

Dt. 01 / 09 / 2013

**Mahindra Sanyo Special Steel Private Limited,  
Sustainable Supply Chain Management  
Supplier Code of Conduct**

**I. Background**

Mahindra Sanyo Special Steel Private Limited (refer as MSSSPL) believes that it is in the mutual interest of both MSSSPL and its suppliers to meet the present and future requirements of business and the society. This includes demonstrating responsibility towards the people involved in the manufacture and delivery of products and services

In order to make its position clear to all suppliers, MSSSPL has established the MSSSPL Code of Conduct for Suppliers (the "Code"). The Code describes MSSSPL's corporate social responsibility requirements for suppliers. As a condition of doing business with MSSSPL, we expect suppliers to comply with these requirements. It is MSSSPL's intention to maintain this Code in a spirit of constructive dialogue and in partnership with suppliers, for the mutual benefit of both parties.

**II. Level of standards**

MSSSPL expects that suppliers adhere to all applicable laws, rules and regulations and strive to achieve both the international and industry best practices. The provisions as set forth in this Code of Conduct provide the **minimum standards** that have to be met in order to be an approved supplier to MSSSPL and the **qualifying standards** that MSSSPL also expects a supplier to meet in the near future, but not necessarily before being approved as a supplier to MSSSPL.

- a. The **minimum standards** must be fulfilled before being approved as a supplier. Existing supplier will be placed in the "probation" list if they fail to meet the minimum standards. MSSSPL will jointly work with such suppliers to place them in the active list by achieving minimum standards in the shortest possible time.
- b. Regarding the **qualifying standards**, MSSSPL expects that the suppliers establish clear policies, goals and action plans toward meeting these standards set forth in the Code of Conduct. MSSSPL will monitor the milestones set and management systems put in place to ensure that the qualifying standards will be fulfilled in course of time. Failure to do so may impact the future ability of a supplier to do business with MSSSPL.

MSSSPL recognizes that reaching all the standards established in this Code of Conduct is a dynamic rather than a static process and encourages suppliers to continually improve their performance metrics.

**III. Evaluation and follow up**

Suppliers will be asked to provide information as & when required regarding the status of their performance against the standards in this Code of Conduct. Based on this information, the suppliers will be evaluated and the results will be measured and compared. MSSSPL may conduct on-site evaluations and inspections of the supplier's facilities in order to review the progress towards these standards. MSSSPL encourages the suppliers to evaluate and follow-up their sub-suppliers as the information about their compliances with this Code of Conduct might be required by MSSSPL to assess the risk & opportunities in the entire supply chain. All the information obtained from such evaluations will be kept strictly confidential.

Progressively MSSSPL will embed the sustainability metrics with appropriate weightages for evaluation of vendor performance criteria.

#### **IV. Eligibility of the Supplier Code of Conduct**

The provisions of this Code of Conduct set forth the minimum standards and qualifying standards of all suppliers and their sub-suppliers in the supply chain. The suppliers shall ensure that their relevant sub-suppliers meet the principle in this Code of Conduct or relevant set of principles.

#### **V. The MSSSPL Standards**

The standards are grouped into three main areas:

- A. Environment**
- B. Labour**
- C. Business Ethics.**

The general expectations of MSSSPL regarding these areas are the following:

##### **Environment:**

MSSSPL expects its suppliers to have an effective environmental policy and to comply with existing legislation and regulations regarding the protection of the environment. Suppliers should wherever possible support a precautionary approach to environmental matters, undertake initiatives to promote greater environmental responsibility and encourage the diffusion of environmentally friendly technologies thereby implementing sound life cycles practices. Suppliers should strive to implement recognized management systems and guidelines such as ISO 14001.

##### **Labour:**

MSSSPL expects its suppliers to support and respect the protection of internationally proclaimed human rights and to ensure that they are not complicit in human rights abuses.

##### **Business ethics:**

MSSSPL expects all suppliers to adhere to the highest standard of ethical conduct.

##### **Minimum Standards**

All MSSSPL suppliers are obliged to fulfill the minimum standards as described below.

##### **A. Environment**

MSSSPL requires its suppliers to have an environmental policy statement.

## **B. Labour**

### **i) Child Labour**

MSSSPL respects the children's right to development and education. Therefore MSSSPL does not accept the use of child labour as a part of work force at the Supplier. This means not to employ Children under the age of 18, children younger than the legal minimum age.

### **ii) Discrimination**

MSSSPL respects cultural differences and does not do business with a Supplier if the Supplier practices discrimination at work based on race, religion, gender, age, nationality or sexual orientation, expression or marital status.

### **iii) Forced Labour**

The Code does not permit forced or involuntary labour at the Supplier. This includes forced prison work; work on a forced contract, slavery and other forms of work, which are done against one's will or choice. MSSSPL does not tolerate employment which confines the employee in unreasonable debt bondage etc.

### **iv) Harassment , Harsh or Inhumane Treatment:**

MSSSPL requires its suppliers to create and maintain an environment that treats all employees with dignity and respect and will not use any threats of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse. No harsh or inhumane treatment or coercion or corporal punishment of any kind is tolerated, not is there to be the threat of any such treatment.

## **C. Business Ethics**

### **i) Anti bribery**

The Company has a zero tolerance approach to acts of bribery and corruption, by employees or anyone acting on behalf of the Company. Bribery and corruption are recognized as barriers to sustainable development and free trade. MSSSPL does not accept these practices and therefore does not offer or accept any kind of undue payment in any of our business transactions. Supplier shall act accordingly.

### **ii) Conflict of Interest**

Suppliers must ensure that if the Supplier's employee or his or her family member has a relationship with Mahindra Sanyo Special Steel Private Ltd Company employee who can make decisions that will affect the supplier's business, then the supplier must disclose these types of relationships to the Head of Purchase of the concerned Mahindra Sanyo Special Steel Private Ltd company before entering into negotiations.

**Gifts and Hospitality:**

MSSSPL accept gifts or entertainments if they are consistent with common business practices, are not excessive in value and cannot reasonably be construed as a bribe or payoff and if they do not violate applicable law.

MSSSPL will, however, not accept any benefit to a MSSSPL employee in order to facilitate the suppliers business with MSSSPL.

**Qualifying Standards:**

All MSSSPL suppliers are expected, in case of noncompliance with the qualifying standards in the time of signing a contract with MSSSPL, to have targets and action plans for reaching the qualifying standards, as they are described below.

**A. Environment**

**i) Chemicals and Hazardous Materials:**

Supplier shall ensure that chemicals and hazardous materials are handled, stored and disposed in an environmentally safe way and not to use restricted substances (substances covered under RoHS & REACH)\* in their product and process.

**ii) Air Emissions:**

Supplier shall ensure that air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required by law prior to discharge.

**iii) Greenhouse Gas Emissions:**

The supplier shall strive for continuously decreasing greenhouse gas emissions caused by its business operations, primarily carbon dioxide (CO<sub>2</sub>) emissions. The monitoring and documentation of CO<sub>2</sub> emissions connected to MSSSPL's part of production will be encouraged. Information about the CO<sub>2</sub> management shall be provided to MSSSPL on request.

**iv) Minimize waste, Maximize Recycling:**

Supplier shall ensure that wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required by law prior to discharge or disposal.

Other type of waste is to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and reusing materials.

\* RoHS = Restriction of Hazardous Substance

REACH = Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals

**v) Energy management**

Energy management with focus on minimizing the waste of energy shall be applied in all business operations. Suppliers should strive to implement recognized management system & guidelines such as ISO 50001. Suppliers are encouraged for adoption of renewable energy in their overall mix of energy used.

**vi) Reduction in Water consumption**

Suppliers shall take all effective measures to reduce their intensity of water consumption from operations & processes.

**B. Labour**

**a) The Right to Organize and Collective Bargaining**

The Supplier must not interfere with the worker's right to form and join unions or to bargain collectively. This means that Supplier must recognize his employees' right to choose whether or not to associate with or establish any organisation including labour organisations. If trade unions are not allowed in the area of operation, or only state authorized organisations are allowed, the Supplier shall facilitate alternative measures to allow employees to access management to discuss work related matters.

**b) Working Hours and Salary**

MSSSPL recognizes the need for a sound balance between working time and leisure time for all employees. Unless the law provides otherwise, the maximum working time at the Supplier's sites is 48 hours per week plus maximum 12 hours overtime work. All workers shall be allowed to have at least one day off in a period of seven days unless the national law/rules provides otherwise

Salaries for work and overtime shall be in accordance with the applicable national law or applicable national rules. Deductions in salary due to company fines or penalties must never compromise minimum salary/ wages as stipulated by relevant law.

**c) Health & Safety**

MSSSPL supports the fundamental human right to have safe working conditions. Supplier must ensure a good and safe working environment which complies to all applicable rules and laws. As a minimum:

- i) Workers must not be exposed to dangerous work without being properly protected.
- ii) Workers must be provided personal protection equipment and be trained & instructed in its proper use.
- iii) Facilities must comply with applicable laws and rules about construction safety as well as fire protection and fire alarms.
- iv) Facilities must provide appropriate illumination, ventilation and noise protection.

- v) All dangerous materials must be stored in safe places and used in safe and controlled ways.
- vi) All machinery must be properly maintained and shielded.
- vii) Facilities for meals and resting must, if provided, be kept clean and safe.

Suppliers should strive to implement recognized management systems and guidelines such as OHSAS 18001.

**d) Right to privacy**

Supplier shall respect his/her employees' right to privacy when it gathers or keeps personal information or implements employee-monitoring practices.

## C. Business ethics

**a) Anti bribery, Conflict of Interest and Gifts & Hospitality criteria as mentioned before.**

**b) Information Security**

Suppliers must ensure secure use and distribution of information and data in their workplace. Suppliers must maintain physical and electronic security for all confidential information received from MSSSPL for fulfilling their commitment. Suppliers' employees must use extreme care in protecting confidential and proprietary information of any kind from MSSSPL.

**c) Governance**

Suppliers must follow highest standards of ethical behavior in all the processes of operation of business and ensure

- a. Sustainable Development as an integral part of their business.
- b. Internal Auditing Process and actions on the audit findings.
- c. Compliance to the Quality Management System.
- d. Correct Financial Reporting.

**d) Political Activity**

Suppliers should desist making use of MSSSPL's association with them for getting any political gain or use the name of MSSSPL to participate in political campaigns.

### **Emergency Preparedness Planning**

The supplier shall be prepared for any disruptions (e.g., natural disasters, terrorism, software viruses, illness, pandemic, infectious diseases) affecting its business and supplies to Mahindra Sanyo Special Steel Private Ltd Companies. This preparedness especially includes disaster management plans to protect both employees as well as the facilities as far as possible from the effects of possible disasters that arise within the domain of operations.

## Grievance addressal

In case of any grievance suppliers may have, they can write mail to Mr. Shrinivas Barshikar, V.P.(Materials) for addressing the grievance .

The email can be sent to : [barshikar.shrinivas@mahindra.com](mailto:barshikar.shrinivas@mahindra.com)

Or the Company Secretary Mr. Pradeep Salian Email id is : [salian.pradeep@mahindra.com](mailto:salian.pradeep@mahindra.com)

## **Compliance to Supplier Code of Conduct –**

By signing this Code of Conduct, Suppliers agree to comply with the requirements stated in this Code of Conduct. Mahindra Sanyo Special Steel Private Ltd reserves the right, upon reasonable notice, to check the compliance.

Signature

I acknowledge that I have read and understand the MSSSPL Code of Conduct for Suppliers and agree to comply with the requirements of the Code (fill in using block letters or company stamp):

Supplier's name: \_\_\_\_\_

Address: \_\_\_\_\_

Factory name: \_\_\_\_\_

**Supplier  
Signature:**

\_\_\_\_\_

**Date:**

\_\_\_\_\_

**Name:**

\_\_\_\_\_



**Regd. Office :**  
74, Ganesh Apartments,  
Lady Jamshedji Road,  
Mahim, Mumbai 400 016, India

Tel. : +91 22 24444287  
Fax : +91 22 24458196