



Sustainable Procurement Policy



menon and menon limited

June, 2023

Preface

menon and menon limited,

We are proud to have pioneered the manufacturing of very critical gray iron casting in India way back in 1954. Today we are one of the India's leading Cylinder block and head manufacturer.

We are expanding our reach globally and presently we are supplier to all India's auto and tractor manufacturers. Recently, we have developed very critical castings for the fast train braking system.

As a part of this vision, we have undertaken numerous initiatives under Healthcare, Education, Environment, Renewable Energy and Vocational training.

menon has always promoted high ethical standards of professional and personal conduct by our team members and business associates. All team members are committed to integrity in all aspects of their activities and comply with applicable laws, regulations and internal policies.

At menon and menon limited, we believe that sustainability is not just a buzzword, but a commitment to responsible practices that safeguard the environment, protect human rights, and contribute to the well-being of our communities. As a leading foundry company, we recognize our responsibility to minimize the environmental impact of our operations and supply chain. To this end, we have developed and implemented a comprehensive Sustainable Procurement Policy.

This policy serves as a guiding framework for our procurement activities, ensuring that we prioritize sustainability considerations at every stage of our supply chain. By adopting this policy, we aim to not only meet regulatory requirements but also to exceed them, demonstrating our dedication to making a positive difference in the world.

By adhering to this Sustainable Procurement Policy, we aim to create a positive and lasting impact on the environment, society, and the economy. We believe that sustainable procurement is not only the responsible choice but also a strategic advantage that enhances our reputation, strengthens our relationships with stakeholders, and drives long-term success.

We invite our employees, suppliers, and partners to join us on this journey towards a more sustainable future, where economic growth goes hand in hand with environmental stewardship and social progress.

Policy Objectives

This Sustainable Procurement Policy aims to achieve the following objectives,

1. Foster a culture of sustainability among suppliers by encouraging the adoption of sustainable business practices that minimize environmental impact.
2. Ensure that the Supplier adheres to labor laws regarding wages, working hours, and non-discrimination, while upholding human rights and avoiding child labor, forced labor, and human trafficking.
3. Promote a safe and healthy working environment with adequate protective measures and training, and encourage diversity and inclusion within the Supplier's workforce.
4. Integrate social and environmental clauses for 80% suppliers by volume in their contracts and conduct regular compliance audits.

Sustainable Procurement

To achieve our goals and ensure ethical conduct, our suppliers share values, vision and raise sustainability standards in our supply chain. We understand that our supplier is critical to our joint success and we value our relationship with suppliers who share the approach and vision towards doing business.

In line with our commitment, we have developed sustainable procurement policy which is an extension of our value and is applicable to all our suppliers.

This policy outlines our expectations with regards to ethics and business integrity, health and safety, environment and human rights.

We will periodically review the policy to ensure that it helps us to move forward towards our vision. Let us move together green inspired and quality centered supply chain.

Issuing function:

Supply Chain Department

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Target Audience:

Suppliers/Vendors/Contractors to menon and menon limited

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1. Supplier Responsibility:

SDGs Impacted



In today's global economy, companies are increasingly reliant on suppliers to provide goods and services to support their operations. These suppliers can have a significant impact on the reputation and success of the companies they supply, and as such, it is essential that they adhere to a set of ethical and sustainable business practices. In recognition of this, menon and menon limited has produced a policy document on supplier code of conduct, outlining our expectations of suppliers and providing guidance on how to meet these expectations.

The supplier code of conduct document is designed to ensure that our suppliers uphold the same high standards of business conduct that we do. It outlines the expectations we have of our suppliers in terms of ethical business practices, environmental sustainability, labor practices, health and safety, and product quality. These expectations are based on national standards and best practices.

One of the key elements of the supplier code of conduct is ethical business practices. Our company expects our suppliers to act with integrity, honesty, and transparency in all their dealings. This includes complying with all applicable laws and regulations, as well as our own ethical standards. Suppliers are expected to avoid conflicts of interest, refrain from offering or accepting bribes, and conduct themselves in a manner that promotes trust and confidence.

Environmental sustainability is another important element of the supplier code of conduct. Our company is committed to reducing its environmental impact and expects our suppliers to do the same. This includes implementing sustainable practices, such as reducing greenhouse gas emissions, minimizing waste, and conserving natural resources. We also expect suppliers to comply with all relevant environmental laws and regulations and to work towards continuous improvement in their environmental performance.

Labor practices are also a critical aspect of the supplier code of conduct. Our company believes in fair and ethical labor practices and expects our suppliers to do the same. This includes ensuring that workers are treated fairly and with respect, providing safe and healthy working conditions, and preventing discrimination and harassment. We also expect suppliers to comply with all relevant labor laws and regulations, including those related to working hours, wages, and child labor.

Health and safety is another critical area of focus in the supplier code of conduct. Our company expects our suppliers to provide a safe and healthy working environment for their employees and to take steps to prevent accidents and injuries. This includes providing appropriate training and personal protective equipment, maintaining equipment and facilities, and ensuring that workers are aware of potential hazards and how to avoid them.

Overall, the supplier code of conduct is a critical tool for ensuring that our suppliers meet our expectations for ethical and sustainable business practices. It sets out clear standards and expectations for suppliers, and provides guidance on how to meet these expectations. By adhering to these standards, our suppliers can help us to achieve our goals of promoting ethical and sustainable business practices, while also contributing to their own success and the success of the global economy.

2. The Fundamental Principles:

Supply chains are essential components of modern business, connecting manufacturers, suppliers, and customers across the world. However, supply chains are often complex, involving multiple partners with varying levels of responsibility and influence. To ensure the ethical and sustainable management of supply chains, it is crucial to establish clear policies and guidelines for all supply chain partners. These policies should be grounded in fundamental principles such as transparency, accountability, respect for human rights, and environmental sustainability. By upholding these principles, businesses can build more resilient and responsible supply chains that benefit all stakeholders, from workers and communities to customers and shareholders. We insist our suppliers to follow below 12 principles:

1. Business is conducted lawfully and with integrity
2. All workers are treated equally and with respect and dignity
3. Work is conducted on a voluntary basis
4. All workers are of an appropriate age
5. All workers are paid fair wages as per the local laws
6. Working hours for all workers are as per statutory laws
7. All workers' health and safety are protected at work by taking different safety measures
8. All workers have access to fair procedures and remedies
9. Work is conducted on the basis of freely agreed and documented terms of employment
10. All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively
11. Land rights of communities, including indigenous peoples, will be protected and promoted
12. Business is conducted in a manner which embraces sustainability and reduces environmental impact

3. Supply Chain Management

At menon and menon limited we value the Supply chain management as it is a crucial aspect of company's operations. We also take into considerations various business aspects to ensure that our suppliers and partners also share their commitment to environmental sustainability, social responsibility, and good governance practices. We want our suppliers to focus on below areas while doing their business operations:

3.1 Transportation

The transportation of goods and materials is a critical component of the supply chain process. We insist our suppliers to prioritize the use of sustainable transportation methods to reduce the environmental impact. We will seek to minimize transportation-related emissions by using low-carbon modes of transportation such as use of biofuels and electric vehicles, as well as implement efficient route planning to minimize the distance and time spent on transportation.

3.2 Packaging

Packaging being a critical component of the supply chain process, and throughout the value chain, we are committed to minimizing the environmental impact of our packaging

materials. Therefore, at menon and menon limited we promote the use of sustainable packaging materials such as recycled or biodegradable options, and reduce the amount of packaging used whenever possible. We will also explore innovative packaging designs that reduce material usage while maintaining product integrity and safety.

3.3 Documentation

We at menon and menon limited, insist our logistics partners to ensure that all transportation-related documentation is accurate and complete, including bills of lading, customs documentation, and other relevant paperwork. We also promote maintaining comprehensive records of all our supply chain operations to facilitate transparency, traceability, and continuous improvement.

3.4 Laws and regulations

Compliance with laws and regulations is a critical component of the supply chain process, and at menon and menon limited, we are committed to ensuring full compliance with all relevant laws and regulations. We insist our suppliers to prioritize compliance with local and national laws and regulations, including those related to environmental protection, labor rights, and ethical business practices.

3.5 Safety

At menon and menon limited, safety is a top priority in the supply chain process, and we are committed to ensuring the safety of the manpower working in the supply chain. We insist our suppliers to prioritize the development and implementation of safety measures throughout the operations, from sourcing and manufacturing to delivery and return.

4. Supplier Selection

We at menon and menon limited understand that fair supply selection is a crucial component of the supply chain process, and we are committed to ensuring that all suppliers are selected based on fair and transparent criteria. Our policy is to prioritize fair supply selection practices that take into account ethical, social, and environmental considerations.

We work with our procurement teams to develop and implement selection criteria that prioritize suppliers that demonstrate ethical and sustainable business practices. We also

prioritize suppliers that comply with local and national laws and regulations, including those related to labor rights, environmental protection, and anti-corruption.

We ensure that all procurement decisions are based on fair and transparent processes that allow for equal opportunities for all suppliers.

Furthermore, we regularly assess and review our supply selection policies and procedures to identify areas for improvement and implement corrective actions as necessary. We also maintain comprehensive records of all procurement decisions to facilitate transparency and traceability.

By prioritizing fair supply selection practices throughout our supply chain operations, we aim to promote ethical and sustainable business practices and support the development of local economies and communities. We believe that fair and transparent supply selection is essential to building trust with our stakeholders and contributing to a sustainable and prosperous future for all.

5. Promoting Local Supplies

Local (Local is referred as within state) supply is essential for a foundry due to its numerous advantages. Firstly, it helps minimize the environmental impact by reducing transportation distances and associated emissions. Secondly, local suppliers offer faster delivery times and shorter lead times, ensuring timely availability of materials and improving operational efficiency. Additionally, engaging with local suppliers supports the local economy, contributing to job creation and economic stability. Lastly, proximity to suppliers enables effective quality control measures and promotes collaboration, resulting in better monitoring of production processes and product quality. Overall, local supply enhances sustainability, efficiency, economic growth, and collaboration for a foundry.

Therefore, menon and menon limited has always promoted local suppliers for the supply of raw materials and other materials which helps the local economy to thrive. The state of Maharashtra is considered as local for menon and menon limited as it has manufacturing facilities at Kolhapur and Kagal (Kolhapur).

6. Quality Focused Production

Ensuring quality and adherence to manufacturing processes and product standard is of prime importance to us.

6.1 Quality Management System

We expect our suppliers to establish quality objectives, policies, manual, procedures and have in place a certified Quality Management System by competent authority like ISO and IATF 16949. The suppliers should comply with local regulations, registrations, have training, management reviews and internal audits to ensure that the Quality Management System is effective.

6.2 Facility and Machinery

We expect our suppliers to give utmost importance to equipment design, installation, maintenance and ensure validation/verification of the same. The suppliers should have in place proper housekeeping and pest control to ensure hygiene, safety and security of its workforce.

6.3 Best Manufacturing Practices and Quality Controls.

We expect our suppliers to have in place established manufacturing and packaging operations with proper maintenance of records along with process controls and finish product release program.

6.4 Supply Chain Management.

We expect our suppliers to have in place established practices for storage, handling and transportation of raw material and minimize the risk through good warehousing practices and proper handling of all item.

7. Green Initiatives

SDGs Impacted



We are committed to comply with the requirements of local laws and regulations related to environment in the countries and regions in which it operates and from where it sources any material, product or services.

7.1 Green Products and Processes

a) Reducing emissions and water intake

We suggest that our suppliers identify sources of emissions (CO₂, Other Greenhouse Gases, SOX, NOX and Particulate Matter) and make progressive efforts towards reducing these emissions. Opportunities for reduction in water usage should be identified and measures for water conservation should be implemented.

b) Efficient systems and process

Suppliers should strive towards enhancing the efficiency and performance of the equipment and processes by continual improvement, monitoring and assessment of technology.

c) Reducing usage of hazardous and toxic materials and substances

We expect our suppliers to assess their use of hazardous and toxic material and take necessary steps to reduce it, as much as possible.

d) Renewable energy

We recommend our suppliers to use renewable sources of energy wherever possible so as to become more energy efficient and energy independent. The suppliers should take steps to identify the scope of replacing conventional sources of energy with sustainable and renewable sources in their operations.

7.2 Circular Economy (Reduce, Reuse and Recycle)

a) Minimize waste to landfill

Waste to landfill should be analyzed and suppliers should try and set targets to reduce the quantity of disposal to landfills. Alternate waste disposal techniques should be adopted in order to reduce the impact on the environment.

b) Responsible consumption of resources

We recommend our suppliers to minimize use of all resources, including virgin raw material, in their processes. The supplier should minimize dependence on scarce natural resource by identifying and using appropriate replacements

8. Ethically Driven Business Practices

SDGs Impacted



We conduct our business activities in a fair and transparent manner with honesty, integrity, high ethical & moral standards and respect for human rights. We strongly believe that high ethical standards are essential for sound business relationships. We expect our suppliers to share this commitment while conducting their business.

8.1 Business Integrity and Ethics

Suppliers are expected to report any conflict of interest in any business dealings with menon and menon limited that supplier is aware of to allow us the opportunity to take appropriate action. It should be disclosed if any menon and menon limited employee or professional under contract with menon and menon limited may have significant ownership or interest in a supplier's business.

8.2 Unethical favour

Suppliers in all commercial dealings with menon and menon limited must not receive or offer to make any illegal payments, gifts, bribes, donations or other improper advantage in order to obtain unethical favour for the business.

8.3 Trade Secret Confidentiality

Suppliers shall safeguard and respect intellectual properties, trade secrets of menon and menon limited and its other confidential, proprietary and sensitive information or data at all times and shall not disclose the same. The information provided by menon and menon limited should be used only for its intended and designated purpose as decided and agreed upon between menon and menon limited and the supplier.

8.4 Forced and child labour

Suppliers shall prohibit use of child labour at any stage of their business process. We expect that our suppliers will not employ any person below the age of 14 (or as per local law, whichever is applicable). The suppliers must not use forced labour including prison or debt bondage labour, human trafficking or modern day slavery.

8.5 Compensation and working hours

suppliers shall comply with applicable wage and hour laws, regulations and mandatory industry standards pertaining to minimum wages, overtime pay, working hours and rest periods.

8.6 Non-discrimination

Suppliers must ensure there is no discrimination in their hiring and employment practices on the basis of race, color, gender, age, nationality, religion, sexual orientation, marital status, citizenship, disability, veteran status, medical condition.

8.7 Maintaining appropriate financial records

Suppliers to prepare and maintain accounts of business dealings fairly, accurately and in accordance with accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country of operation.

8.8 Legal and Regulatory Compliance

Suppliers need to comply with all applicable laws and regulations within the country of operations. All other applicable national laws and regulations should also be complied with.

9. Socially Focused Approach

We believe that an organization should play a significant and beneficial role within the local community and society in general. A socially focused approach at the supplier end is essential for us as we want to ensure ethical and sustainable practices throughout our supply chain. This approach requires suppliers to adhere to strict guidelines related to social responsibility, such as fair labor practices, non-discrimination policies, and environmental sustainability. By implementing these policies, organizations can ensure that their suppliers are operating in a way that benefits their employees, the environment, and the local community. Additionally, a socially focused approach can help organizations build stronger relationships with their suppliers and establish themselves as leaders in corporate social responsibility. Ultimately, a socially focused approach at the supplier end is a critical component of any organization's commitment to ethical and sustainable business practices.

9.1 Employee Health and Safety

We expect our suppliers to adopt robust and relevant management practices in order to comply with applicable health and safety laws, rules, regulations and industry standards. The suppliers are also encouraged to conduct training and awareness activities for employees on health and safety. We also suggest suppliers to take reasonable actions to prevent accident and injuries by analyzing and minimizing risk exposure.

10. Conflict Mineral Policy

We understand the importance of responsible sourcing and are dedicated to addressing the issue of conflict minerals, which are sourced from regions affected by conflict and human rights abuses. Our policy mandates thorough due diligence in our supply chain to ensure that the raw materials used in our products are not derived from conflict-affected areas aligned with Government Regulations and our Customer Policy. By partnering with our suppliers and

conducting regular audits, we aim to promote transparency, support ethical mining practices and contribute to the well-being of communities impacted by mineral extraction.

For More details, refer our Supplier Code of Conduct and Conflict Mineral Policy.