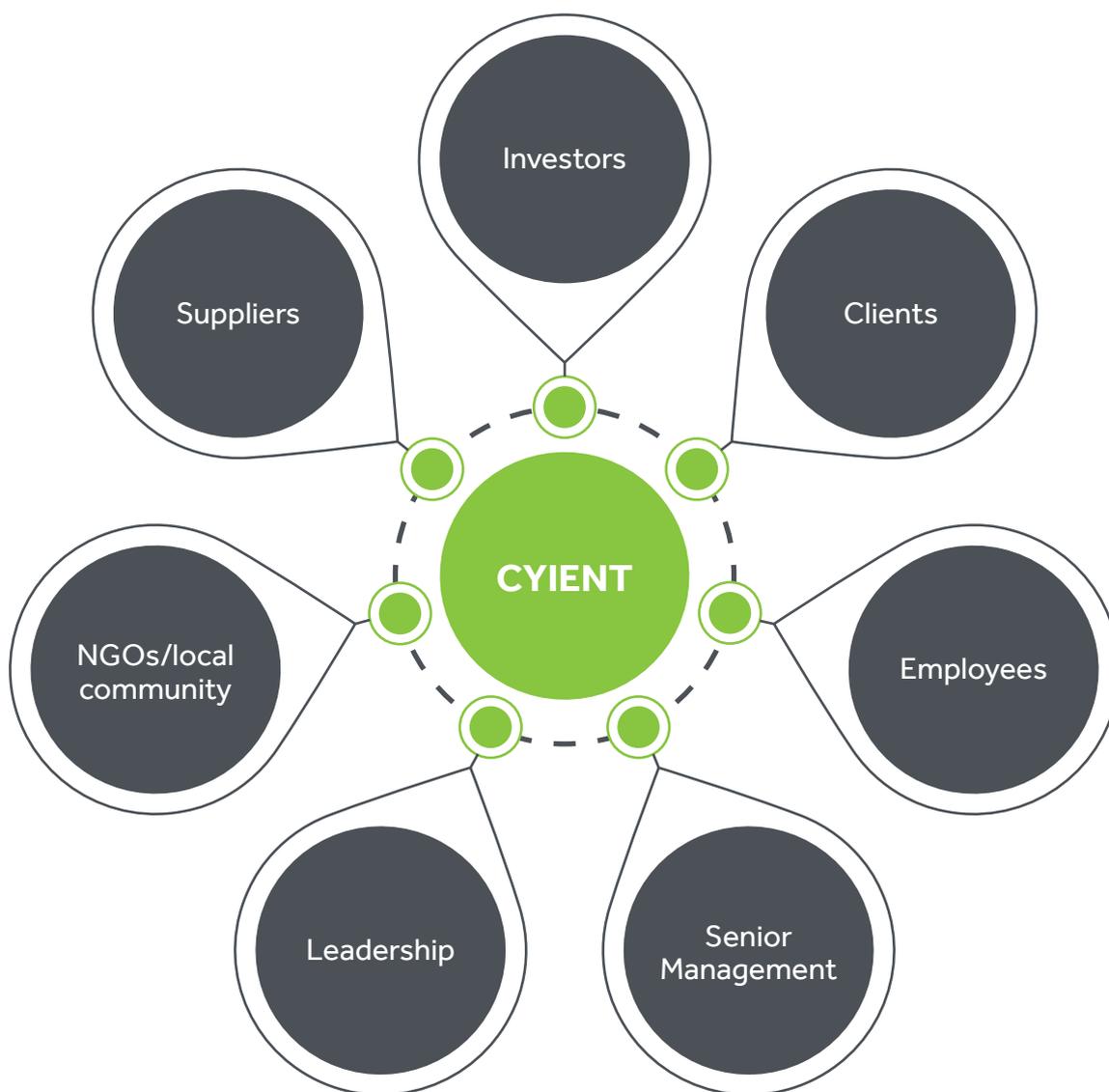


**Stakeholders identified at Cyient**

## METHODOLOGY

Sector Specific ESG Standards

Peer Sustainability Reports

Cyient Annual Report

Annual Report

Peer Sustainability Reports

National Voluntary Guidelines

Sustainable Development Goals

DJSI

**Universe of Issues**

**Risk Assessment**

**External Requirements**

1     2     3     4     5

**Business Objectives**

**Stakeholder Analysis**

Stakeholder Discussion

Annual report

Suppliers

Investors

Local Community/NGO

Employees

Senior Management

Leadership

Clients

◼ External     ◻ Internal

We deployed a specialized materiality tool that adopted a systematic five-component approach as outlined below to identify and prioritize material issues:

### STEP 1: UNIVERSE OF ISSUES

A broad list of issues relevant to environmental, economic, and social dimensions was mapped and aligned to sector-specific standards, industry trends, peer's sustainability reports, and Cyient's annual report.

### STEP 2: BUSINESS OBJECTIVES & RISK ASSESSMENT

We analyzed key issues through the lens of Cyient's business risks and objectives. Each issue was evaluated vis-à-vis their criticality and ability to help the company meet its defined business objectives and manage risks. The issues were collated to form the overall framework of materiality and were mapped to relevant business areas and impact.

### STEP 3: STAKEHOLDER ENGAGEMENT

Stakeholder discussions and consultations were conducted through detailed questionnaires and interviews. We reached out to the company leadership and senior management, who form one of our key internal stakeholders, to seek their views on our sustainability priorities. Our consultations with external stakeholders provided us insights into their understanding and opinion of Cyient's sustainability journey. Stakeholder responses were weighted vis-à-vis their influence on the company's business.

### STEP 4: EXTERNAL REQUIREMENTS:

Thereafter, the identified issues were analyzed and mapped against applicable external reporting requirements for their level of importance, i.e., UN SDGs, National Voluntary Guidelines (NVGs), and Dow Jones Sustainability Index.

Finally, the 'Importance of each material issue to the stakeholders' was derived by combining insights drawn from stakeholder consultations with regulatory and other reporting requirements.

## MATERIALITY RESULTS

The final stakeholder responses were collated, organized, and evaluated against two factors - impact on Cyient and our business; and stakeholders' ability to influence or be influenced by the issues. This allowed us to determine Cyient's overall materiality. The findings in the top-right quadrant represent the most critical material issues for stakeholders, given their significant impact on the company's short and long-term value creation ability.

The output of the materiality assessment is depicted in the below matrix:



Materiality matrix plotting Stakeholder influence (y-axis, Low to High) against Impact on Cyient (x-axis). Issues plotted include: Corporate Social Responsibility, Sustainable Supply Chain, High, Inclusion & Diversity, Health, Safety & Wellbeing of employees, Stakeholder engagement & Continous dialogue, Sustainable Products, Transparency & Disclosures, Renewable Energy, Business Ethics, Learning & Development, Regulatory Compliance, Data Privacy & Security, Human Rights Across Value Chain, Innovation & Digitzation, Effective Governance, Alignment with Global Frameworks, Talent Management, Risk Management Framework, Integrated Water Management, Low, Market Penetration.

Legend: ● Environment ● Social ● Governance & Economic

The materiality assessment gives us an objective and transparent baseline of our journey to build a sustainable business and helps us define milestones for the way ahead. It gives us a comprehensive view of improvement areas and parameters to accelerate progress to achieve our sustainability goals efficiently and effectively.

Furthermore, the consultation process and insights generated provided us with a well-informed view of stakeholder considerations.

Combined with our understanding of macro and microeconomic and industry trends, regulatory and reporting norms, we believe we are well-positioned to use the findings of this materiality assessment to continue to grow responsibly powered by our commitment to ESG principles.

# 6. Sustainability @ Cyient

Cyient draws on the transformative power of technology to design a sustainable tomorrow. Our sustainability commitment is embedded into our core strategy and brand essence and reflects in our values and actions. It is the pivot on which we have built and grown our business.

Our pursuit of sustainability is rooted in establishing responsible operations, delivering sustained value to our clients, and empowering communities we operate in.

The company's efforts and achievements in its journey towards sustainability are:

**2020-21**
- Introduced Sustainability Policy covering company operations.
- Business code of conduct for vendors was strengthened on ESG aspects.
- Published first Sustainability Report.

**2016**
- Environmental, Occupational Health & Safety (EOHS) policy rolled out across operations.

**2015**
- The company's CSR Policy was framed and implemented.
- Anti-corruption policies and Board diversity policies also came into effect.

**2014**
- With the help of ITC, Cyient started making recycled paper products from paper waste collected from its office locations. The company has tied up with a pollution control board's certified electrical and electronic waste disposal agency to handle e-waste generated by it.
- Cyient adapted plant species such as Cyperusalternifolius and Allamanda that help in the conservation of groundwater levels.
- The company deployed drip irrigation for surrounding vegetation and uses low-flow water fixtures in water closets and washbasins to use water responsibly.

**2013**
- Manikonda (Tower II) certified with gold ratings by IGBC [Indian Green Building Council] for its energy-saving infrastructure. The building, designed in line with IGBC norms, uses LED lights, natural ventilation, and modular workstations.

**2012-13**
- Published its first Business Responsibility Report that showcases Cyient's business practices and performance related to governance, stakeholder relationship, society, and environment.

**2002**
- Cyient Foundation was established to steer forward the company's CSR objectives. Numerous social initiatives were initiated to enable access to quality education, skill development, and business-aligned social innovation. It also invested majorly in environmental development projects.

Our initiatives to strengthen responsible operations include:

- Energy efficiency programs, i.e., completely moving towards installing efficient lighting, enhancing the operational efficiency of equipment and monitoring through remote management systems

- Shifting towards alternate energy sources such as renewable energy. 45% of the total energy consumption from our largest campus, Manikonda, is powered by solar energy, and we are in the process of enhancing renewable energy share across operations

- Through various water management programs, we adopted initiatives to reduce water consumption, including installation of motion sensors in all the common areas and restrooms, aerators for water taps, increasing sewage treatment plants resulting in considerable savings

- Established an effective waste management program to ensure safe disposal and management of waste across operations. We have also eliminated the use of plastic across our operations

**64%**
of **water consumption reduction**

**100%**
**elimination of plastic** across offices

**Manikonda Tower 2** certified under **IGBC LEED rating systems**

**Promoted Digital Initiatives** across offices

The company's community engagement programs are implemented by a dedicated in-house team, associate volunteers, and the Cyient Foundation. Our focus areas and initiatives include:

- **Education:** To enhance the quality of education imparted to underprivileged children through the adoption of various government schools

- **IT & Digital Literacy:** To impart digital literacy to non-IT literates in the community through Cyient Digital Centers (CDCs)

- **Skill Development:** To teach and impart employability skills to unemployed urban and rural communities

- **Healthcare & Community Services:** To develop rural and urban communities through the adoption of villages to provide healthcare and sanitation facilities

**28 govt.** schools & over **18,900** school children

**70** digital centers & over **18,500** adults

**Increased** monthly earnings of **BPL** communities by **atleast ₹ 5,000**

Provided **3,000+ homes** with access safe **water & sanitation**

Cyient conducts regular stakeholder engagements to garner feedback to strengthen its business practices and social responsibility strategy. The company updates investors on its sustainability progress and seeks suggestions on improvements at events like Investor Day and Annual General Meeting.

# 6.1.
# SUSTAINABILITY FRAMEWORK

Today, we are facing a deluge of natural disasters, pandemic outbreaks, and economic slowdowns. These unforeseen circumstances have forced businesses to close under national strategies or mitigate the impact on their people and infrastructure. With this increasing threat, it is imperative for businesses to design tailor-made strategies, institutionalizing systems that are resilient and eliminating or mitigating risks. These strategies shall counter threats and deliver long-term value to stakeholders.

For establishing a resilient business model, it is essential to integrate Sustainability/ESG aspects across the value chain of the business. Sustainability has evolved over the years from being a mere response to social and environmental crises to a value enabler and a future-proofing coefficient to the business ecosystem. Today, sustainability is a business enabler that stakeholders respect, expect and value across the spectrum.

This year marks the 30th year of our company. We are proud to embark on a journey to transform ambitions into actions with a holistic Environment Social Governance

framework and a vision to 'Design a Sustainable Tomorrow.' This shall be a 360-degree approach, integrating ESG aspects across the value chain with a strong leadership commitment, collaborative partnership, and empowered ecosystem, enabling long-term sustainable value generation.

## FRAMEWORK:

In our quest to build a resilient and sustainable business for the future, we have embraced ESG as a key agenda to *'Design a Sustainable Tomorrow'* framework. In this process of defining the framework, we have analyzed mega trends, industry drivers, global framework, national agenda. In addition, we have also engaged with external and internal stakeholder groups through various mechanisms focusing on emerging sustainability / ESG risks and opportunities.

Basis the analysis, we have developed the framework based on three core pillars, i.e., *Responsible – Equitable – Accountable,* with 13 focus areas as illustrated below.

The objective of the *'Responsible' Pillar* is to enable the company to become an environmentally sustainable corporate citizen; by applying the principles of **reduce – switch – innovate – offset** covering Carbon, Water & Waste. We commit to increase the share of renewable energy and adopt low emission technology to reduce dependency on fossil fuels. The company shall also focus on reduction in energy and water footprint through resource and process optimization. Furthermore, we have chosen the path of transforming from -**linear to circular business models,** with a focus on re-designing products, processes, and solutions to ensure optimal use of resources and minimal waste generation. At Cyient, we have adopted a collaborative approach through continuous supplier engagement **to build a sustainable supply chain.**

Our success as an organization is primarily associated with our people – both internal and external. We aspire to continue our legacy as a **people-centric** organization providing **opportunities to all**. The *'Equitable' pillar* focuses on Diversity and Inclusion, empowering communities, ensuring our people's health, safety, well-being, and initiatives to build a conducive work environment.

The *'Accountable' Pillar* accentuates the needs of **ethical and effective governance and business practices** across the organization. This pillar focuses on the **collaborative approach** businesses should adopt to deliver long-term value. The pillar focuses on establishing effective governance **beyond compliance** requirements, enhancing data privacy and security standards, and continuous innovation to maintain a competitive advantage.

## ESG Strategy in alignment with UN SDGs

SDGs, also known as the Global Goals, is a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all." SDGs were adopted by all UN Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030.

SDGs offer organizations a holistic framework to align and deliver long-term sustainable value not just for the business but to the entire ecosystem it operates in. At Cyient, we have aligned our sustainability strategy with SDGs transforming our ambitions to action in the 'Decade of Action'

We have identified specific SDGs where we believe we can contribute and create value. These include:



Considering that sustainability-integrated business models will be the driving force for organizations, it will be our constant endeavor to embed sustainability practices and **'design a sustainable tomorrow together.'**

Through the adoption of Cyient's ESG framework, we hope to create a future-ready organization, which can pre-empt imminent challenges, address the needs of all stakeholders and continue to be a preferred partner for its clients, thereby securing a common-sustainable future for tomorrow.

## 6.2.
## GOALS AND
## TARGETS

We have set ourselves the target of becoming one of the most sustainable engineering services organizations in India.

Our goals outline our commitment and a road map for our sustainability journey to create shared and sustainable long-term value for all our stakeholders.

| GOALS 2025 |
|---|

| | |
|---|---|
| Neutral Operations (Carbon & Water) | Achieve Gender Balance |
| ZERO Waste to Landfill | Continuous employee training & development |
| 100% suppliers to be assessed on VCoC | |
| To define and measure our success on sustainable solutions designed to support clients, communities, and countries in meeting their sustainable development objectives | ZERO loss time incidents across operations |
| Highest levels of governance - beyond compliance | To impact 10,000 girl children through education initiatives, 5,000 youth through skill development programs, over 5,000 impacted through community development programs, 25,000 impacted through IT literacy initiatives, 5,000 beneficiaries through healthcare programs |
| Safe and secure Stakeholder data | |
| Top quartile in stakeholder satisfaction surveys | |

# 7. Governance

# 7.1.
# OVERVIEW

Cyient is led by its belief that good corporate governance should be core to an organization's operations. An organization needs a transparent governance model to maintain a seamless flow of information and accountability. Unwavering commitment to putting ethical practices at the core of everything we do and everyone we engage with, including our associates, customers, vendors, regulators, and shareholders, is non-negotiable. Embracing good governance practices is more than a compliance norm for us. Following the highest standards of moral and ethical values, legal and regulatory framework, and adopting good practices beyond the realms of law has allowed us to build a strong foundation for our business as we continue to create long-term value.

## SYSTEMS & PROCESS

Cyient believes that businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable. It firmly believes in creating a long-term value for stakeholders by adhering to the Values FIRST values that guide each associate of the company to conduct business with the utmost integrity. These values include a Code of Conduct, vigil mechanism, data privacy policies and tools, and a grievance mechanism. Our Code of Conduct and all company-wide policies can be accessed at http://www.cyient.com/investors/corporate-governance/.

## CORPORATE GOVERNANCE

Cyient continues to uphold the true spirit of Corporate Governance by implementing best industry practices to deliver value to all stakeholders. Our Corporate governance framework echoes the evolution of a system through which our values, principles, management policies, and procedures are inculcated.

Cyient is guided by an efficient and experienced Board of Directors, who are at the core of its corporate governance practices. The Board ensures that Cyient meets its business goals while adhering to its values. The company is committed to making a difference in the industry it serves and the long-term interests of stakeholders. The Board members continuously strive to lead the company into the next phase of growth and business excellence.

A report on Corporate Governance pursuant to the provisions of the Corporate Governance Code stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

## SUSTAINABILITY GOVERNANCE

The Purpose of sustainability governance at Cyient is to provide focused governance and maintain its oversight to Sustainability agendas. Development of the sustainability framework for the organization and embedding ESG facets in business operations are the primary objectives of this governance. The governance structure comprises the Board of Directors, Sustainability Committee, and Working Group, with specific roles and responsibilities.

The existing Board of Directors shall act as the apex committee providing leadership on the organization's sustainability agenda and setting future goals. The sustainability committee shall develop and own the sustainability goals and targets and steer the organization's sustainability agenda.
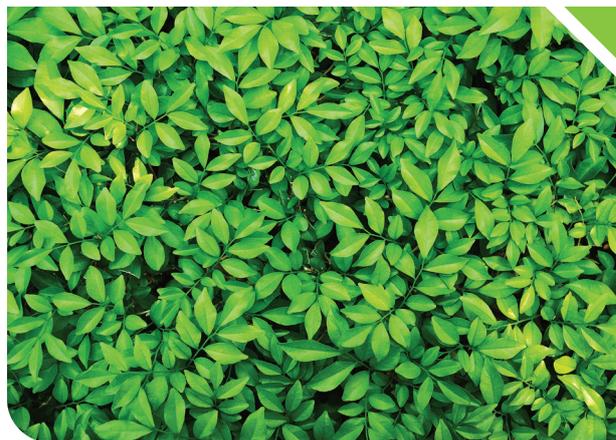
The working group shall be responsible for the overall implementation of sustainability initiatives for their respective departments and act as a bridge between the committee and the implementation team. The committee shall also look after data collection, review, and overall implementation for their respective functions.

On the governance aspect, MD & CEO of Cyient Krishna Bodanapu believes, "First, the company needs to articulate a structured roadmap, with clear targets for itself. Post which, the company should create that cadence in a similar manner the company has for cybersecurity, which is presented to the Board periodically. There is already a Board committee focusing on D&I, and therefore, it is a good idea to have a diversity, inclusion, and a sustainability committee going forward."

| Board of Directors | | | | |
| --- | --- | --- | --- | --- |
| Audit Committee | Risk Management Committee | CSR Committee | Investor Committee | Leadership, Nomination & Remuneration Committee |
| | Diversity & Inclusion Committee | Strategy & Client Engagement Committee | Sustainability Committee | |
| Functional Teams | | Working Group | | |

| Sustainability Committee | | | |
| --- | --- | --- | --- |
| Krishna Bodanapu — Chief Executing Officer | Karthik Natarajan — Chief Operating Officer | Ajay Agarwal — Chief Financial Officer | Dr PNSV Narasimham — Chief Human Resource Officer |
| | | Sudheendhra Putty — Company Secretary | |
| Meenu Bagla — Chief Marketing Officer | DRSV Varma — AVP COO's Office | Mahesh Kumar Nutalapati — Head, Finance & Accounts | Katie Cook — Senior Vice President |

Chair – Krishna Bodanapu    Frequency - Quarterly

## ORGANIZATION STRUCTURE

### Board Composition

The company's policy is to maintain an optimum combination of Executive and Non-Executive Directors as stipulated. The composition of the Board and category of Directors is as follows:

- Promoter Executive Directors – B.V.R. Mohan Reddy, Krishna Bodanapu
- Independent Directors - Matangi Gowrishankar, Som Mittal, Vivek Gour, Vinai Thummalapally, Vikas Sehgal and Ramesh Abhishek
- Non-Executive, Non-Independent Directors - M.M. Murugappan, Alain De Taeye

None of the directors are related to any other director on the Board except for Mr Kirshna Bodanapu, son of Mr BVR Mohan Reddy. The Board's decisions and actions are aligned in the best interests of the company. The Board is committed to enhancing the company's value creation and evaluates the company's strategic direction, management policies, and their effectiveness. It acts on an informed basis and in the company's best interests, with good faith, care, and diligence, for the benefit of our shareholders.

As of March 31, 2021, the board has ten directors, comprising 6 Independent, 2 Executive, and 2 Non-Executive. The board's composition conforms with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For brief profiles of our board members, visit: https://www.cyient.com/about-us/leadership

## Board Effectiveness

An effective board is the key to building a successful company. The duty of the board is to represent and protect the interests of all the stakeholders and provide entrepreneurial leadership of the company within a framework of prudence and effective control. An effective board develops and promotes the company's vision, purpose, culture, values, and the behavior it wishes to promote in conducting its business.

In addition, the board guides the senior management in making well-informed decisions based on the company's business goals. It is also responsible for creating the right framework for helping directors meet their statutory duties, oversee the proper implementation of governance and its effectiveness. The Board works together as a unit under the Chairman and provides leadership, and maintains checks and balances.

## Board Accountability

The Board is accountable for price-sensitive public reports and reports submitted to regulators and information required to be presented as statutory requirements. The board is also responsible for determining the nature and extent of the risks it is willing to take in achieving the company's strategic objectives. It is vested with powers to maintain sound risk management and internal control systems.

## Board Membership Criteria

Reviewing and assessing board composition is the remit of the Leadership, Nomination and Remuneration Committee. It also recommends the appointment of new directors and oversees the annual review of Board effectiveness. While reviewing the board, it covers factors like diversity including, differences in skills, industry experience, background, race, gender, and

other distinctions. While identifying candidates for appointment to the board, the committee chooses candidates on merit against objective criteria and with due regard for the benefits of diversity on the board.

## Training of Board Members

The Executive Directors are appointed for a period of five years at a time by the shareholders. They are eligible for reappointment in accordance with the provisions of the Act. The board, on the recommendations of the Leadership, Nomination and Remuneration Committee, considers the appointment/ reappointment of executive and non-executive directors. Independent directors are also appointed for a term of up to five years. Non-executive and non-independent directors retire by rotation as per the provisions of the Companies Act, 2013. The retirement age for directors is 70 years.

## Board Evaluation and Assessment

The Board of Directors is required to carry out an annual evaluation of its own performance, Board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The evaluation process constitutes a powerful and valuable feedback mechanism to improve Board effectiveness, enhance strengths, and highlight areas for further development. This process improves Board accountability, collaboration, communication, and clarity about the roles and responsibilities of members. It improves relations between the chairman and managing director.

Every year, the Board evaluation is performed after receiving inputs from all the directors across criteria including Board composition and structure, effectiveness of board processes, information and functioning as provided by the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5 January 2017 and the amendments brought in by the SEBI (LODR) Regulations in 2018. The Leadership, Nomination & Remuneration Committee runs this process and covers all various aspects such as peer and self-evaluation of the performance of the Directors, valuation of the performance, and effectiveness of the board, committees, and the Executive Chairman

and Managing Director & CEO. The feedback on management support to the Board is also taken into consideration.

The entire evaluation process elicited responses from the directors regarding the composition and induction of the Board and its effectiveness and governance. The process also sought feedback on the Board and committee charters, strategy, risk management, and quality of discussion and deliberations of the Board. The Independent Directors do not participate in the evaluation process.

## Code of Conduct

A code of conduct applies to all board members and designated members of the senior management and guides and supports ethical conduct of business and compliance with the law. It reflects the company's core values of Customer value and Respect Integrity. The duties of Independent Directors, as laid down in the Companies Act, 2013, are incorporated in the Code of Conduct. The Code of Conduct is available on the company's website, i.e., http://www.cyient.com/investors/corporate-governance/. All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the CEO to this effect is annexed to this report.

## Board Processes, Procedures and Practices

An effective Board is reinforced by its structures and the processes and procedures it follows and hence, has put in place robust practices and processes that contribute to efficient performance of the Board. The process reinforces the roles, responsibilities, and authorities of the board in the governance, management, and control of the company. These entail convening meetings, contents of the agenda, conducting the meetings, decision making at the meetings, adequacy of minutes, and working of board committees. The board enables discussions on matters placed before them and facilitates collective judgment on decisions relating to policy and operations.

## Frequency of meetings

A minimum of four Board meetings is held each year, with the time gap between any two successive meetings not exceeding 120 days. The meetings of the committees are planned simultaneously along with the board meetings.

## E-Initiatives

The company leverages technology and has put in place systems that provide more efficient information flow to the Board. The company uses the most widely used digital board solutions to enhance Board and committee interactions.

## Board of Directors

The board is accountable to shareholders and all other stakeholders and is responsible for protecting and value creation over the long term. The directors of the company guide and review matters related to strategy and financial planning, such as major capital expenditures, acquisitions, and divestments. The directors monitor the effectiveness of the company's governance practices, environmental practices, and social practices. They embody high standards of business ethics and oversee the implementation of codes of conduct that creates a culture of integrity. They also oversee and manage potential conflicts of interest that may arise between transacting parties.

## Committees of the Board

### Audit Committee

The statutory auditors are responsible for performing an independent audit of the company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board has constituted and entrusted the Audit Committee with the responsibility to supervise these processes and ensure accurate and timely disclosures that maintain the transparency, integrity, and quality of financial control and reporting. The constitution of the Audit Committee also meets with the requirements of Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Audit Committee comprises the majority of the Independent Directors. They bring in expertise across finance, economics, strategy, and management. The particulars of the composition of the audit committee and the details of attendance are as follows.

| Member | Designation |
|--------|-------------|
| Vivek Gour | Chairman, Independent Director |
| MM Murugappan | Non-Executive & Non-Independent Director |
| Som Mittal | Independent Director |

## Risk Management Committee

The Board has constituted Risk Management Committee with an objective to oversee all categories of risk, build a strong risk culture in the organization and adopt the best risk management practices prevalent in the industry.

Charter of the committee to include:

- Identify and assess all the risks faced by the company and establish a risk management framework capable of addressing those risks.

- Identify and resolve strategic, financial, market liquidity, security, IT, legal, regulatory and reputational risks in collaboration with the board.

- Approve the Company's risk management framework.

The composition of the Risk Management Committee is as follows:

| Member | Designation |
|--------|-------------|
| Vivek Gour | Chairman, Independent Director |
| MM Murugappan | Non- Executive Director |
| Som Mittal | Non- Executive Director |

## Leadership, Nomination and Remuneration Committee

The Board has constituted the Leadership, Nomination and Remuneration Committee consisting of three Directors. The role of the committee is to evaluate compensation and benefits for Executive Director(s), Non-Executive Director(s), Key Managerial Personnel, framing policies and systems of the Employee Stock Option Scheme, and reviewing and resolving issues relating to major HR policies.

The below table gives the composition of the Committee.

| Member | Designation |
|--------|-------------|
| Matangi Gowrishankar | Chairperson, Independent Director |
| Vinai Thummalapally | Independent Director |
| MM Murugappan | Non-Executive Director |

## Stakeholders' Engagement Committee

The Stakeholders Engagement Committee manages the Board's responses relating to the handling of stakeholder queries and grievances and focuses primarily on resolving the grievances of shareholders of the company with respect to the transfer of shares, non-receipt of the annual report, non-receipt of declared dividend, etc. The committee evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company. It also gives guidance and makes recommendations to improve the investor service experience for the investors.

The table below gives the composition of the Committee.

| Name of the Director | Designation |
|----------------------|-------------|
| Vinai Thummalapally | Chairman, Independent Director |
| BVR Mohan Reddy | Executive Director |
| Krishna Bodanapu | Executive Director |

## CSR Committee

To further its social responsibility, the company has set up a CSR Committee, whose task is to formulate and recommend to the Board a CSR Policy to indicate activities to be undertaken by the company as specified by the law. The committee recommends the expenditure to be incurred on the activities specified in line with its social objectives and monitors the CSR Policy of the company from time to time.

The composition of the committee is as follows:

| Name of the Director | Designation |
| --- | --- |
| Vinai Thummalapally | Chairman, Independent Director |
| Mr. BVR Mohan Reddy | Executive Director |
| Krishna Bodanapu | Executive Director |

## Strategy & Client Engagement Committee

During 2020-21, the Strategy and Client Engagement Committee reviewed the progress of strategy and execution at both an organization and business unit level. It monitored the company's performance in the context of Cyient's "Design-Build-Operate-Maintain" strategy. The committee gave valuable inputs and shared its perspectives on the macro-environment that encouraged some of the businesses to rethink certain elements of strategy execution, taking into account the impact of economic and geopolitical changes. The committee assessed potential acquisition targets pursued by the company and provided feedback that enabled a more robust evaluation of the strategic fit and financial impact of these transactions.

On the Client Engagement front, the committee reviewed annual CSAT results and the actions being taken by the organization to improve customer satisfaction. Its recommendations have helped strengthen the process, both in conducting the studies and how the findings are used to develop an organizational and business unit strategy. The company periodically organizes an off-site strategy meeting, which is attended by the Board of directors, and the leadership team. The session focused on Cyient's strategic vision and taking stock of where it is today. There were in-depth discussions on key parts of the strategy, including digital transformation, M&A, as well as how execution is tracked and monitored. The recommendations resulting from the meeting have been incorporated into the AGILE execution plan.

The composition of the committee is as follows:

| Name of the Director | Designation |
| --- | --- |
| Som Mittal | Chairman, Independent Director |
| Alain De Taeye | Non-Executive Director |
| Vivek Gour | Independent Director |
| Ramesh Abhishek | Independent Director |

## Diversity & Inclusion Committee

The primary role of the Diversity & Inclusion (D & I) Committee is to ensure that Cyient is free of discrimination for all its stakeholders and associates. It ensures the company provides a safe environment where all can express thoughts free of fear. The committee focuses on driving D & I values into key business processes, tracks and institutionalizes related metrics as well as suggests policy changes to the operation council.

The composition of the Diversity & Inclusion Committee is as follows:

| Name of the Director | Designation |
| --- | --- |
| Matangi Gowrishankar | Chairperson , Independent Director |
| Alan De Taeye | Non-Executive Director |
| Vinai Thummalapally | Independent Director |

## POLICY FRAMEWORK

| Policy | Description |
|---|---|
| **Sustainability Policy** | This policy shall act as a guiding principle to integrate sustainability aspects across the business with a commitment towards achieving sustainable growth.<br><br>Through this policy, Cyient ensures to drive the philosophy of 'designing a tomorrow together' by adopting ESG principles such as Risk Management, Regulatory Compliance, Human rights, Business ethics, Stakeholder Engagement, Diversity & Inclusion, Health & Safety, Community, Environmental Stewardship and Sustainable Supply chain. |
| **EOHS Policy** | The objective of the policy is to protect the environment by optimizing the use of natural resources and eliminate accidents and incidents. It strives towards ensuring minimum impact on the environment due to its operations. The company will work towards health and safety, prevention of injury, and ill-health of all associates. It will implement appropriate management control to comply with all legal and regulatory requirements. |
| **Anti-Corruption Policy** | Cyient has zero-tolerance for bribery, and this policy has been designed to prevent violations of the FCPA, UK Act, and other anti-corruption laws. This policy will have adequate procedures for monitoring, detecting, preventing, and punishing any violations of the Anti-Bribery Laws and other anti-corruption laws, in place. Punishments for companies as well as individuals on the grounds of corruption are clearly listed in the policy. |
| **Whistle Blower policy** | Cyient believes in conducting the affairs of its various constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity, and ethical behavior. The Whistle-blower Policy has been developed to provide a mechanism for associates, clients, vendors of the Company to approach the Ombudsperson/Chairman of the Audit Committee of the Company to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct or policy. The policy provides necessary safeguards for the protection of associates, clients, and vendors from reprisals or victimization, for whistleblowing in good faith. |
| **Board Diversity Policy** | The Diversity policy is applicable only to the board. Cyient believes that a diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender, and other distinctions between Directors. |
| **Prevention of Sexual Harassment (PoSH) Policy** | The company is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias, and sexual harassment. All associates have the right to be treated with dignity, and sexual harassment at the workplace or other than the workplace, if involving associates, is a grave offense and is, therefore, punishable. A Committee has been constituted by the Management to consider and redress complaints of sexual harassment. The Chairman and Managing Director may constitute such committees as may be required for the purposes of the Act at the various locations of the company. |

## 7.2.
## RISK MANAGEMENT FRAMEWORK

Cyient has an organization-wide ERM framework that is based on best-in-class standards and covers its operations as well as financial, reputation, regulatory, employee, and customer risks. The audit of the ERM is periodically carried out by KPMG, the organization's internal auditors, and a report is presented to the Audit Committee. Cyient also has an internal risk committee, which reviews the risk management process on a periodic basis. The company conducted an extensive Risk management exercise in FY 2020-2021 and identified eight risks under the ERM framework. While no ESG-related risk has been identified as part of the company's ERM framework, the company aims to integrate ESG risks into the ERM framework this year. The company has also established structured governance with a focused group like Sustainability Committee / Council to oversee the sustainability program.

| Risk Description | Risk Impact | Risk Mitigation |
| --- | --- | --- |
| Business disruption due to Covid-19 pandemic | Company's operations may be adversely affected due to incapacitation of the workforce due to the pandemic, stress due to lockdowns, and transition to work-from-home mode. Demand for services may also be impacted in select industries | • Monitoring and review at management council levels<br>• Rigorous implementation of Business Continuity Plans<br>• Regular communication with customers and vendors<br>• Setting up work from home infrastructure<br>• Mandating appropriate health and safety norms and advisories |
| Travel restrictions | Restrictions in key markets and legislations that restrict the movement of professionals may lead to delays in projects and an increase in costs.<br><br>The Covid-19 situation may further restrict such movement | • Monitoring of global environment<br>• Focusing on strengthening onsite readiness-local hiring and increased customer interface |
| Attrition Risk | Risk of losing talent across levels in the organization | • Focus on employee engagement initiatives<br>• Actions around retention and salary corrections<br>• Focus on hiring |
| Global Delivery | Need to strengthen global delivery with a view to have sizable delivery closer to client base | • Strengthen onsite presence with nearshore centers |

| | | |
|---|---|---|
| **Vendor consolidation** | | |
| **Demand for discounts and volume discounts across clients** | Pressure on margins due to volume discounts | • Improve efficiency/larger pie for better economies of scale |
| **Competition risks** | In this highly competitive environment, there may be a severe impact on margins due to pricing pressures | • There is a focus on providing higher value and differentiated services and also venturing into new business models |
| **Compliance risks** | Being a global company, we are exposed to the laws and regulations of multiple countries | • The company has an in-house compliance team that monitors global compliances. The team receives updates on changes in regulations from specialist consultants and circulates the same internally |
| **Data privacy and cybersecurity** | In a connected world, businesses are highly vulnerable to cyber-attacks, leading to loss of data and damage to reputation | • The company has a stringent cybersecurity policy that ensures the timely resolution of incidents |

**An integrated Sustainability Policy to 'Design a Sustainable Tomorrow.'**

**Sustainability policy:** Cyient aims to adopt a 360-degree approach, integrating ESG aspects across the value chain with a strong leadership commitment to strengthen societal license to operate and build collaborative partnerships. This will enable Cyient to build a long-term sustainable value generation model. Cyient has developed a sustainability policy that will act as a guiding principle to integrate ESG aspects across the business with a commitment to grow responsibly.

The policy shall drive the philosophy of 'Designing a Better Tomorrow Together' by adopting the following ESG principles and cover the following parameters:

- Business Ethics and Corporate Governance
- Stakeholder Engagement
- Risk Management
- Regulatory Compliance
- Human Rights
- Diversity and Inclusion
- Health and Safety
- Community
- Environment Stewardship
- Sustainable Supply Chain

Economic performance is a vital component of our overall performance. We aim to provide digital transformation services to our clients along with meeting the expectations of our stakeholders. In this regard, it becomes our responsibility to disclose financial performance that is accurate and reliable, which our stakeholders can rely upon. Thus, we maintain a high level of transparency with our stakeholders, including investors, by periodic disclosures that showcase our business performance across segments and geographies.

## Revenue share, by geography

100% = ₹ 41,324 million

**49%**
**North America**

**26%**
**EMEA**

**25%**
**APAC**
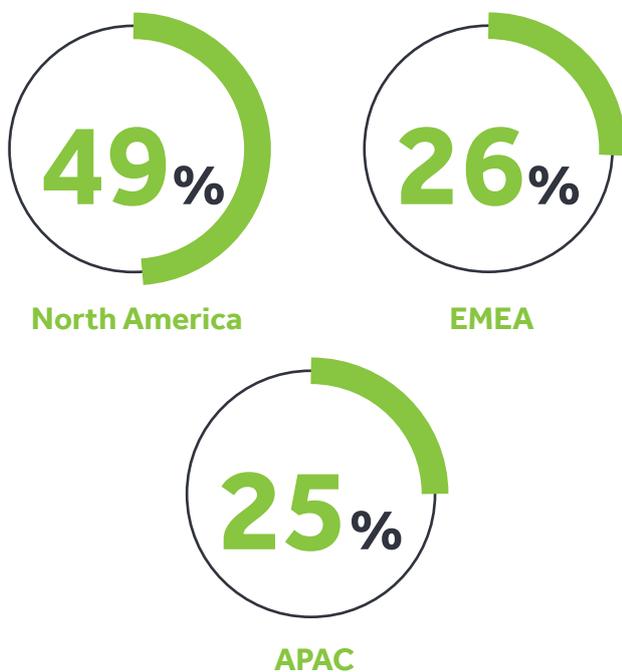
In FY21, on a consolidated basis, the revenue from operations declined to ₹ 41,324 Million (₹ 34,233 Million from services and ₹ 7,091 Million from products) compared to ₹ 44,274 Million in FY20. This was mainly attributed to the pandemic that impacted most of the industries we serve, particularly the aerospace industry.

On the contrary, the design-led manufacturing (DLM) business witnessed a growth of 33.9% year-on-year and recorded revenues of ₹ 7,091 Million. The business recorded its highest revenue this year, which was driven by our efforts in localizing parts, inventory management, material cost reductions, and automation that led to a significant improvement in overall business metrics.

With regards to geographical segments, North America contributed the highest revenue (49%), followed by Europe (26%) and then APAC (25%) in FY21. The growth in the North America segment was primarily due to several new projects that the company won across areas of digitalization & embedded systems.

Furthermore, a significant amount of company's spent is on employee benefits, which includes salaries that have fixed and variable components, contribution to retirement and other funds, and staff welfare expenses. Employee benefits expense as a percentage of the revenue from operations stands at 52.3% for FY21 compared to 56% in FY20. In value terms, the employee benefits expense decreased in FY21 compared to FY20 due to operational efficiencies and a decrease in headcount globally.

Further, with regards to community engagement, the company increased its spending on CSR initiatives from ₹ 68 Million in FY19 to ₹ 102 Million in FY21. These are the expenses incurred on CSR activities through Cyient Foundation in areas such as promoting education, adoption of schools, facilitating skill development, medical and other social projects.

## Amount spend on community initiatives, by year (in ₹ million)

FY19: 68
FY20: 83
FY21: 102

Cyient ensures rigorous stakeholder engagement to understand and assess their requirements. We also ensure timely responses to their needs in an effective manner. We conduct various surveys every year, such as customer satisfaction surveys, associate engagement surveys, and investor satisfaction surveys to gauge their feedback.

Additionally, the platforms for engagement include vendor meet and investor day. Investor Day is an opportunity for analysts/investors to connect with senior management, industry experts as well as customers of Cyient. It is an important platform to articulate our business strategy, provide details on long-term growth trends, deep dive into an important business segment that interests investors and have Business Unit(BU) heads who run strategically important BUs discuss imperatives and showcase key products or facilities. We also get our customers to interact with the investors who underline the importance of Cyient in their business operations and industry experts providing updates on the latest trends in the engineering services market. This event is generally held on our Manikonda campus in Hyderabad.



The table below showcases financial highlights, which provide the three-year data for top-line growth, operating costs, salaries paid, etc.

| Particular (₹ Million) | FY19 | FY20 | FY21 |
|---|---|---|---|
| **Direct economic value generated** | **47,515** | **45,857** | **42,723** |
| Revenue | 46,175 | 44,274 | 41,324 |
| Other income | 1,340 | 1,583 | 1,399 |
| **Economic value distributed** | **42,699** | **42,061** | **37,643** |
| Operating costs | 39,847 | 38,381 | 35,300 |
| Payment to providers of capital | 1,367 | 2,138 | 949 |
| Payments to governments | 1,417 | 1,459 | 1,292 |
| Community investments | 68 | 83 | 102 |
| **Economic value retained** | **4,816** | **3,796** | **5,080** |

*Note(s): The table provides financials for consolidated level; Total operating costs include employee wages, benefits and operating, administration, and other expenses; Payments to governments represents direct taxes paid; economic value retained equals economic value generated minus economic value distributed*

## OUTLOOK

To drive long-term growth, we made significant strategic investments toward workforce automation and transformation. We also introduced two new lines of business into the mix—INTELLICYIENT, a suite of Industry 4.0 solutions that will support digital industrial transformation for asset-heavy enterprises; and Design for Circularity, a practice focused on supporting industries in their transition toward greater sustainability.

While the Aerospace and Defense industry is expected to continue to be in a sluggish recovery mode, with global air travel likely to rebound to 2019 levels by 2024, the company's outlook for FY22 remains positive as it expects growth to be driven by the increase in demand for software and digital capabilities in the automotive segment. We continue to see opportunities in our DLM business as more and more businesses move out of China and focus on "Make in India." Additionally, the automobile sector driven by increased electrification of vehicles is expected to drive growth.

Likewise, we will continue to focus on acquiring new clients and strengthening our capabilities and offerings in embedded software. Going forward, we will continue to focus on areas that bolster our growth and are confident that we will emerge from this crisis stronger and more robust.

# Environment
# Performance

Climate change and sustainability are impacting the world, cutting across countries and societies. Businesses cannot stay inured from the impact of growing issues of erratic climate if they desire sustainable, responsible growth. They must, individually and collectively, take measures to stem the degradation of the environment as best as they can within their sphere of influence.

As Cyient designs, builds, and manages complex engineering solutions for clients globally, we are cognizant of the impact our activities may have on the environment and the community. We continuously monitor the entire design-to-delivery value chain to identify material risks that may impact the environment and take appropriate pre-emptive measures. From concept to production, we build in parameters that will minimize or negate any negative impact on precious natural resources, including water and energy consumption, emissions, effluents, and waste generation.

Cyient is reducing the environmental impact of its operations by combining sustainable growth strategies with an increasing focus on circularity. These include reducing carbon emissions and water consumption, mitigating emissions, promoting circular economy, and protecting biodiversity while ensuring an environmentally responsible supply chain.

### Carbon

- Energy-efficient operation through energy-efficient lighting,
- Decarbonization of operations through alternate energy sources (renewable).
- Reduce emissions in logistics (e.g., employee commute).

### Water

- Water-efficient operations through installation of aerators and motion sensors.
- Installation and strengthening of Sewage treatment plants.
- Installation of rainwater harvesting systems.

### Waste

- Safe disposal and management of waste.
- Recycle and reuse.

### Sustainable Solutions

- Assist clients in sustainability space by providing solutions around the circular economy, decarbonization, etc.

### Sustainable Supply Chain

- The rollout of vendor code of conduct across vendor base.
- Assessment of vendors basis vendor code of conduct.
- Monitor environmental impacts of supply chain.

# 9.1.
## CARBON

Cyient has brought a pragmatic approach in its journey of decarbonization. We initiated the journey by deploying energy conservation practices across our operations, followed by increasing the adoption of renewable energy to power our operations. We focused on reducing the carbon footprint of our logistics value chain and encouraged associates to carpool and avail less carbon-intensive transportation, amongst others.

| Energy source | Unit | FY19 | FY20 | FY21 |
|---|---|---|---|---|
| Grid consumption | GJ | 79,461 | 82,038 | 56,197 |
| Diesel consumption | GJ | 5,107 | 4,404 | 2,122 |
| Renewable Energy | GJ | 19,222 | 22,723 | 21,030 |

Our energy efficiency efforts include replacing existing conventional lights with LED bulbs, demand reduction, UPS replacements, 11KV integration, sensitizing associates on conservation-friendly practices, and continuous monitoring of justified energy consumption after office hours and weekends.

### Energy consumption, by source

79,461    82,038

56,197

19,222    22,723    21,030

5,107    4,404    2,122

FY19    FY20    FY21

Grid consumption GJ        Diesel consumption GJ

Renewable Energy GJ
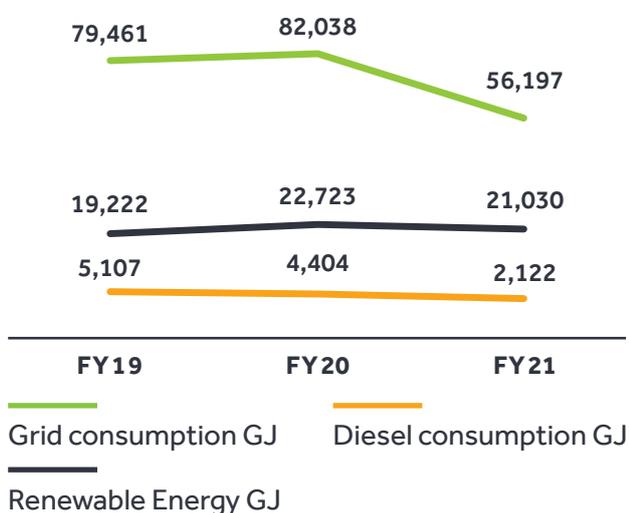
| Energy source | Unit | FY19 | FY20 | FY21 |
|---|---|---|---|---|
| Energy savings | GJ | 99 | 101 | 162 |

Along with energy conservation projects, Cyient has also made considerable progress in alternate energy by purchasing electricity under the power purchase agreement for its Manikonda office. In continuation, this year, we are extending our renewable energy efforts across Bengaluru, Vizag, Kakinada, and Warangal locations with an aim to increase the overall share of renewable energy.



| Emissions | FY19 | FY20 | FY21 |
|---|---|---|---|
| Scope 1 (in tCO2e) | 13,878 | 11,967 | 5,767 |
| Scope 2 (in tCO2) | 18,335 | 18,929 | 12,967 |

Along with our focus on Scope 1 and 2 emissions, we also initiated certain programs to mitigate scope 3 emissions. To list a few, a carpooling program has been initiated with an objective to build an alternative and self-sustainable commuting system for the associates. In addition to this, awareness campaigns have been launched across offices to encourage eco-friendly alternatives among our associates.

## Case Study: FLEOTAN

**Objective:** Launched FLEOTAN, an app-based transportation platform to assist associates by providing end to end commute related information.
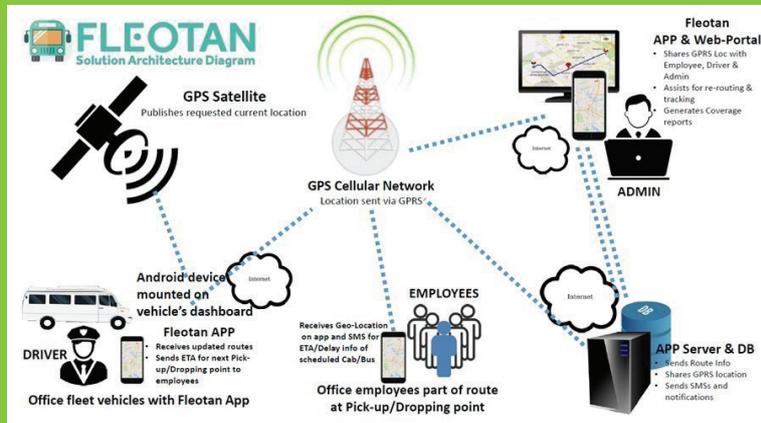


The app, currently available on Android, has the following features.

- Capture pick-up and drop locations
- Display vehicle and driver details
- Boarding confirmation controls
- Peer associates' details
- Live vehicle tracking
- Cab arrival and drop notifications to associate and also the family

This app not only eased the transportation system but also added a layer of security and safety for our associates.
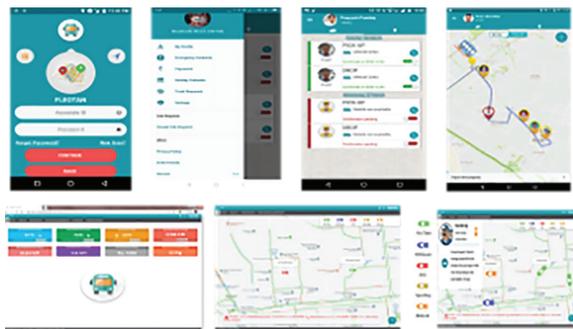


### FLEOTAN Dashboard:

Displays daily performance at a glance and subsequently helps Admins of respective offices to take in-time corrective measures.
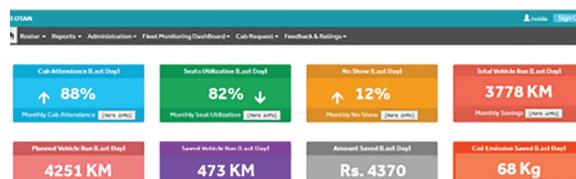


### Best Practices:

- Derive the daily fleet requirement
  - Encourage to use FLEOTAN app to share daily confirmations by set cutoff time
  - Incentivize by charging only for days traveled by associates
- Plan for the optimized routes
  - Aids in developing daily rosters with optimized routes

- Ensure maximum seat utilization
  - Maintain discipline in card swiping in buses to ensure maximum utilization of bus capacity
  - Make everybody swipe office ID while (de)boarding office buses
  - Publish Daily No-Show reports to operations

## 9.2.
## WATER

Access to water, the most precious of natural resources for humankind, is being increasingly threatened, more so in urban areas. As urbanization spreads and the population grows, so do our consumption aspirations and water usage. Compounded with climatic changes, water shall become increasingly scarce unless each one of us, especially businesses, take the responsibility of conserving this resource for today and the future.

Water stewardship is one of Cyient's key focus areas across our operations. Several measures have been rolled out for optimizing water use and conservation, including reducing water use at our offices and manufacturing units through the installation of aerators in handwashing units, building, and strengthening of sewage treatment plants and rainwater harvesting systems.

**Total water consumption, by source (in Kl)**

FY19: 13,120 — 1,25,740 — 1,38,860
FY20: 13,517 — 1,26,564 — 1,40,081
FY21: 7,883 — 42,247 — 50,130

- Ground Water
- Third-party Water
- Total Water Consumption

| Water | Unit | FY19 | FY20 | FY21 |
|---|---|---|---|---|
| Ground Water | kl | 13,120 | 13,517 | 7,883 |
| Third-party Water | kl | 1,25,740 | 1,26,564 | 42,247 |
| Total Water consumption | kl | 1,38,860 | 1,40,081 | 50,130 |

| Parameter | Unit | FY19 | FY20 | FY21 |
|---|---|---|---|---|
| **Total Water Recycled & Reused** | kl | 31,401 | 30,284 | 12,171 |
| **Total Water Discharge** | kl | 210 | 430 | 60 |

# 9.3.
## WASTE

Conservation of natural resources is always our agenda and business philosophy. The company has chosen the path of transforming from linear waste models to building new models ensuring optimal use of resources and minimal waste generation. We have embraced 3R – Reduce, Recycle, Reuse across our facilities with an objective to cut down the waste generated and also eliminate waste disposal to landfills.

| Type of Waste | FY19 | FY20 | FY21 |
|---|---|---|---|
| Hazardous Waste (in MT) | 68 | 125 | 86 |
| Non-hazardous Waste (in MT) | 80 | 58 | 71 |

At our facilities, we have adopted an integrated waste management approach, including source segregation, safe management, and responsible disposal of all categories of waste. Paper,

plastic, food, metals, and other scrap material are the commonly generated non-hazardous wastes across facilities. In addition, electronic wastes, hazardous wastes such as diesel oil, bio-medical, and battery wastes are generated. All types of waste are responsibly source segregated and disposed of through authorized pollution control board vendors. E-Waste and non-hazardous wastes are recycled through respective designated vendors. In the past, we have collaborated with FMCG giant ITC through Wealth out of Waste initiative, with an objective to recycle paper waste for making recycled products.

Going forward, we aim to strive towards circular systems across our operations by sourcing environment-friendly materials, eliminating or preventing non-value-added jobs to reduce waste generated, collaborating with waste management agencies to establish an exchange matrix for all value wastes. Also, we shall work towards establishing last-mile traceability across all our waste streams to understand and validate the end use of our waste.

### Green Building

A green building is one that is considered to be more resource-efficient than conventional buildings. They are more energy-efficient, consume less water, conserves natural resources, and generate lesser waste.

As a testimony of our continuous efforts in responsibly designing and operating our office spaces, Tower 2 at Manikonda office has been certified GOLD under Indian Green Building Council Leadership in Energy and Environment Design.

We have taken huge strides by adopting various green concepts by safeguarding the environment and also creating business benefits in the long run. Our efforts have resulted in the reduction of carbon emissions, water consumption, and waste generation. Along with these, we have procured a significant share of materials from local suppliers, thereby contributing to sustainable development across our ecosystem.

Some of our significant achievements include:
- Reduced potable water consumption by 51%
- Achieved average water savings by 45%
- Sourced ~37% of material from local suppliers

**Cyient Manikonda facility: LEED Gold rated building**

## 9.4.
# SUSTAINABLE SOLUTIONS

The growing uncertainty, complex supply chains, dynamic regulatory landscapes, and changing consumer patterns are pushing businesses to achieve new avenues. Our engineering practice shall address the needs of our clients by offering solutions for enhancing medical infra, enabling traceability, material engineering (reduction, re-use, and regeneration), obsolescence management, and supply chain (including packaging, disposal, and waste management).



### REIMAGINING FUTURE OF MEDICAL DEVICES

A dynamic regulatory environment and spiralling R&D and manufacturing costs have left medical device companies struggling to adopt advanced technologies and tap into new customers and markets. At the same time, the increased connectivity between devices, consumers, and physicians is necessitating OEMs to build innovative solutions that deliver high-quality, patient-centric care and improve access to advanced diagnostics for millions.

With over 20 years of OEM and electronic box-build experience in medical devices, Cyient is a preferred partner for comprehensive design and electronic manufacturing services for medical device and life science companies worldwide. We leverage our medical domain expertise to deliver high-quality and cost-competitive solutions and services. We also offer tailored product development and digital solutions that meet your business needs.







### GAIN A COMPETITIVE EDGE

Design smarter products to enable better clinical outcomes and enrich patient experience.

### FASTER TIME-TO-MARKET

Leverage decades of experience in Medtech to ensure first-time-right design and manufacturing.

### OPTIMIZE COSTS

Utilize a low-cost country base to reduce program costs and implement value engineering to optimize product cost.

## Case Study: Fight against COVID-19

**Cyient partners with Molbio to manufacture diagnostic devices**

As the world gears up to battle Covid-19, the importance of diagnostic testing cannot be overstressed. Despite the urgent need for diagnostics, countries are facing significant shortages in meeting the demand for testing kits.

Cyient has partnered with Molbio Diagnostics to manufacture Covid-19 testing devices and chips that will help diagnose the disease and enable a faster prognosis. Molbio developed the world's first portable real-time qPCR platform to detect infectious diseases. Building on its expertise in micro qPCR technology, Molbio has designed and developed Proof of Concept (PoC) Covid-19 test kits that can give results in 35 minutes, saving critical time. Since the device is portable and battery-operated, the tests can be done anywhere and do not require a sophisticated lab environment. The test is awaiting approval from the Drug Controller General of India after which, it will be ready for launch in the country.

Cyient swiftly scaled up production to meet the increasing market demand and enable rapid deployment. Our in-depth experience in manufacturing consumable chips and printed circuit board assembly (PCBA) allows us to deliver devices quickly and cost-effectively. To cater to the increased volume of 500,000 blank chips per month, we onboarded an additional workforce, doubled our production capacity, procured automated testing equipment, and qualified new vendors for a seamless supply of raw materials.

*"We are proud to work with Molbio and support their mission to make Covid-19 test kits affordable and accessible to all. Our state-of-the-art manufacturing infrastructure, robust supply chain, and relentless focus on quality are critical to ensure timely delivery of the kits to Molbio. We have established the production lines and have commenced the manufacturing of the blank chips,"* says Rajendra Velagapudi, Senior Vice President and CEO, Cyient DLM.

## DESIGN FOR CIRCULARITY

Cyient has partnered with Eolos to launch a new consulting and engineering practice, 'Design for Circularity,' to foster eco-innovation and enable long-term change of industrial processes. The new practice combines more than 25 years of Industrial experience and operational expertise with deep knowledge of the circular economy to support the transition of industries towards greater sustainability.

**Karthikeyan Natarajan,** President, and Chief Operating Officer, Cyient, commented, *"How we respond to climate change, and de-carbonization will define our legacy for future generations. By combining the industry experience and expertise of Eolos in the circular economy with Cyient's leadership in engineering design, manufacturing, and aftermarket, the partnership is uniquely positioned to address customers' requirements. We are delighted to partner with Eolos and look forward to building solutions that will contribute to the global transition toward a circular economy."*

Design for Circularity takes forward our broader vision of building a sustainable tomorrow. The practice enables engineering-centric industries such as rail, automotive, aerospace, and medical technologies to build more sustainable practices, products, and solutions.

Please find below the solutions we offer:

| Solution | Offering |
|---|---|
| **Traceability** | Understanding the history of each component has never been more important. All stakeholders, from companies, vendors, and even governments, are interested to understand the origins of each part. Regulators are passing new legislation that requires companies to keep track of this data. Our partnership is developing digital/ connected tools that can assist companies to comply with standards and to meet traceability and certification schemes. |
| **Material Engineering & Packaging Redesign** | Materials are the building blocks of every product, so any positive change directly leads to a tremendous impact on sustainability. From simple optimization of current packaging to change of material and design, our solution helps customers optimize packaging. From material change to alternate resins to understanding the transformation, up-cycling, re-processing capabilities, our materials engineering solutions allows customers to identify and incorporate the best and safest materials into their products. |
| **Obsolescence Management** | Our Obsolescence Management (OM) offering is a mix of reactive and proactive solutions. Our reactive solutions help customers manage and increase the lifespan of the current system and parts. With our proactive solutions, we work with our customers from the initial stages of product design to account for OM, thereby minimizing detrimental impact throughout the product life cycle. |
| **Energy Consumption Optimisation in Buildings** | Buildings use vast amounts of energy. Our solutions help customers with the redesign of existing installations of piping, pumps, and regulations to optimize energy consumption. |

The company made significant investments over the past three years that have resulted in the design and development of a number of digital solutions and platforms to foster seamless growth.

| | FY20 | FY21 |
|---|---|---|
| Total R&D Expenditure (₹ Million) | 513 | 240 |
| R&D Expenditure as % of total revenue (%) | 3.37% | 1.74% |
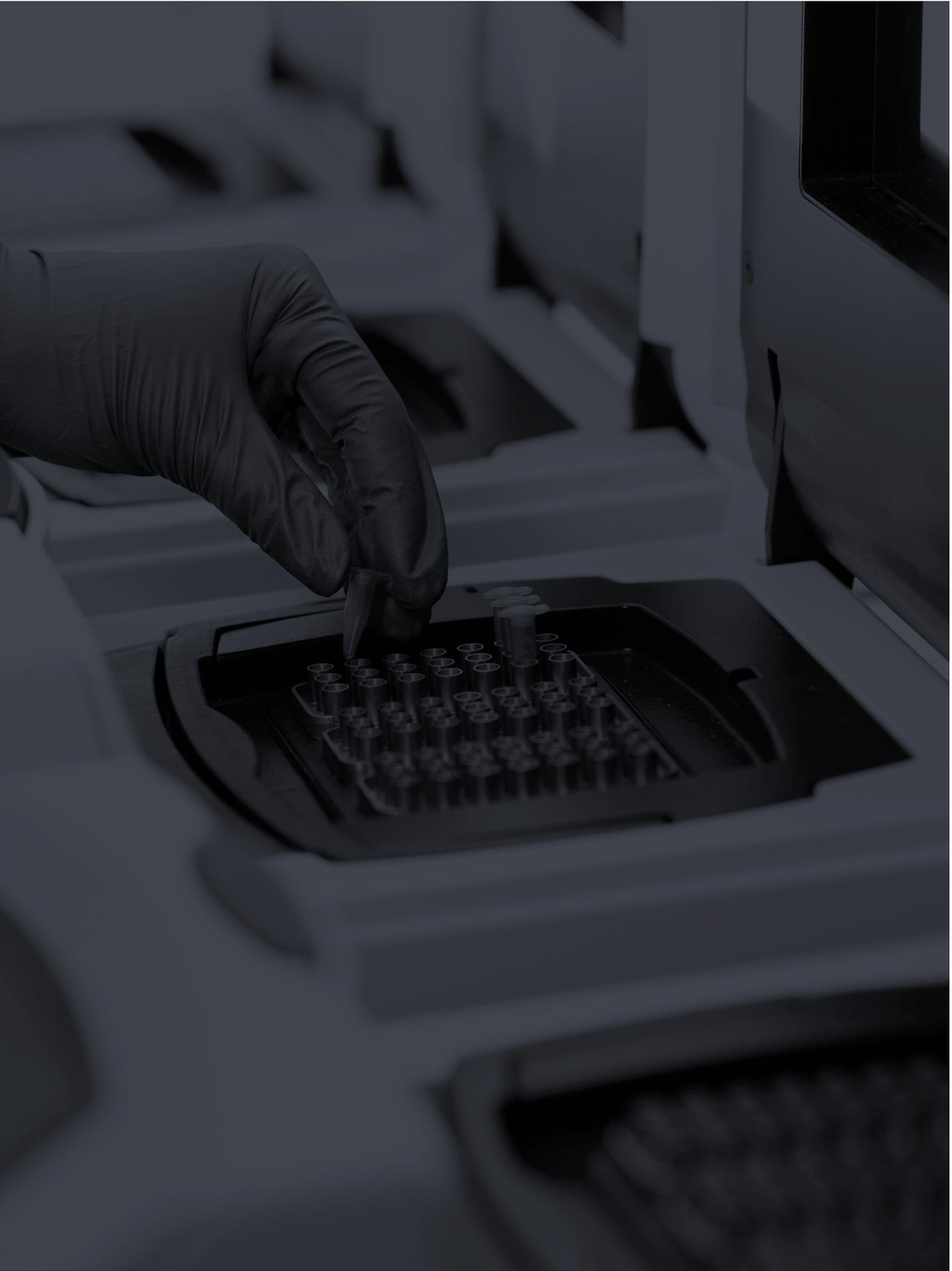
## 9.5.
# RESPONSIBLE SUPPLY CHAIN

We are aware that a robust supply chain is the lifeline of any successful business and core to its sustainable growth journey. To ensure that we have an agile and responsible supply chain, we mandate our partners to not only stay compliant with all regulatory requirements but also integrate sustainability across their business strategy and practices.

We have adopted a two-pronged approach to strengthen our supply chain on a sustainability frontier, i.e., through a robust vendor code of conduct and enhancing local sourcing practices year on year. Cyient's vendor code of conduct encompasses all vendors, sub-contractors and mandates commitment to conduct business in accordance with the highest ethical standards and in compliance with all applicable laws, rules, and regulations. In addition to this, the vendor code of conduct also emphasizes operating responsibly and improving the lives of workers and communities and the environment.

Defined audit protocols are established to assess adherence to the code of conduct at a periodic frequency. 'Vendor Meets' are also organized to create awareness and understanding of the policies and expected behaviors. We ensure that our partners abide by all legal guidelines for employee management, including the 'no-child labour' and 'no forced or compulsory labour' policy.

| | FY21 |
|---|---|
| Percentage of new suppliers that were screened using social criteria (%) | >75% |
| Percentage of new suppliers that were screened using environment criteria (%) | >50 % |

*Data represents the two manufacturing units - DLM Mysore and DLM Hyderabad only; Remaining suppliers are predominantly catalogue suppliers and not required to be assessed on this criteria; Data represents the two manufacturing units - DLM Mysore and DLM Hyderabad only;*

Leveraging third-party vendors to deliver on client commitments is a critical part of Cyient's delivery process. The company monitors and is extremely cautious about the risks that may arise due to such sub-contracting. Cyient has introduced several measures to identify, minimize and manage such risks. Comprehensive risk assessments are performed, and proactive measures to fill any gaps are introduced as part of the vendor registration process while onboarding and prior to commencing operations. The risk assessment policy and defined protocols aid in eliminating or mitigating the risks.

Cyient's focus on local sourcing ensures value creation in the communities in which it operates and also reduces the company's carbon footprint by avoiding sourcing goods from distant locations. Cyient aims to foster growth amongst medium and small-scale enterprises that form a bulk of its vendors. The company uses a transparent bid process for the finalization of vendors.

| | FY21 |
|---|---|
| Total number of new suppliers (India + global) | 940 |
| Number of India-based suppliers | 333 |
| Total spend on procurement from India + global suppliers (in ₹ Million) | 12,110 |
| Spend on procurement from India-based suppliers (in ₹ Million) | 4,834 |

*Comprises data for both the Engineering services and DLM facilities*

**Case Study 2:** Vendor Code of Conduct strengthened on ESG aspects

Post comprehensive assessment of Cyient's existing vendor code of conduct against global frameworks, standards, and peer analysis following aspects of Vendor Code Conduct have been included and/or strengthened. Aspects included are listed below:

### ESG Risk Management

The new addition to the policy entails that vendors shall identify risks with respect to ESG aspects. A risk inventory with appropriate prioritization and action shall be developed to manage, mitigate/ eliminate the risk. Vendors shall establish a robust ESG Risk management mechanism ensuring periodic monitoring and evaluation.

### Environment

The new addition to the policy entails that vendors shall recognize the significance of integrating sustainability practices across their value chain and shall strive to enhance performance across environmental aspects, i.e., energy, water, waste, and other input materials, through adopting regenerative sources and following circularity principles. Vendors shall comply with all applicable environment-related laws and regulations. They shall also have defined Environment / Sustainable Policy in place outlining vision towards establishing a sustainable business.

Aspects strengthened are listed below:

### Health and Safety

The policy was enhanced to ensure that vendors provide a safe and hygienic environment abiding by local laws and regulations. They must assess and identify health and safety risks operations to ensure that all adequate and effective measures in place for minimization/ elimination. Vendors must put adequate and effective measures in place for minimization/elimination of root cause, thereby preventing workplace injuries and ill-health. They must provide personnel with appropriate personal protective equipment and have calendarized training program ensuring capacity building across personnel. Vendors must also strive to implement management systems and have defined Health & Safety Policy in place outlining vision towards establishing safe & hygienic workplace.

### Diversity & Inclusion

Cyient is committed to enabling a culture that values diversity and inclusion. In alignment with Cyient's commitment, vendors shall work towards establishing an equitable workplace where diverse practices are respected and valued. They shall also plan programs such as sensitivity training, flexible working hours to promote diversity and inclusion across operations.

# 10. Social Performance

At Cyient, people are the key to the company's aspirations and achievements. In this technology-driven world, Cyient has built a dynamic work culture that attracts some of the best talent and offers them an environment to grow professionally. The company's business is service-driven, and the ecosystem is heavily dependent on the efficiency and effectiveness of its people. The team's individual abilities and performance directly correspond to the impact of the company's financial growth and profitability.

Cyient focuses on creating a work environment that provides new learning and growth opportunities to our talent, along with ensuring their health and safety at the workplace. We provide our associates with clean and hygienic workspaces with a well-defined access control system. We regularly organize health check-up camps and train our employees via fire and mock drills to tackle situations of emergency. Our well-defined security system and automation in transportation strengthen our internal security for ensuring employee safety at the workplace.

## 10.1.
## EMPLOYEES

Cyient constantly strives to be the employer of choice for our associates. The people function is very closely aligned to its vision and the S3 strategy that drives talent acquisition, retention approaches, and developing next in line of leaders. Cyient incorporates innovative HR practices that provide it an edge over its competition. The company's headcount as of March 31, 2021, was 13,461.

| FY21 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Total | Age Group | | | | Gender | | |
| Employee category | | | <30 yrs | 30-50 yrs | >50 yrs | NA | Male | Female | NA |
| Regular | Full time | 12,480 | 5,259 | 6,294 | 731 | 196 | 9,479 | 2,795 | 206 |
| | Part time | 281 | 69 | 172 | 37 | 3 | 190 | 88 | 3 |
| Contract | Full time (Fixed Term) | 700 | 386 | 108 | 49 | 157 | 394 | 212 | 94 |
| | Part time | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 13,461 | 5,714 | 6,574 | 817 | 356 | 10,063 | 3,095 | 303 |

| Number and rate of new employee hired, by gender | FY 21 | |
|---|---|---|
| | Number | Rate |
| Male | 1,951 | 70.0% |
| Female | 751 | 26.9% |
| NA | 87 | 3.1% |
| Total | 2,789 | |

| Number and rate of new employees, by age category | FY 21 | |
| --- | --- | --- |
| | Number | Rate |
| <30 | 1,698 | 60.9% |
| 30-50 | 733 | 26.3% |
| >50 | 176 | 6.3% |
| NA | 182 | 6.5% |
| Total | 2,789 | |

*Note. NA in the above tables refers to age/gender not disclosed, respectively*

| Number and rate of employees, by region | FY 21 | |
| --- | --- | --- |
| | Number | Rate |
| INDIA | 2,205 | 79.1% |
| NAM | 306 | 11.0% |
| EMEA | 201 | 7.2% |
| APAC | 77 | 2.8% |
| Total | 2,789 | |

## Women Power

Cyient is committed to creating more opportunities for employment and growth of women talent. Its current ratio of women stands at 23%. The company has formulated a robust Diversity & Inclusion council headed by Katie Cook, Senior VP Engineering & Utilities. Meanwhile, more than 50 young women leaders are being coached by leadership under (Diversity, Inclusion, Equity Leadership) DIEL program to build a strong pipeline of women leadership talent. It already has four women on the Board and part of senior management.

Over the last year, Cyient made good progress on the company's strategic initiative actions and is well aligned to achieve them. Some of the key initiatives to help Cyient associates thrive and grow include:

**Early Career Initiatives including Digital Hiring:** The company's focus has been on innovative ways to recruit fresh talent into the organization that gives it an edge over our competition. Every year, Cyient approaches selected colleges across India for its campus hiring program. However, this year, it moved to a different model to expand the talent pool. The company launched a digital campaign to hire campus pass-outs. As part of

this initiative, it received 30,000 profiles. After evaluating the profiles, shortlisted candidates were assessed online. The assessment was conducted across India at nodal centers identified by Cyient. Currently, the shortlisted candidates are going through the interview process. This initiative helped expand the reach of its hiring efforts beyond the regular campus hiring.

**Employee benefit plans:** Employee benefits include provident fund, superannuation fund, employee's state insurance scheme, gratuity fund, and compensated absences.

**Defined contribution plans:** Contributions to Employees Provident Fund and Pension Fund, which are defined contribution schemes, are made to a fund administered and managed by the Government of India. This is charged as an expense based on the amount of contribution made for services rendered. Contributions to the superannuation plan is a defined contribution scheme that is made to a fund administered and managed by the Life Insurance Corporation of India (LIC). These are charged as an expense based on the amount of contribution required to be made for services rendered.

The Group provides a defined contribution plan benefit such as 401(K) Retirement Plan and other social security benefits to all of its eligible employees of subsidiaries. These are charged as an expense based on the amount of contribution required to be made for services rendered.

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**Initiatives carried out for employees focusing on well-being during COVID-19**

**Well Being Wednesday:** Sessions, webinars with specialists, doctors, and experts in the Health field. (Gynaecologist, Physiatrist, Paediatrician, Dermatologist and many wellbeing bytes)

**Other Programs:** Online yoga, Zumba, fun fitness, home workout and workout with Cyient celebrity, fitness challenges, walking challenges, travel diaries

**Webinars Session:** Strengthening emotional bonds, live cooking, work from home – ergonomics, skin, haircare, and hydration, managing sleep while WFH, positive parenting, embracing calmness, managing financial stress.

**Wellness Bytes:** Sleep patterns, nutrition and small time eating, making healthy snacks, usage of specific metal vessels during cooking, and home remedies for snoring issues.

**Children's Day Special:** Special session with a child phycologist to deal with teenagers and emotional growth

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## LEARNING & DEVELOPMENT

Being an employee-centric organization, Cyient's focus is to create a work environment that provides new learning and growth opportunities for all. Learning begins from the time a new employee is onboarded and seamlessly continuous throughout their association with the organization. The training programs at Cyient start with a structured onboarding program to help understand the business, roles, responsibilities and goes on to build all necessary soft skills and technical skills required for the employee on a periodic basis.



**SOFT SKILLS TRAINING**

Creativity · Collaboration · Adaptability · Decision Making · High EQ · Problem Solving · Communication

# TECHNICAL SKILLS

Knowledge · Practice · Behavioral · Strategies · Tools · Skill enhancement · Trainings · Digital

The trainings and capacity-building programs at Cyient are structured, ensuring continuous learning opportunities for the associates. Some of the key programs are listed below:

## OD INITIATIVE & LEADERSHIP DEVELOPMENT PROGRAMS

Emerging leader program, Business leadership program, Global leadership program, DIEL, Sales Leadership Program, Executive Coaching program.

## MANAGERIAL EFFECTIVENESS PROGRAMS

Managing@Cyient, Right fit hiring, Program management, and related certifications; Managerial webinars addressing current challenges and culture building.

## TECHNICAL TRAININGS

Directed towards building technical competency and enabling the organization to be a technology destination of choice. The programs are largely divided into three categories – Classroom to on Job, Existing technologies (deep skilling, reskilling, cross-skilling), and emerging technologies (Upskilling).

## BEHAVIORAL TRAININGS

Targeted at individual contributors and focused on soft skills and culture building.

## DIGITAL TRAININGS

Partnerships with Mooc Platform, NASSCOM, In-house content, curated online content, and best-in-class compliance trainings.

Our training targets overall are 427,000 hours, including 50,000 hours of digital training.

The learning offerings are based on an employee's career stage, that is, manage self, manage others and manage managers. Listed below are a few training programs.

### Emerging Leader Program (ELP):

Cyient launched the Emerging Leader Program in the second week of October 2020 with a week-long virtual Leadership Immersion Workshop. The virtual program was designed to maximize interaction, participation and provide our managers with the environment to learn and collaborate with fellow managers across Cyient. The program witnessed 48 participants from various BUs and geographies.



### Business Leader Program (BLP):

The Business Leader Program (BLP) was launched in the second week of March 2021 with a week-long virtual Leadership Immersion Workshop. The virtual program was designed to maximize interaction, participation, and collaboration. We had 25 participants from various BUs and geographies. The workshop was conducted across time zones. We explored various Leadership Styles needed to be a successful Leader, providing insights into their own leadership styles and how to flex their styles to engage, enable and empower our associates to drive performance. This was followed by Systems Thinking, where participants experienced how to explore and provide solutions to complex problems, and Strategic Thinking, understanding the strategic drivers, values, and motivational factors that drive growth and the factors that can hinder it.





### M@C:

Managing@Cyient (M@C) is a five-month, global training program for all managers post which participants put into practice what they have learned. The company trained 422 managers globally this year, drawn from across business units and markets.

### Career and Competency Progression Program:

To strengthen Cyient's Human Resources processes, a global job structure framework was brought in to ensure a consistent and transparent methodology across locations. The framework is derived from Mercer's International Position Evaluation (IPE) methodology. It is built on three guiding principles of Consistency, Clarity, and Empowerment for associates. This 18 - month project helped standardize roles across the organization into 20 job family groups, 106 job families, and 557 unique job roles. As an outcome, 20 management levels were replaced by eight management bands. The transformation of the company's job structure has helped fine-tune the baseline for mobility, career progression, meritocracy, and differentiated policies. The career & competency progression framework has now been expanded to 14 IPE roles covering 70% of the associates.

Additionally, the framework defines technical career paths and critical competencies for career progression. It clearly identifies competency gaps and individual development plans to offer clear career growth paths to associates and ensures retention of talent. The company will continue to focus on transforming its HR practices across talent acquisition, talent development, and retention value chain.

### Leadership Accelerator Programme (LEAP):

The Cyient Global Leadership Accelerator Programme launched in FY21 as part of its

Leadership Development Framework selected three management trainees from some of the best institutes across the globe to work at its global offices. These fresh hires will help bring in the agility, innovation, and contemporary needed for the company's strategic direction and various initiatives working closely with leadership and cross-functional team members.

**Board members training:**

Non-executive directors who are inducted on the board are given an orientation about the company, including operations, services, details of subsidiaries and joint ventures, board procedures and processes, and major risks and their management strategies. The directors are inducted through a familiarization process comprising, inter alia, their roles, and responsibilities. They spend a week interacting with the Chairman, Managing Director & CEO, CFO, and other members of the senior management. They also engage with the heads of business units and other functions to understand the company's operations.

| Description | Unit | FY20 | FY 21 |
|---|---|---|---|
| **Employee category** | | | |
| Senior Management (Band G & H) | No of participants | 112 | 52 |
| (General Manager & Above) | Hours | 1,897 | 225 |
| Middle Management (Band E & F) | No of participants | 533 | 188 |
| (Senior Manager to Deputy General Manager) | Hours | 11,394 | 1,557 |
| Junior Management (Band C & D) | No of participants | 3,389 | 3,581 |
| (Assistant Manager, Deputy Manager & Manager) | Hours | 98,813 | 71,861 |
| Staff (Band 1 ~ 2 and Band A and B) (All Executives, Assistants & Trainees) | No of participants | 10,167 | 8,617 |
| | Hours | 4,06,498 | 3,69,596 |
| **Gender** | | | |
| Male | No of participants | 8,516 | 9,353 |
| | Hours | 3,21,825 | 3,14,556 |
| Female | No of participants | 2,377 | 2,679 |
| | Hours | 1,03,110 | 1,13,460 |

| Training type | Total number of hours worked | No. of person attended | |
|---|---|---|---|
| | | FY20 | FY21 |
| Internal Courses for Skill Upgradation | 9,00,502 | 7,910 | 6,792 |
| External Courses for Skill Upgradation | 4,62,070 | 12,755 | 11,022 |

| S.No. | Category | Unit | FY 21 | | |
|---|---|---|---|---|---|
| | **Employees who received a regular performance and career development review, by employee category** | | Male | Female | Gender not available |
| 1 | Senior Management (General Manager & Above) | Number | 57 | 6 | 1 |
| | | % | 89.1% | 9.4% | 1.6% |
| 2 | Middle Management (Senior Manager to Deputy General Manager) | Number | 155 | 15 | 0 |
| | | % | 91.2% | 8.8% | 0.0% |
| 3 | Junior Management (Assistant Manager, Deputy Manager & Manager) | Number | 2,695 | 431 | 16 |
| | | % | 85.8% | 13.7% | 0.5% |
| 4 | Staff (All Executives, Assistants & Trainees) | Number | 5,158 | 1,801 | 76 |
| | | % | 73.3% | 25.6% | 1.1% |

## PERFORMANCE ASSESSMENTS & CAREER ENHANCEMENT:

The process of Performance Assessments & Career Enhancement is intended to facilitate assessment & development discussions which help in identifying:

A. Achievements against individual targets.
B. Areas of strength and development for each associate.
C. Learning needs based on current role and aspirations.
D. Associate aspirations and related development discussions.
E. Based on potential eligibility and assessor nomination, further career development opportunities will be identified for associates.

Final confirmation on role change, enhancement, and promotions will depend on available opportunities and selection as per the applicable process. Contingent Associates, Trainees, Temporary Associates, and Consultants/ Retainers are not covered in this process.

Roles in the Assessment Process:

A. Assessor – The associate's Reporting Manager or immediate supervisor as documented in Workday.

B. Calibrator – The function/sub-function Head or Program Manager who has the responsibility of reviewing and confirming ratings for the assigned team.

C. Workday – The information system being used by the Human Resource function.

Minimum 4 weeks' notice typically provided to employees prior to the implementation of significant operational changes (i.e., can include restructuring, outsourcing of operations, closures, expansions, new openings, takeovers, sale of all or part of the organization, or mergers that can potentially have significant positive or negative impacts) that could substantially affect them.

## DEFINED BENEFIT PLANS

### Gratuity:

The Group accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as on the balance sheet using a projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less than the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and fair value of plan assets. This cost is included in the employee benefit expense in the consolidated statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the consolidated statement of profit and loss as past service cost.

### Compensated Absences:

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the un-utilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. It measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as on the balance sheet date on projected unit credit method.

### Medical Benefits:

Medical insurance plan is offered to the associates on a self-insured basis which consists of fixed costs of administration charges and stop-loss insurance that are charged per associate. Monthly claims are settled from the consolidated fund maintained by a third-party insurance fund. At the end of every calendar year, the insurance agency provides an estimate of 'Claims Not Yet Received' computed on actuarial valuation based on the number of associates and claims received over the last 12 months. This estimate is extrapolated on the basis of the closing enrolments as of March 31, and the management creates a liability for medical expenses.

### Maternity Benefits:

We recognize that it is important for our associates to care of their families and loved ones. In that spirit, we have launched a parental leave policy, effective April 1, 2021. As per the policy, it offers anyone (regardless of gender) who has been at Cyient for three months and completed a probationary period (if applicable) during the first year of parenthood up to 12 weeks of 100% paid time off for primary caregiver and two weeks of 100% paid time off for secondary caregiver. We have launched a comprehensive parental leave policy that provides time off for both primary and secondary caregiver.

This policy is applicable to an associate who becomes a parent through childbirth or adoption. The parental leave balance is per birth or adoption event. If the associate lives in a country where a statutory parental leave benefit is available, then the associate will be required to claim statutory parental leave pay, and Cyient will supplement gaps if there are any.

| Year | No of Employees, by gender, entitled to Parental Leave* | | No of Employees, by gender, taken Parental Leave | | Total number of employees that returned to work in the reporting period after parental leave ended, by gender | | No. of employees returned to work after parental leave ended, who were still employed twelve months after their return to work | |
|---|---|---|---|---|---|---|---|---|
| | Male | Female | Male | Female | Male | Female | Male | Female |
| FY19 | 11,755 | 3,181 | 450 | 141 | 450 | 141 | 445 | 140 |
| FY20 | 10,863 | 3,061 | 468 | 172 | 468 | 172 | 459 | 163 |
| FY21 | 9,669 | 2,883 | 285 | 87 | 285 | 87 | 270 | 83 |

*Note: Computed based on regular employees

## OTHER SHORT-TERM EMPLOYEE BENEFITS

Other short-term employee benefits include overseas social security contributions and performance incentives for employees for the period service is rendered.

## DIVERSITY AND INCLUSION (D&I)

Cyient is committed to fostering a culture that embraces diversity led by the belief that a D&I led organization inspires greater levels of creativity, productivity, and positivity.

### Vision:

Create a collaborative workplace that supports diverse thinking and inspires talented people to reach their potential.

### Mission:

To build a work environment that bridges the gap in gender diversity, is free of discrimination, enhances professional growth, and empowers employees to create real change.

### Key initiatives:

### DIEL (Diversity, Inclusion, Equity Leadership)

A structured mentorship program to support high potential mid-level managers work towards their career goals. In DIEL 1.0, we focused on female high potential associates, and in DIEL 2.0, we have included both genders. The program is structured over ten months and gives the mentees opportunities to explore their career goals, leverage the experience of their mentor, gain extended visibility in the company and amongst the leadership team, and to network and share with other mentees. Since DIEL 1.0, we have had multiple mentees go onto new opportunities. We will be tracking the progress of the mentees as they move throughout their careers and will continue to evolve the program to adjust to the changing business environment. One of the unexpected benefits of the program is that the mentors have also learned a lot from the mentees. It has opened their minds to new perspectives and helped them be better leaders.





### Inclusion Ambassadors – "Nudging" the Culture

Inclusion Ambassadors are empowered to transform the culture of Cyient, one "nudge" or reminder at a time across a few core areas, including Recruitment, Unconscious bias, and leadership.

### Unbiased Recruitment

TapRecruit, a language analysis software tool that seeks to eliminate gender insensitive, biased, or otherwise detrimental language, ensures Cyient's job advertisements stay neutral and inclusive. The tool optimizes and establishes a standardized and professionally written job advertisement that is compelling and helps attract a diverse set of talent.

### Bringing Awareness

A D&I calendar highlights cultural, spiritual, ethnic, and historical events as well as tips on inclusivity and culture. In October 2020, the company organized a recognition event, "D&I Heroes," where associates voted to recognize peers who exemplified the true spirit of diversity and inclusion.

### D&I Metrics

A dashboard provides a unified view of the company's D&I progress to the leadership team to help them ascertain gaps and chart out the course of action needed as the company transforms and grows. Cyient is focused on gaining insights into inclusion performance as reflected in indicators like voluntary attrition, promotions, succession planning, recruitment funnels, and pay parity. Such insights will enable the company to develop necessary and timely interventions that are testimony to its capabilities of solving problems beyond engineering.

### Case Study: TAKE 5

The "TAKE 5" was born from the thought that diversity and inclusion is not just the focus of the human resources function. We came up with a concept to distribute inclusive leader tips along with a self-engagement activity, in a non-intrusive self-determining manner, at a regular frequency. The goal of the TAKE 5 series is to drive inclusive behaviors along with a keen awareness of diversity through to the heart of the organization; while maintaining the leader's ability to choose the right time for them to absorb the content. To date, we have released 12 issues of the TAKE 5 series that explored the topics of burnout, biases, allyship, psychological safety, and reflecting on and measuring your own inclusivity as a leader. Our series reaches 1000+ people leaders, across all our global operations, at Cyient. Further, it is available to all of our associates so that they can read what their leaders are reading and engage them in challenging and thoughtful conversation. At Cyient, we become more inclusive by taking five.

### Social Learning:

We are creating an inclusive workplace by leveraging our social learning platform to harness the collective knowledge of all our associates to bring attention to a multitude of diversity and inclusion topics. Our social learning channel enables all of the associates at Cyient to participate and develop their individual understanding of D&I terms and concept in a safe and collaborative environment. We believe by upskilling each individual's understanding of D&I, we are contributing to the creation of a more diverse and inclusive Cyient, society, and world.

## HUMAN RIGHTS

### Non-Discrimination:

Cyient's focus on non-discrimination spans across its entire value chain. In particular, it has strong policies in place for its suppliers to ensure that its vendors do not discriminate against any eligible talent while hiring or in its employment practices. These factors include pregnancy, childbirth, or related medical conditions, race, religious creed, color, gender, national origin or ancestry, physical or mental disability, medical condition, marital status, age, sexual orientation, union membership, or any other criteria protected under law. It expects its vendors to uphold the dignity of its employees and work towards establishing and reinforcing a positive work culture.

**Number of incidents of discrimination, by year**



| FY19 | FY20 | FY21 |
| --- | --- | --- |
| 3 | 1 | 0 |
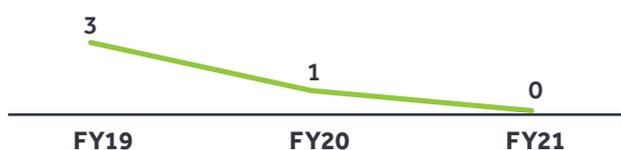
### Freedom of Association and Collective bargaining:

The company ensures freedom of association and collective bargaining across the supply chain. It expects its vendors to respect and recognize the rights of its employees to freely associate, organize and bargain collectively.

### Child / forced and compulsory Labour:

Cyient does not hire children or deploy forced and compulsory labour at any of its operations or facilities. As a software service provider, none of its facilities are at risk of incidents of child labour and forced labour. It deems its suppliers to follow the same guidelines, including stringent clauses to prevent child and forced labour in any form. The vendors are mandated to comply with all the applicable laws and regulations relevant to their geographies and operations related to employee management.

### Human rights assessment:

Cyient abides by the spirit of the Fundamental Rights and Directive Principles of State Policy of the Indian Constitution, which acts as the guiding framework for promoting human rights and the laws and guidelines of the International Bill of Human Rights.

**Proportion of security personnel trained on human rights relevant to operations, by year (%)**



| FY19 | FY20 | FY21 |
| --- | --- | --- |
| 95% | 96% | 100% |
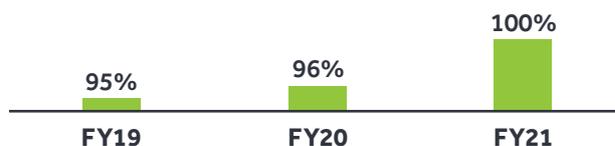
An efficient grievance redressal system ensures that human rights issues and compliance requirements are adhered to across the organization. It also has an efficient whistleblower mechanism that empowers associates of the company, including subsidiaries, to approach the Ombudsperson of the company and make protective disclosures about unethical behavior and actual or suspected fraud. Further, it has set up an Internal Complaints Committee, as required by law, at all the locations in India. The company, within its sphere of influence, also promotes the awareness and realization of human rights across its value chain, including external stakeholders like suppliers and contractors.

In particular, the proportion of security personnel trained on human rights relevant to operations increased from 95% in FY19 to 100% in FY21. The security guards are trained on areas, including disaster control and emergency planning, safety rules and regulations, evacuation drills, among others. During Covid 19 pandemic, they were trained on precautions that need to be taken on account of the pandemic.

### Employee Engagement

As a global employer, Cyient is committed to ensuring we provide world-class employee experiences. We execute an employee feedback survey to focus on training opportunities, immediate supervision, teamwork, and aspects of organizational functioning such as senior leadership effectiveness, customer focus, and company competitiveness. Our leaders are focused on ensuring we take the necessary actions from the insights to continue to provide a high-quality set of employee experiences.

Our intent is to ensure our people feel inspired by the company's mission and purpose, create opportunities for our people to achieve their potential and career aspirations, develop a deep sense of trust in senior leadership and instill a strong customer focus and innovation, and agility in meeting marketplace demands.

## 10.2.
## OCCUPATIONAL HEALTH, SAFETY AND WELLBEING

At Cyient, the health, safety, and wellbeing of our people at the workplace are of utmost importance. We are led by the principle that businesses should respect and promote the well-being of all employees, including those in their value chains. We focus on creating safe workplaces across all our locations by developing and implementing EHS programs in collaboration with the Human Resources function. We mandate our vendors apply the same principle to their operating environments as well.

We have institutionalized the EOHS policy and implemented appropriate engineering and management controls to mitigate/eliminate EHS risks. At all our workplaces, two safety champions have been deployed on each floor who are specifically trained on all EOHS requirements. We also conduct mock drills once every six months, ensuring adherence to safety protocols. To imbibe a culture of safety, all employees undergo safety training programs once every three months, where they receive specific training to tackle emergencies. Individual employee health check-ups are also a part of this initiative.

### Company's Environmental, Occupational Health and Safety (EOHS) Policy

Cyient shall strive to have a minimal impact on its operations on the environment. We shall ensure the health and safety of all our associates and interested parties in line with our business objectives. Cyient shall implement and comply with applicable legal and regulatory requirements. Our EOHS policy is committed to continuously improving the EOHS management system to prevent any injury to people and minimize pollution. The policy is reviewed periodically to stay relevant to changing times and needs.

#### Objective of the policy

- Manage environmental, health, and safety system effectively by monitoring the processes and achieve continual improvement.
- Provide and maintain a safe work environment.
- Protect the environment by minimizing pollution and strive towards optimum consumption of natural resources and energy.
- Provide the necessary information, instruction, training, and supervision to ensure the health and safety of all stakeholders.
- Elimination of accidents and incidents.

**To achieve our goal to make our workplace safe, we work towards:**

Eliminating all hazards at our facilities.

Substituting hazardous material and processes to reduce risks arising out of them.

Engineering controls such as Isolating or enclosing the hazards

Administrative Controls i.e., developing work methods to reduce the conditions of risk by institutionalizing Safe Operating Procedures, training staff, using Personal Protective Equipment (PPE)
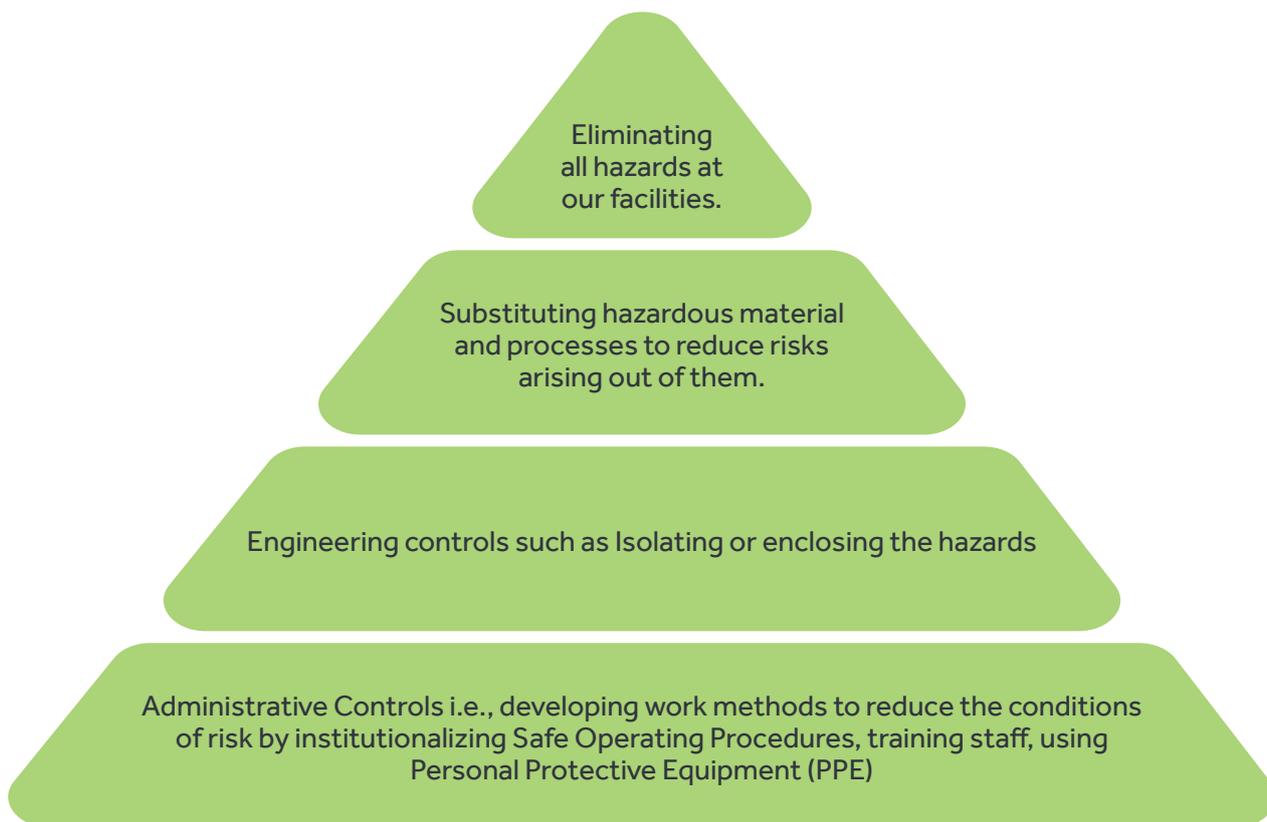
Our well-defined security system and automation in transportation, further strengthens our internal security, ensuring employee safety as they commute to the workplace. Cyient is committed to adopting fair business practices in all its operations and value chain. To protect employee rights, we have developed a Modern Slavery Statement outlining the steps undertaken to ensure that there are no instances of modern slavery in our business and supply chain. All our associated suppliers/ vendors are required to strictly abide by the 'no child labour' and 'no forced or compulsory labour' policy in their business operations. All vendors must strictly adhere to all the applicable laws and regulations relevant to their geographies and operations.

**Safety Training:** Refreshers safety champion sessions, General safety Awareness (Floor session), First Aid- Basic Life Support, Building Evacuation Awareness Session for ERT members, I Own My safety –It's Time for Change, COVID- Behaviors, Facts & Action to stay Safe, Guidelines for Associates to Resume Work From Office, Safety Leadership sessions, Safety at work.

**Health and safety management certification: Facilities certified under ISO 45001**

- Uppal
- Manikonda
- Cyient Australia Pty Ltd., Melbourne
- Cyient Australia Pty Ltd, Sydney
- Cyient DLM Private Limited, Unit-1, Mysore

- Cyient DLM Private Limited, Unit-2, Mysore
- Cyient Europe, Cheddar
- E-City, Bengaluru
- Cyient DLM Private Limited - Rajajinagar

## TOOLS ENABLING ROBUST EOHS MANAGEMENT

### Aspect Impact, Hazard Identification, Risk Assessment (AIHIRA) Procedure:

The significance of implementing this procedure is to identify the hazards, understand the nature of risks and their impact. It explores options to reduce the impact/ eliminate the risks and reviews initiatives to ensure they are effective and as per Cyient's goals.

AIHIRA enables us to limit the damage of the environmental aspects and assess the relevant impacts. It focuses on the identification of Hazards and Risks considering the applicable regulatory and other requirements. It evaluates the environmental impacts and risks and provides guidance for further action to contain the same. The policy identifies specific responsibilities and promotes a mechanism to establish objectives and operational control to reduce the impact of Cyient's business on the environment and the health and safety of associates. These measures are implemented at all our facilities, both owned and those leased by the company. The responsibility of implementing this procedure lies with the respective location Head-F&S.

As of March 2021, there have been zero injuries and fatalities reported for the financial year.

**Following diagram represents the steps involved to in AIHRA procedure.**
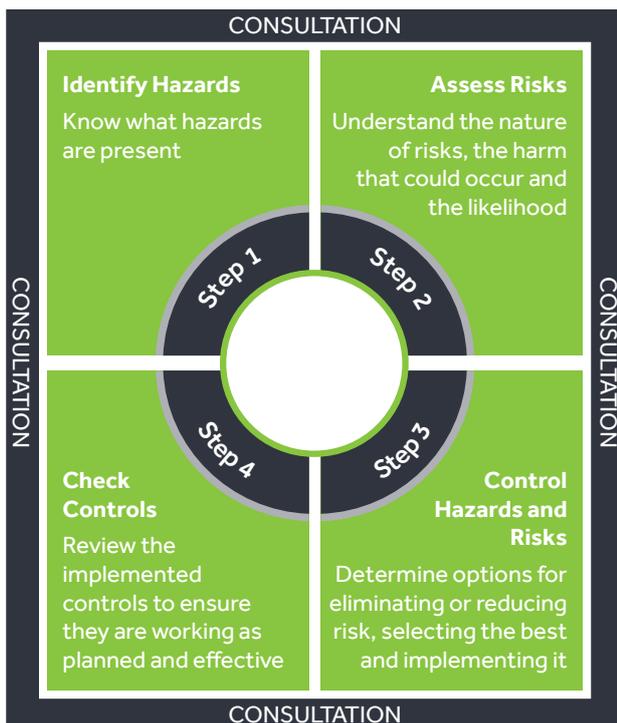


### Hazard Identification and Risk Assessment:

The functional heads are entrusted with the responsibility of identifying all potentially hazardous situations which could adversely affect the occupational health & safety of employees at the workplace, including contractual staff and visitors. Information related to the following factors are taken into consideration while identifying hazards and associated risks:

A. Organization of the workplace, social factors (including workload, work hours, victimization, harassment, and bullying), leadership, and the culture in the organization.

B. All routine and non-routine activities and situations, including hazards arising from:
   - Infrastructure, equipment, raw materials, service designs, products, research, development, testing, production, assembly lines, construction, service delivery, maintenance, and disposal. It also includes risks arising due to human factors, including how tasks are performed.

C. Past incidents, internal and external, including emergencies and their causes.

D. Potential emergency situations caused by work-related activities.

E. People: all employees with access to the workplace and their activities, contract workers, and visitors in the vicinity of facilities who are likely to be affected by the activities of the organization. It also includes workers at a location not under the direct control of the organization.

The hazards identified are recorded in OR-002-AIHRA Hazard Identification/Risk Assessment statement. They are categorized as physical, chemical, ergonomic, biological, radiation, and psychological as mentioned below:

| Type of Hazard | |
|---|---|
| **Chemical hazards**<br><br>Depends on the physical, chemical, and toxic properties of the chemical; reactive, corrosive, and flammable substances. | **Biological hazards**<br><br>Animal and insect bites such as snakes, dogs, bees, and rats, exposure to contagious diseases, viral infections, and allergies. |
| **General hazards**<br><br>Falling (slippery areas), tripping (obstacles in walkways), open pits& drains, improper housekeeping, contact with sharp objects. | **Exposure to energy sources**<br><br>Falling objects, entanglement of rotating machinery, fall from height (working at height). |
| **Ergonomic**<br><br>Repetitive movements, improper set up of workstation, working in confined space and in awkward postures, congested place work, inadequate headspace, manual lifting of heavy loads in wrong postures. | **Exposure to heat**<br><br>Steam, hot oil, fire, explosion, electrical shock due to defective electrical appliances, improper maintenance, open electrical circuits. |
| **Human behavior**<br><br>Carelessness, not adhering to rules / Practices, unskilled staff, employees with medical problems.<br><br>**Mental capabilities**<br><br>Stress, low understanding, lack of proper communications, disheartened, improper work planning leading to workload etc., | **Job factors**<br><br>Missing or unclear instructions; Poorly maintained equipment; High workload; Noisy and unpleasant working conditions; Poor design of plant and equipment; ineffective training; Inadequate supervision; Inadequate resources (e.g., people and equipment); |

# 10.3.
# COMMUNITY

Cyient's Corporate Social Responsibility (CSR) is led by our philosophy, "Empowering Tomorrow Together." We endeavor to use the transformative power of education and technology to drive holistic community development—empowering the societies that we live and work in. With the purpose of creating sustainable value, the Cyient Foundation has year-on-year steadfastly supported social initiatives that facilitate quality education, skill development, business-aligned social innovation, and environmental development projects. We have spent the last 30 years building Cyient into a robust and multifaceted company, consistently creating high value for shareholders, including our communities. Our CSR initiatives are shaped by this thinking and driven by the belief that a responsible organization must focus as much on its impact on society as creating business value.

## CSR VISION:

Our CSR vision is to empower the community through education and sustainable employment. Education and skill development can empower any individual, and an empowered individual can make a better nation. This idea has been our primary focus this year. We are committed to turning our vision into reality by undertaking various CSR responsibilities. The key focus areas of Corporate Social Responsibility for us are:

- help underprivileged children to access the quality education
- enhance the skills of unemployed women and youth to gain a sustainable livelihood
- to participate in projects with social innovation aligned with business innovation

## CSR MISSION:

We aim to achieve long-term, holistic development of the community around us and create and support programs that bring about sustainable changes through education, skills, community development, and quality health care

systems. The CSR Policy, projects, and programs may be accessed at http://www.cyient.com/about-us/corporate-social-responsibility

## CYIENT'S CSR APPROACH – HOLISTIC DEVELOPMENT:

Cyient's Corporate Social Responsibility (CSR) activities are spearheaded by the Cyient Foundation and Cyient Urban Micro Skill Center Foundation and is guided by its CSR committee and policy and vision. The Company has formed a CSR committee as per Section 135 of the Companies Act, 2013 to formulate and recommend to the Board a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified by law. The CSR committee is comprised of Mr. Vinai Thummalapally, Mr. BVR Mohan Reddy, and Krishna Bodanapu. B. Ashok Reddy, President – Corporate Affairs & Infrastructure, is a permanent invitee to the committee.

Our key CSR initiatives for the financial year include the following

## Education

- Values Enriched Education
- Language and Numeracy
- STEM Education
- ICT Education
- Practical Education / Learning through LABS
- Infrastructure for School Education
- Teachers Trainings and Competency building
- Computer Literacy / Coding Labs / E-Learning Labs
- Health and Hygiene facilities in schools
- Food / Nutritional Supplements to Children
- Deployment of Additional Teaching and Support Staff
- Provide basic facilities and amenities in Govt. Schools
- Promotion of Greenery and Water harvesting

## Health Sanitation & Hygiene

- Build and Maintain Toilets in Schools
- Open Defecation Free Villages
- Support for WASH facilities in Educational Institutions
- Quality Health Care to Rural Villages
- Provide purified drinking water
- Support the Primary Health Care Centers in Villages
- Promotion of Hygiene Practices
- Creating awareness on menstrual hygiene in Girls
- Distribution of Sanitary Napkins and materials
- Provide Eyecare to school children
- Conduct / Organize Medical Camps in Schools and Villages

## Disaster Relief and Rehabilitation

- Community / environmental development projects
- Eradicating extreme hunger and poverty
- Disaster management, including relief, rehabilitation, and reconstruction activities
- Promotion of health care, including preventive healthcare
- Sanitation and disaster management
- Awareness programs and public outreach campaigns for the covid-19 vaccination drive
- Child safety and protection in Government. Schools

## Skill Development

- Provide Vocational Skills Trainings
- Provide IT/ITES Skills Trainings
- Mentorship Programme for Girls
- Provide Employment through industry connect
- Enhance the Digital Skills

## IT Literacy

- Provide basic IT / Digital Skills Trainings
- Provide Computers Literacy Trainings
- Trainings to Community on e-Governance
- Assist the community through certification programs
- Enhance the Digital Skills

## Associates Volunteering

- Associates / Employee Volunteering
- Creating avenues for interventions
- Promotion Green Initiatives
- Teacher Trainings
- Computer Literacy trainings to school children
- Participation in community awareness programs

## DETAILS OF CSR SPENT DURING THE fINANCIAL YEAR

Total amount spent for the financial year: ₹ 102 million

## STAKEHOLDER PARTICIPATION

Cyient Customers and employees have participated in our Education, IT Literacy and Skill Development Initiatives. They have contributed to improving building school infrastructure and amenities and donating equipment, facilities.

Our associates devote their time and expertise to empower communities.

**Key Customers Contributions:**

- IENR
- Philips Consumers
- Thales-
- TOMTOM
- Transportation Business
- VWT
- Telstra
- BT
- Pratt and Whitney

| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 |
|---|---|---|---|---|---|---|
| No of CSR Volunteers | 2,685 | 3,218 | 3,961 | 4,283 | 4,532 | 5,018 |
| Volunteering hours | 8,878 | 9,271 | 11,612 | 28,127 | 32,184 | 22,386 |

## OUR FOCUS AREAS

**Education:**

The right to quality education is at the heart of our education program. We provide quality education to children to improve their learning outcomes by making schools fun and healthy. Cyient provides infrastructural support to the government schools it adopts under its CSR ambit. Our initiatives have been running at our network of schools for a few years now. We conducted an impact assessment of the program via external organizations, which showed that since 2007, over 1 lakh children were educated through our education CSR initiative. Currently, we are supporting 28 schools, where we built sanitation facility units that resulted in no open defecation in the schools. In order to maintain a regular check on the cleanliness of the sanitation facilities, we have deployed staff/security in the schools.



**Graphical Representation of Schools Vs. Children:**



| | AY 16 | AY 17 | AY 18 | AY 19 | AY 20 | AY 21 |
|---|---|---|---|---|---|---|
| No. of Children | 10,580 | 11,410 | 15,863 | 17,682 | 18,620 | 18,950 |
| No. of Schools | 16 | 16 | 25 | 27 | 28 | 28 |

■ No. of Schools    ■ No. of Children
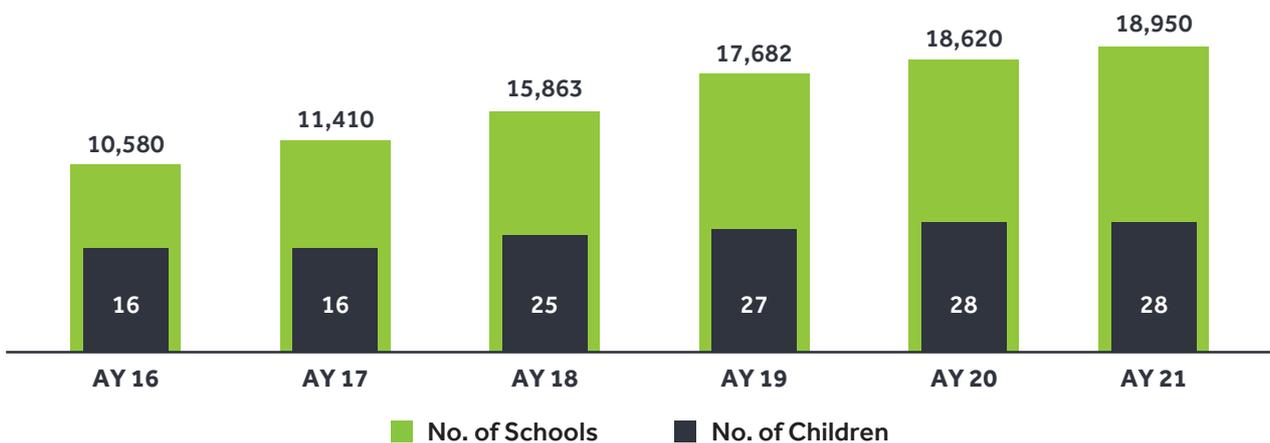
## Innovative teaching and learning:

To bring innovative education to underprivileged children, we developed Smart Classrooms, Digital Center, and Digital Library and equipped them with high-quality resources aligned with the Digital India program.

Smart classrooms are technology-enhanced learning facilities that enable teaching and learning digitally. The classrooms come equipped with digital displays and audio-visual tools to make lectures sessions easier, engaging, and interactive.

Digital Libraries help underprivileged students access high-quality educational resources. The online learning portal is provided for students of class 1 to 10 and their teachers. CDs and DVDs to supplement the portal to access content offline. Learning resources for various subjects (Science, Mathematics, English and Social) are available in multiple formats, including animations, video lectures, presentations, class notes, worksheets, mind maps.

We are democratizing learning for students to have access to a wealth of knowledge, including courseware, general knowledge, and current affairs online. We are working with community members from the age of 10-60 years to make them digitally literate.

## Special focus on the Girl Child:

Specially designed girl-child care, separate toilet for girls, one female teacher in each shift, and special sensitization campaigns through Cyient volunteers have been put in place to encourage parents to send their daughters to school.

### School Children Admissions, Girl Child Admission, and SSC (Class 10) Pass Percentage

| | AY 16 | AY 17 | AY 18 | AY 19 | AY 20 | AY 21 |
|---|---|---|---|---|---|---|
| New Admission % | 19.5% | 21.1% | 22.6% | 23.5% | 24.0% | 24.0% |
| Girl Child % | 52.0% | 52.5% | 54.0% | 54.3% | 55.0% | 56.5% |
| Pass % | 82.5% | 84.3% | 85.0% | 86.1% | 86.5% | 89.8% |
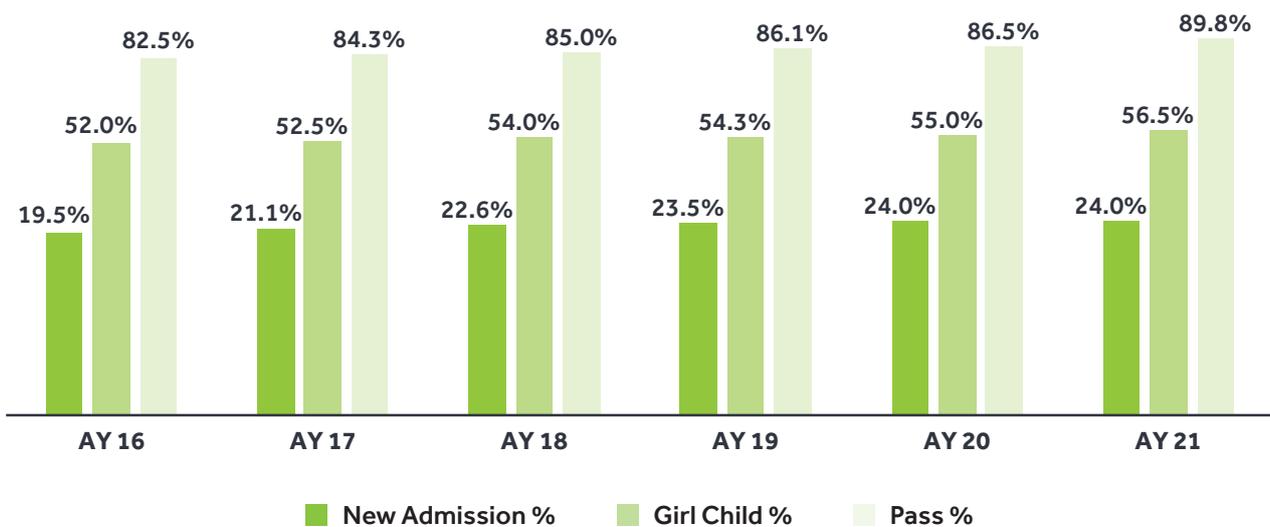
## Programs adopted to enhance new admissions and reduce the dropouts:

- Cyient associates volunteered to conduct various meetings with children, parents, and the local community to bring awareness on education and its impact on child's future

- Volunteers conducted career guidance programs to present sustainable earning sources to the children after completing their secondary school (SSC)

- Supplied food supplements and snacks to children who attended extra classes

## Impact Assessment:

The impact assessment of this education program was carried out by Surge Impact, Janma Foundation & Digital Empowerment Foundation on Cyient Foundation Social Investment and Returns. It was found that through this initiative, the girl child literacy rate increased to 86%. In addition, the assessment revealed 100% utilization of Cyient's digital center and courseware, along with 76% improvement in the involvement of parents in their children's development.

### Highlights

- Currently supporting 28 government schools and over 18,900 school children
- Overall dropout rate reduced to 4% and girl child dropout rate decreased to 3%
- 0% open defecation and malnutrition in the schools

### Achievements

- Girl child literacy around the school communities grew to 88%
- Women empowerment and involvement in learning increased to 85%
- 100% utilization of Cyient Digital Centers and the courseware
- Parental communication with respect to children's performance increased to 89%

### Case Study:
### Adopting schools primarily for the benefit of children belonging to economically weaker sections of society

### Objective

In our country, accessing quality education is a challenge for students from the weaker sections of society. Government schools face the dual challenge of attracting children to join schools and preventing them from dropping out. Many children from low socio-economic backgrounds discontinue their education under financial and social duress. Moreover, the schools they can afford lack basic infrastructural amenities, including toilets, especially for girls. Telangana & Andhra Pradesh, the states where most Cyient facilities are housed, has a growing economic footprint but lags in the availability of adequate skilled resources. The lack of access to quality education prevents underprivileged children from being groomed to form a formidable talent pool for the states. These unserved students from impoverished families, many of whom are Scheduled Castes and Tribes, struggle to get quality education in government schools. As a result, they fail to qualify for the first hurdle of school-leaving exams, SSC, considered the basic eligibility for secure jobs.

### The Project

Cyient Foundation aims for the long-term, holistic development of the community by providing access to quality education. It focuses on improving the quality of teaching and infrastructure to attract new students and contain drop-out rates at government schools and make them a preferred option for education. It equips these schools with sanitation facilities for the girl child, mid-day meals, and infrastructural support. Cyient Associate volunteers meet children, parents, and the local community to spread awareness about the importance of education. Experts survey stakeholders like government, community, and school children to ascertain the target schools to include in this program.

### Outcome

The school adoption initiative was started in 2007-08 with two schools and 850 children. Today, Cyient Foundation supports 28 Schools with more than 18500 children. The project is to be undertaken on a continuous basis and support shall be extended on a long-term basis.

## IT LITERACY

Aligning with the PM's Digital India mission, Cyient works with communities to enhance IT literacy. We operate 70 Cyient Digital Centers (CDCs) in schools and community halls and offer certified IT training. To date, we have trained over 5,000 government teachers and benefitted 20,000 people from these programs.



### Assessing the impact of our IT literacy programs:

The Cyient Digital Centers (CDC) provides access to IT literacy programs to over 30,000 people living around the center in Telangana.

**Graphical Representation of Adult Digital Literacy training:**



| | AY 16 | AY 17 | AY 18 | AY 19 | AY 20 | AY 21 |
|---|---|---|---|---|---|---|
| No. of CDC's | 4 | 38 | 57 | 67 | 70 | 70 |
| No. of Participants | 1,008 | 4,670 | 9,412 | 14,609 | 16,975 | 18,650 |
| No. of Women | 472 | 2,172 | 4,310 | 8,204 | 9,414 | 10,512 |
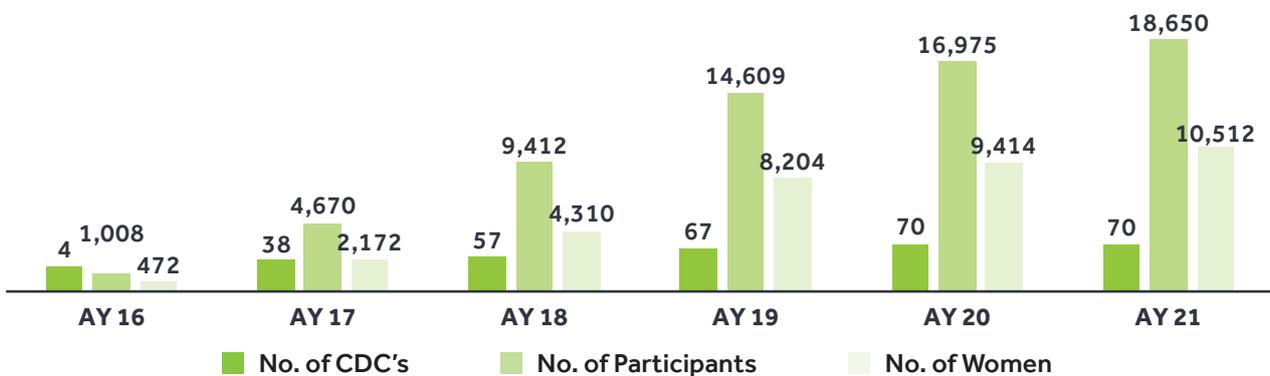
### Covid-19 Response:

We have leveraged the existing CDC's infrastructure to train the Government Schools Teachers on ICT Usage. Cyient engaged a third-party agency to conduct a study to ascertain the ITC teaching skill levels across Government Schools located in Hyderabad, Ranga Reddy, and Malkajgiri districts. The survey covered 954 government schoolteachers. It demonstrated that less than 45% of the government teaching staff in schools have the necessary ICT skills to conduct online classes for the children.

Survey Results in Graphical representation: Government teachers versus Cyient schools teachers ICT Skills Comparison.
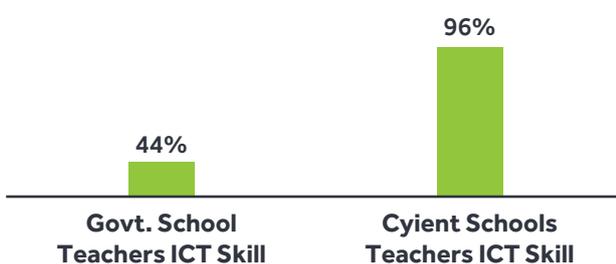
Confederation of Indian Industry, Telangana, and Cyient had initiated a program to train government teachers on computer literacy and enhance their digital skills.

- 1092 Cyient CSR Volunteers and 70 Cyient CDC's staff spent 21,802 training hours and trained 5,075 government school teachers using online and in-person sessions.

- Cyient received an award from the IT Minister of Telangana for this initiative during CII Annual Meeting.

**ICT Skills comparison**



| Govt. School Teachers ICT Skill | Cyient Schools Teachers ICT Skill |
|---|---|
| 44% | 96% |

## Impact Assessment:

The Surge Impact, Janma Foundation & Digital Empowerment Foundation helped assess the impact of the IT literacy program. It was observed that 55% of the non-IT literate women participated in the training, along with 85% of adults and students, benefitted and could use and access e-governance facilities.

### Highlights

- 70 Digital Centers; and over 18,500 adults (men and women, age 16 to 60 years) are successfully certified L1 and L2 IT literates
- 10,500+ adult women participated in our CDC L1 certification program
- Both school children and their parents have access to unique learning methodologies at our CDCs

### Achievements

- 85% of adults/students believe that the IT education helped them successfully access e-governance
- The CDCs have recorded 85% of community utilization
- 55% of non-IT literate adult women participated in IT literacy training

## Case Study: Bringing IT Literacy to the Rural Community

### Objective

In recent times, Information and Communication Technologies (ICTs) have accelerated economic growth and have changed how communities live, interact, earn. These technologies offer the leverage communities need to overcome the barriers of inequitable growth. The information technology revolution has created a connected world where we can access everything at a click, including a vast repository of knowledge & services. However, many people are excluded from this connected world and its benefits as being digitally illiterate.

Making one person in every family digitally literate is one of the integral components of the Prime Minister's vision of "Digital India". The Digital Saksharta Abhiyan or National Digital Literacy Mission (NDLM) Scheme aims to train 52.5 lakh citizens, including Anganwadi and ASHA workers and authorised ration dealers in all the States/UTs across the country. This will help them become IT literate, effectively participate in the democratic and developmental process, and enhance their livelihoods.

In line with the national imperatives, Cyient Foundation facilitated the deployment of citizen services through digital means. It aims to reduce the losses suffered by under-served communities as they try to meet their basic human needs. The foundation aims to digitally empower citizens by creating the digital infrastructure needed to improve digital literacy and access citizen services.

### The Project: Cyient Digital Literacy Centers:

India's population will be close to 1.5 billion by 2030. The country needs to ensure adequate employment opportunities for the people when they are eligible to work. Currently, India has nearly 10 million people who join the workforce every year. For the under-served communities, including children and teachers, awareness of the internet and

available digital learning resources is limited. There is a critical need for improving digital literacy among these children, our future citizens. In a connected world, there will be a need for digitally skilled talent. Cyient Foundation supports the National Digital Literacy Mission by setting up Cyient Digital Literacy Centers in and around the company's facilities.

### Progress and Outcome

The Cyient Digital Centers (CDC) provide access to digital literacy to more than 30,000 citizens living around the centers. CDC's aims to improve digital literacy and deploy digitally-enabled citizen services in these communities. with the program engages children, youth, and women and empowers these under-served groups to improve access to social and economic benefits.. The digital center is a step to open the windows of information for them and groom them to become part of the digital workforce.

## Skill Development:

Cyient aims to build an ecosystem of employable individuals. To this end, we have initiated comprehensive skill development programs for our communities. These programs can be categorized into vocational skills (for jobless/dropouts); and IT skills (for graduates/diploma). We established Urban Micro Skill Centers (UMSC) in large slums to train unemployed youth and women in baking, beauty services, retailing and bedside assistance. The UMSC have trained more than 900 community members. Of these, 321 trainees have found jobs in retail outlets, malls, and bakeries. We have placed more than 500 youth trainees who underwent IT/ITES skill development programs at UMSC. Since the program was rolled out, we have helped 1,500 people get employment.





## COVID-19 Response:

In the ongoing pandemic, Cyient Urban Micro Skill Center (CUMSC) focused on training women and standing by the Telangana Government to address the Covid related challenges.

- In the reporting year, we have trained 300 candidates following necessary Covid-19 guidelines

- We have introduced bedside care service for patient's post-discharge from hospitals to generate employment for trainees
- 194 trainees have secured employment with an average earning of ₹ 8000 a month

## CUMSC – Training & Placement Chart

Tailoring: Trained 100, Placed 65
Bakery: Trained 75, Placed 42
Retailing: Trained 75, Placed 37
Bedside Care: Trained 50, Placed 50

**Trained** ■   **Placed** ■
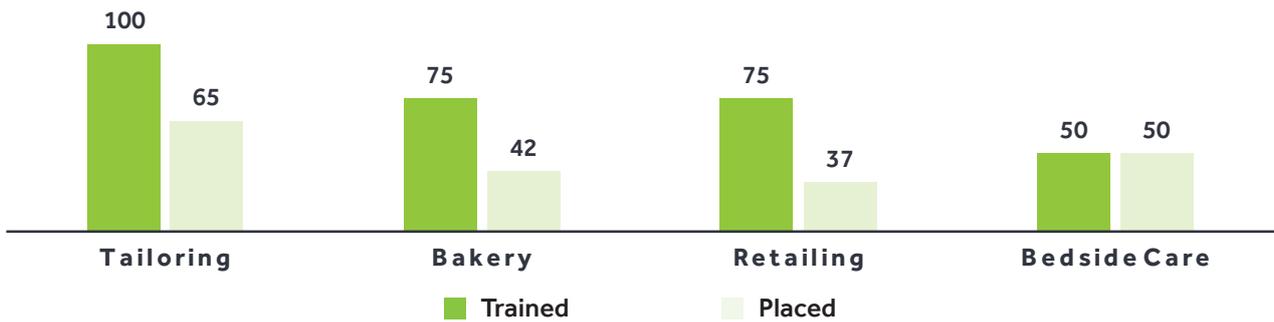
Our CUMSC is continuing to assist the State Government of Telangana, Ministry of Healthcare, and Greater Hyderabad Municipal Corporation to combat the Covid-19 pandemic by providing personal protective equipment like masks and suits.

## Masks Production-CUMSC                      Avg. Over 53 K

| Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 | Feb 21 | Mar 21 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 55,060 | 59,230 | 54,160 | 54,595 | 56,420 | 57,455 | 55,270 | 55,212 | 55,345 | 54,875 | 51,650 | 50,045 |

## Suits production-CUMSC

| Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Jan 21 | Feb 21 | Mar 21 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| 350 | 386 | 301 | 310 | 406 | 412 | 425 | 416 | 521 | 525 | 509 | 504 |
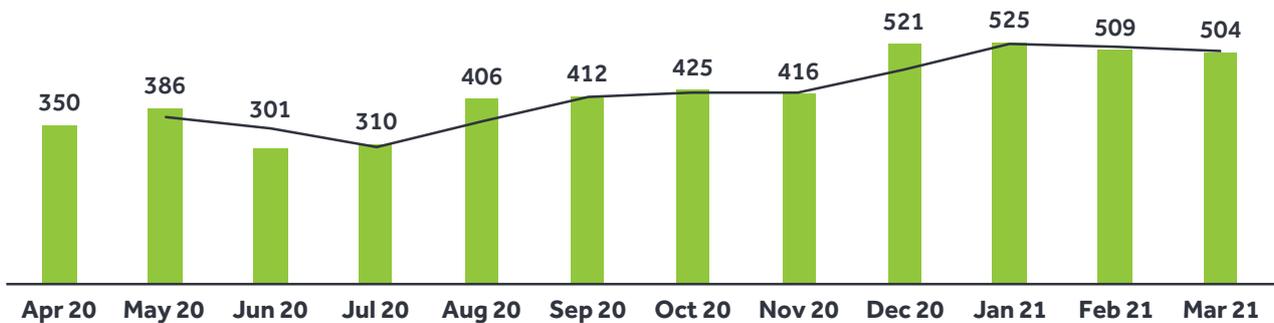
**6,59,317**
3-ply cotton masks have been stitched by the tailoring students

**Distributed masks to Telangana State Medical Infrastructure Development Corporation, underprivileged people living in and around the skill center, and to the children, teaching, and support staff in Government Schools.**

**5,092**
PPE suits stitched and distributed to Government Health Workers, Sanitation staff, and Municipal Corporation workers working relentlessly in the containment zones in Serilingampally Mandal, Telangana.

*Distribution of masks to a central medicine store in Hyderabad*



*Masks being stitched by tailoring students*



*PPE kits being stitched at the Urban Micro Skill Center*



*Women showcasing PPE kits being stitched at the Urban Micro Skill Center*



*Distribution of masks to communities around the Skill Center*

# 11. Sustainability Outlook

To thrive in an increasingly uncertain world, businesses must periodically evaluate ESG risks to identify the risks and devise effective elimination and mitigation plans to enhance business resilience.

We have committed to enhancing our non-financial performance and impact through our ESG framework. We have integrated and strengthened ESG aspects across our value chain. The framework extends far beyond compliance requirements and aims to create long-term sustainable shared value for all stakeholders.

We have committed to striving to enhance our non-financial performance and impact through our ESG framework. We have integrated and strengthened ESG aspects across our value chain. The framework extends far beyond compliance requirements and aims to create long-term sustainable shared value for all stakeholders.

To accelerate Cyient's ESG transformation and strengthen our governance and community commitments, we are also kick-starting a journey to become carbon and water neutral by 2025. Our rich layers of Industry 4.0, sustainable solutions such as Design for Circularity shall provide a platform for future transformation. With each passing year, we aspire to raise the bar in our sustainability journey. We will continue to go deeper into our value chain and adopt new, innovative concepts to strengthen our financial and non-financial performance to 'design a sustainable tomorrow' for ourselves and our stakeholders.

In the 'Decade of Action,' from now on, we shall strive to make steady progress by achieving the adopted milestones. Considering the links between ESG and business value is essential, our constant endeavor to 'Design a Sustainable Tomorrow' shall be our continuous endeavor for ourselves and our stakeholders.

# 12. Appendix

## 12.1. ABBREVIATION

| Abbreviation | Full form |
|---|---|
| **AIHIRA** | Aspect Impact, Hazard Identification, Risk Assessment (AIHIRA) |
| **APAC** | Asia-Pacific |
| **BLP** | Business Leadership Program |
| **CDC** | Cyient Digital Centers |
| **CII** | Confederation of Indian Industry |
| **CoE** | Center of Excellence |
| **COVID-19** | CoronaVirus Disease |
| **CSR** | Corporate Social Responsibility |
| **CUMSC** | Cyient Urban Micro Skill Center |
| **D&I** | Diversity and Inclusion |
| **DIEL** | Diversity, Inclusivity, Equity driven Leadership |
| **DLM** | Design-led Manufacturing |
| **EHS** | Environment, Health and Safety |
| **ELP** | Emerging Leader Program |
| **EMEA** | Europe, the Middle East and Africa |
| **EOHS** | Environmental, Occupational, Health and Safety |
| **ERM** | Enterprise Risk Management |
| **ER&D** | Engineering and Research and Development |

| Abbreviation | Full form |
|---|---|
| **ESG** | Environment, Social and Governance |
| **FCPA** | Foreign Corrupt Practices Act |
| **FIRST** | Fairness, Integrity, Respect, Sincerity, Transparency |
| **GRI** | Global Reporting Initiative |
| **ICT** | Information, Communication and Technology |
| **IGBC** | Indian Green Building Council |
| **ITES** | Information Technology Enabled Services |
| **LEAP** | Leadership Accelerator Programme |
| **LED** | Light-emitting diode |
| **NDLM** | National Digital Literacy Mission |
| **NHRD** | National HRD Network |
| **OEM** | Original Equipment Manufacturer |
| **PoSH** | Prevention of Sexual Harassment |
| **SEBI** | Securities and Exchange Board of India |
| **S&P** | Standard and Poor |
| **UN SDGs** | United Nations Sustainable Development Goals |
| **UPS** | Uninterruptible Power Source |

## 12.2.
# GRI CONTENT INDEX

The table below provides the linkage between the material aspects identified through our materiality assessment exercise and the GRI Standards aspects, followed by the GRI Standards content index.

| GRI Standard Index | Disclosure Title | Page Number |
|---|---|---|
| **GRI 102: General Disclosures** | | |
| **Organizational profile** | | |
| 102-1 | Name of the organization | 1 |
| 102-2 | Activities, brands, products and services | 15-16 |
| 102-3 | Location of headquarters | 17 |
| 102-4 | Location of operations | 16-17 |
| 102-5 | Ownership and legal form | Cyient is a public limited company registered under the Company Act 1956 |
| 102-6 | Markets served | 16-17 |
| 102-7 | Scale of the organization | 17 |
| 102-8 | Information on employees and other workers | 63-64 |
| 102-9 | Supply chain | 60-61 |
| 102-10 | Significant changes to the organization and its supply chain | 60-61 |
| 102-11 | Precautionary Principle or approach | 44-45 |
| 102-12 | External initiatives | 78-87 |
| 102-13 | Membership of associations | 20 |
| **Strategy** | | |
| 102-14 | Statement from senior decision-maker | 6-11 |
| **Ethics & Integrity** | | |
| 102-16 | Values, principles, standards, and norms of behavior | 15 |
| **Governance** | | |
| 102-18 | Governance structure | 37-43 |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | 38, 40 |
| **Stakeholder Engagement** | | |
| 102-40 | List of stakeholder groups | 27 |
| 102-41 | Collective bargaining agreements | 73 |

| GRI Standard Index | Disclosure Title | Page Number |
|---|---|---|
| 102-41 | Identifying and selecting stakeholders | 28 |
| 102-43 | Approach to stakeholder engagement | 28 |
| 102-44 | Key topics and concerns raised | 29 |
| **Reporting Practices** | | |
| 102-45 | Entities included in the consolidated financial statements | 48 |
| 102-46 | Defining report content and topic Boundaries | 25 |
| 102-47 | List of material topics | 29 |
| 102-48 | Restatements of information | Not applicable as this is company's maiden sustainability report |
| 102-49 | Changes in reporting | Not applicable as this is company's maiden sustainability report |
| 102-50 | Reporting period | 25 |
| 102-51 | Date of most recent report | This is company's maiden sustainability report |
| 102-52 | Reporting cycle | 25 |
| 102-53 | Contact point for questions regarding the Report | 25 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 25 |
| 102-55 | GRI content index | 91-93 |
| 102-56 | External assurance | - |
| **Management Approach** | | |
| 103-1 | Explanation of the material topic and its Boundary | 27-29 |
| **GRI 200: Economic Performance** | | |
| **Economic Performance** | | |
| 201-1 | Direct economic value generated and distributed | 48 |
| **Procurement Practices** | | |
| 204-1 | Proportion of spending on local suppliers | 60 |
| **Anti-Corruption** | | |
| 205-1 | Operations assessed for risks related to corruption | 43 |
| 205-2 | Communication and training about anti-corruption policies and procedures | 43 |
| **GRI 300: Environment Performance** | | |
| **Energy** | | |
| 302-1 | Energy consumption within the organization | 52 |
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| GRI Standard Index | Disclosure Title | Page Number |
|---|---|---|
| **Water and Effluents** | | |
| 303-4 | Water discharge | 54 |
| 303-5 | Water consumption | 54 |
| **Emissions** | | |
| 305-1 | Direct (Scope 1) GHG emissions | 52 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 52 |
| 305-5 | Reduction of GHG emissions | 52 |
| **Effluents and Waste** | | |
| 306-2 | Waste by type and disposal method | 55 |
| **Environment Compliance** | | |
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| **GRI 400: Social Performance** | | |
| **Employment** | | |
| 401-1 | New employee hires and employee turnover | 63-64 |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 70-71 |
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| **Occupational Health and Safety** | | |
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| 403-2 | Hazard identification, risk assessment, and incident investigation | 76-77 |
| 403-5 | Worker training on occupational health and safety | 74-75 |
| 403-9 | Work-related injuries | 76 |
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| **Training and education** | | |
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| 404-2 | Programs for upgrading employee skills and transition assistance programs | 65-66 |
| 404-3 | Percentage of employees receiving regular performance | 69 |
| **Diversity and equal opportunity** | | |
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